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李 氏 大 藥 廠

## 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)

### SUBSCRIPTION FOR NEW SHARES AND ISSUE OF WARRANTS

The Board announces that on 30 July 2004, the Company entered into a Subscription Agreement with the Subscriber pursuant to which the Company agreed conditionally to (i) issue 57,000,000 Subscription Shares at a price of HK\$0.202 each; and (ii) issue Warrants (as detailed below), to the Subscriber, who is not a connected person of the Company (as defined in the GEM Listing Rules).

#### Subscription for Shares

The Subscription Price of HK\$0.202 for each Subscription Share represents approximately a 10% discount to the average closing price per Share for the five consecutive trading days ended on 23 July 2004 and represents a premium of about 1% to the closing price per Share of HK\$0.200 as quoted on GEM on 23 July 2004.

The Subscription Price has been arrived at after arm's length negotiations between the Company and the Subscriber, and the Board considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion of the Subscription is conditional upon the GEM Listing Committee of the Stock Exchange granting or agreeing to grant listing of, and permission to deal in, the Subscription Shares. The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. Further announcement will be made by the Company should the Subscription Agreement fail to complete.

The Subscription Shares represent approximately 19.71% of the Company's entire issued Shares as at the date of this announcement and approximately 16.46% of the Company's entire issued Shares as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Board at the annual general meeting of the Company held on 18 May 2004.

\* For identification purposes only

## **Issue of Warrants**

Under the Subscription Agreement, the Company has also agreed to issue the Warrants which shall entitle the Subscriber to subscribe for (a) up to 57,845,000 Shares, or (b) where permissible under the GEM Listing Rules, up to such greater number of Shares equivalent to 20% of the entire issued Shares at the time of issue of the Warrants (which is anticipated to be 69,245,000 Shares assuming the Subscription has already taken place) during the Exercise Period at the Exercise Price of HK\$0.224 per Share, which is approximately equal to the average closing price per Share for the five consecutive trading days ended on 23 July 2004.

Subject to the detailed terms and conditions governing the Warrants, no listing will be sought for any of the Warrants and no assignment or transfer of Warrants may be made unless such transfers is made from the Subscriber to its affiliates (i.e. any person, firm or corporation which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with a party, and “control” means the legal or beneficial ownership of 50% or more of the voting or equity interests or the power or right to direct the management and affairs of the business (including acting as the general partner of a limited partnership)). Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon exercise of the Warrants.

The issue of the Warrants is conditional upon (i) the satisfactory completion of the Subscription; (ii) the passing of ordinary resolutions by Shareholders in general meeting to approve the creation and the issue of the Warrants and the issue of Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants; and (iii) the GEM Listing Committee of the Stock Exchange having granted or agreed to grant listing of and permission to deal in the Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants.

## **Proposed issue of Convertible Bonds**

The Company has also undertaken with the Subscriber that, upon request of the Subscriber, at any time before the exercise of the Warrants by the Subscriber, the Company shall negotiate with the Subscriber or its nominee(s) in good faith for the Company to issue, in addition to the Warrants, one or a series of convertible bond(s) to permit the Subscriber to further participate in the Company under terms and conditions to be agreed which will be acceptable as well as beneficial to both parties.

## **Management Matters**

The Company has also undertaken in the Subscription Agreement with the Subscriber that (i) upon completion of the Subscription, a person nominated by the Subscriber shall be appointed as director of the Company; and (ii) upon exercise up to 80% or above of the Warrants and payment in full for all the Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants, another person nominated by the Subscriber shall be appointed as director of the Company; and a resolution be passed by the board of Directors to the effect that no repurchase of Shares by the Company shall be made and no new Shares be issued or agreed to be issued unless a unanimous approval (with the presence of the directors nominated by the Subscriber) has been given to it in a duly convened meeting of the board of directors of the Company.

The proceeds from the Subscription and the exercise of the Warrants (assuming only 57,845,000 Shares fall to be issued), if exercised in full, will be no less than HK\$24,471,280 (before expenses) and will be used for working capital and future investment purposes. At present, no particular investment targets have been identified by the Company. Should there be any future acquisition or investment, the Company will make appropriate disclosures in accordance with the relevant disclosure requirements of the GEM Listing Rules.

