



Lee's Pharmaceutical Holdings Limited 李氏大藥廠控股有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock code: 8221)

SIGMA-TAU STRENGTHENS ITS PARTICIPATION IN LEE'S PHARMACEUTICALS

The terms used in this announcement shall have the same meanings as those defined in the circular published by Lee's Pharmaceutical Holdings Limited (the "**Company**") on 24 February 2005 unless otherwise defined.

The Company and its subsidiaries (the "**Group**") are pleased to announce the allotment and issuance of 65,850,000 Shares (the "**New Shares**") to Defiante Farmaceutica, Lda ("**Defiante**"), a wholly owned subsidiary of Sigma Tau Finanziaria SpA ("**Sigma Tau**"), the holding company of the Sigma Tau Group. The issuance of such New Shares is pursuant to the Warrant Instrument following the exercise of an equal amount of warrants by Defiante at the Exercise Price of HK\$0.224 per Share, in consideration of the payment of HK\$14,750,400 by Defiante to the Company. Following the allotment of the New Shares, Defiante's percentage holding in the Company has increased from 16.71% to 29.99% of the enlarged issued share capital of the Company. The New Shares issued pursuant to the exercise of the Warrants shall rank *pari passu* in all respects with all other issued Shares of the Company, including the right to receive all dividends, bonuses or distributions declared, made or paid or proposed to be declared, made or paid by the Company.

The Directors are pleased with Defiante's decision to exercise the warrants. The investment is a manifest expression of Sigma Tau's confidence in the Group and further cements the strategic partnership formed between the companies since 2004. The Group is now in an accelerated growth phase, recording more than 60% increase in revenue and a turnaround toward profitability in the first six months of 2007. The new funding will enable the Group to continue implementation of its growth strategy and aggressively expand its product portfolio. Moreover, Sigma Tau's ongoing R&D activities and commercial know-how are complementary to the existing business activities of the Company and will result in bringing about business synergies for both parties who are, at present, predominantly operating in different geographical areas.

Use of Proceeds

The proceeds will be used for working capital to further expand the Group's sales and distribution network in the People's Republic of China ("the **PRC**"), to acquire new products and technologies and for further investment purposes.

About the Group

Lee's Pharmaceutical Holdings Limited is a Hong Kong listed biopharmaceutical company with over 13 years operation in China's pharmaceutical industry. It is fully integrated with solid infrastructures in drug development, clinical development, regulatory, manufacturing and sales and marketing in China with global perspective and it currently markets five products in China. The Group focuses on many different areas such as cardiovascular diseases, dermatology, oncology, gynecology and others with more than 10 products under different development stages stemming from both internal R&D as well as from the recent acquisition of licensing and distribution rights from various US and European companies.

About Sigma Tau

Sigma Tau is the holding company of the Sigma-Tau Group which is a leading research-based Italian pharmaceutical company founded in 1957. The Sigma-Tau Group has annual revenues equivalent to approximately HK\$7,000 million in 2006 with approximately 2,500 employees worldwide. Therapeutic areas in which Sigma-Tau Group's research and development are focused include cardiovascular disease, metabolism, oncology, immunology, central and peripheral nervous system with 47 projects, 30 clinical indications studied with 17 proprietary molecules, most of which are new and original. Sigma-Tau Group has operating subsidiaries throughout Europe and the United States and maintains a presence in all of the world's major pharmaceutical markets.

By Order of the Board
Lee's Pharmaceutical Holdings Limited
Lee Siu Fong

Hong Kong, 20 September 2007

** For identification purpose only*