### **Suspension and resumption of trading of the Shares**

At the request of the Company, dealings in the Shares on GEM were suspended with effect from 26 July 2004 pending the release of this announcement. Application has been made for the resumption of trading in the Shares on the GEM with effect from 9:30 a.m. on 6 August 2004.

## **THE SUBSCRIPTION AGREEMENT**

**Date:** 30 July 2004

### **Parties:**

- (i) the Company; and
- (ii) the Subscriber, a wholly-owned subsidiary of Sigma-Tau Group headquartered in Rome, Italy, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber and the ultimate beneficial owner of the Subscriber are third parties and independent of the Company and connected person of the Company (as defined in the GEM Listing Rules) nor did it hold or interested in any Shares immediately before the entering into of the Subscription Agreement.

### **Subscription for Shares**

#### *Number of Shares to be subscribed for*

The Subscription Shares (i.e. a total of 57,000,000 new Shares) representing approximately 19.71% of the Company's issued share capital as at the date of this announcement and approximately 16.46% of the Company's entire issued Shares as enlarged by the allotment and issue of the Subscription Shares (but disregarding any Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants).

The Subscription Shares will be allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company held on 18 May 2004. Immediately prior to the date of this announcement, no Shares had been issued pursuant to the aforesaid general mandate.

#### *Subscription Price*

The Subscription Price of HK\$0.202 for each Subscription Share represents approximately a 10% discount to the average closing price per Share for the five consecutive trading days ended on 23 July 2004 and represents a premium of about 1% to the closing price per Share of HK\$0.200 as quoted on GEM on 23 July 2004.

The Subscription Price has been arrived at after arm's length negotiations between the Company and the Subscriber, and the Board considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *Ranking of Subscription Shares*

The Subscription Shares, when allotted and issued, will rank pari passu in all respects with the existing issued Shares, 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 as from the date of allotment and issue of the Subscription Shares.

### *Condition of the Subscription*

Completion of the Subscription is conditional only upon the GEM Listing Committee of the Stock Exchange granting or agreeing to grant listing of, and permission to deal in, the Subscription Shares. The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. Further announcement will be made by the Company should the Subscription Agreement fail to complete.

### *Completion of Subscription*

Completion will take place on the third business day after satisfaction of the above condition. If the condition referred to above is not fulfilled by the date which is three months from the date of the Subscription Agreement (or such later date as may be agreed by the parties hereto), all rights, obligations and liabilities of the parties under the Subscription Agreement shall cease and determine and none of the parties shall have any claim against any other in respect of the Subscription.

## **Issue of Warrants**

### *Issue price*

HK\$10 payable by the Subscriber in respect of the issue of the Warrants

### *Terms*

The Warrants shall entitle the Subscriber to subscribe for (a) up to 57,845,000 Shares, or (b) where permissible under the GEM Listing Rules, up to such greater number of Shares equivalent to 20% of the entire issued Shares at the time of issue of the Warrants (which is anticipated to be 69,245,000 Shares assuming the Subscription has already taken place), during the Exercise Period at the Exercise Price of HK\$0.224 per Share, which is approximately equal to the average closing price per Share for the five consecutive trading days ended on 23 July 2004. Shares to be issued pursuant to exercise of the Warrants shall rank pari passu in all respects with the existing issued Shares, 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 as from the date of allotment and issue of the Subscription Shares.

The Exercise Price has been arrived at after arm's length negotiations between the Company and the Subscriber, and the Board considers that the Exercise Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *Listing Status and Transfer restrictions*

Subject to the detailed terms and conditions governing the Warrants, no listing will be sought for any of the Warrants and no assignment or transfer of Warrants may be made unless such transfers is made from the Subscriber to its affiliates (i.e. any person, firm or corporation which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with a party, and “control” means the legal or beneficial ownership of 50% or more of the voting or equity interests or the power or right to direct the management and affairs of the business (including acting as the general partner of a limited partnership)). Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon exercise of the Warrants.

### *Conditions of issue of the Warrants*

The issue of the Warrants is conditional upon (i) the satisfactory completion of the Subscription; (ii) the passing of ordinary resolutions by Shareholders in general meeting to approve the creation and the issue of the Warrants and the issue of Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants; and (iii) the GEM Listing Committee of the Stock Exchange having granted or agreed to grant listing of and permission to deal in the Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants.

The Directors confirm that as at the date of this announcement, save the pre-IPO share option scheme and existing share option scheme both adopted by the Company on 26 June 2002, there is no outstanding warrants or similar rights granted by the Company to subscribe for or repurchase Shares.

Further announcements will be made by the Company respectively upon the issue of the Warrants.

### **Management Matters**

The Company has also undertaken in the Subscription Agreement with the Subscriber that:

- (a) upon completion of the Subscription, a person nominated by the Subscriber shall be appointed as director of the Company (and by then the total number of Directors will be six); and
- (b) upon exercise up to 80% or above of the total number of Shares which may fall to be issued as a result of exercising the subscription rights attaching to the Warrants and payment in full for all such Shares (i) another person nominated by the Subscriber shall be appointed as director of the Company (and by then the total number of Directors will be seven); and (ii) a resolution be passed by the board of Directors to the effect that no repurchase of Shares by the Company shall be made and no new Shares be issued or agreed to be issued unless a unanimous approval (with the presence of the directors nominated by the Subscriber) has been given to it in a duly convened meeting of the board of directors of the Company.

The Directors consider that the arrangements for the appointments of Directors as mentioned above fair and reasonable and in interest of the Shareholders as a whole having regard to the fact that the Subscriber has extensive experience in the pharmaceutical industry and has been enjoying good reputation worldwide. The Directors believe that such appointments will also bring the business prospects of the Company to an international level and bring about long term business opportunities to the Company. The Directors are also aware the possible concern that upon completion of the Subscription and exercising up to 80% of the subscription rights attaching to the Warrants, the Subscriber will only be the second largest Shareholder but that they will have the veto rights regarding the repurchase of existing Shares or issue of new Shares. The Directors however take the view that they should place full confidence on the professionalism and integrity on such Directors to be nominated by the Subscriber as in exercising such veto rights, like what the existing Director will do, they will have the interests of the Shareholders as a whole rather than focusing just on the interests of the Subscriber.

In this connection, the Directors also wish to disclose further that, regarding the matters referred to above which need to be passed by way of unanimous approval, (i) not only approvals will be needed from Directors nominated by the Subscriber, same approvals will also be needed from all other Directors who are not nominated by the Subscriber including the independent non-executive Directors. Thus, every Director has the veto right and no special right is given to those nominated by the Subscriber, (ii) there is no requirement that all Directors must be present at board meetings at which such matters are to be resolved, but it is agreed that Directors who are present should include Directors nominated by the Subscriber, (iii) Directors nominated by the Subscriber are also subject to the same appointment, rotation, removal and retirement provisions contained in the articles of association of the Company as such provisions are also applicable all other Directors and there is no express provision in the Subscription Agreement to give any right to the Subscriber to nominate some others to replace any of the two Directors nominated by it who is/are removed; and (iv) although there is no express provision in the Subscription Agreement to vary such unanimous approval arrangement, Directors will keep the situation under review in accordance with prevailing market practice for all other listed companies in Hong Kong, and work out with the Subscriber for the best possible arrangements, including in the case of sell down of shares by the Subscriber, adjusting the number of board seats for the Directors nominated by the Subscriber.

Save as above mentioned, the Company confirms that there is no other agreement or arrangement apart from the Subscription Agreement between the Company, the Directors/controlling shareholders and the Subscribers.

### **Proposed issue of Convertible Bonds**

The Company has also undertaken with the Subscriber that, upon request of the Subscriber, at any time before the exercise of the Warrants by the Subscriber, the Company shall negotiate with the Subscriber or its nominee(s) in good faith for the Company to issue, in addition to the Warrants, one or a series of convertible bond(s) to permit the Subscriber to further participate in the Company under terms and conditions to be agreed which will be acceptable as well as beneficial to both parties.

## **Takeovers Code Implication**

Upon completion of the Subscription and the exercising in full the subscription rights attaching to the Warrants, it is possible that the Subscriber (and its concert parties) will hold 30% or above of the enlarged issued Shares. If that occurs, the Subscriber will be required under the Takeovers Code to make a general offer for all the issued Shares not already owned or controlled or agreed to be acquired by the Subscriber and parties acting in concert with it. The Subscriber has undertaken with the Company in the Subscription Agreement that it shall comply in all respects with the requirements in the Takeovers Code, including without limitation the obligations to make a general offer to all other Shareholders for all the issued Shares not already owned or controlled by it when, as a result of exercising by it the subscription rights attaching to the Warrants, the aggregate shareholdings of it and/or parties acting in concert with it increase(s) to 30% or more of the entire issued Shares from time to time.

## **REASONS FOR THE SUBSCRIPTION AND ISSUE OF WARRANTS**

The Lee's Group is a research-driven and market-oriented biopharmaceutical company focused on the PRC market. Through its operating subsidiary in China, it develops, manufactures and markets proprietary pharmaceutical products in China. It has established a sales and distribution network for pharmaceuticals covering most of the provinces and cities in China, marketing both self-developed products and licensed products from abroad. Currently, the Company is the sole distributor of Sigma-Tau's Carnitene® (L-Carnitine) for China and in less than one year, the Company has helped to establish Carnitene® as one of leading brands of L-Carnitine in China.

Sigma-Tau Finanziaria SpA is the holding company of the Sigma-Tau Group which is a leading research-based Italian pharmaceutical company and the Sigma-Tau Group has an annual revenue of equivalent to approximately HK\$6 billion with approximately 2,400 employees worldwide, and the Subscriber is a wholly-owned subsidiary of Sigma-Tau Finanziaria SpA. Therapeutic areas in which the Sigma-Tau Group's research and development are focused include oncology, neurology, cardiovascular, gastroenterology, metabolism and immunology, with more than 40 projects, 25 indications studied with 17 molecules. 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. All these activities are in fact 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.

The Board considers that the Subscription and the issue of Warrants provides an opportunity to raise additional funds for the Lee's Group's working capital and future investment purposes while strengthening its financial position, and broadening the capital base of the Company. More importantly, such strategic partnership could transform the Company into a stronger player in China's pharmaceutical market and propel the Lee's Group onto a new level. The Directors consider that the Sigma-Tau Group will, through this transaction, also bring to the Company the benefit of its almost 50 years of experience in pharmaceutical business worldwide, permitting the Lee's Group's possible access to its strong research and development expertise and new products and technologies. This may significantly improve the product pipeline of the Lee's Group to better leverage on its established sales and distribution network in China. The Directors also consider and confirm that upon completion of these transactions and with due regard to the business nature of the Sigma Tau Group and although as a result there will

be changes in the shareholding structure of the Company, the Company will still be continuing its existing business activities. The Directors have no intention to bring about any material change to any areas of such existing business activities.

The proceeds from the Subscription will be approximately HK\$11,514,000 (before expenses) and the proceeds for the exercise in full of the Warrants (assuming only 57,845,000 Shares fall to be issued) will be approximately HK\$12,957,280. All such proceeds, which shall be no less than HK\$24,471,280, will be used for working capital to further expand the Lee's Group's sales and distribution network in China, acquire new products and technologies and to upgrade the existing manufacturing facilities, and for future investment purposes. At present, no particular investment targets have been identified by the Company. Should there be any future acquisition or investment, the Company will make appropriate disclosures in accordance with the relevant requirements in the GEM Listing Rules.

## CHANGES IN SHAREHOLDING STRUCTURE

The table below sets out the changes in the Company's shareholding structure immediately before and after Completion of the Subscription and the issue of Warrants:

	Before completion of Subscription		After completion of Subscription		After full exercise of Warrants	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Huby Technology Limited	155,290,625	53.69	155,290,625	44.85	155,290,625	38.43
High Knowledge Investments Limited	16,000,000	5.53	16,000,000	4.62	16,000,000	3.96
Zengen Inc.	9,600,000	3.32	9,600,000	2.77	9,600,000	2.38
Dynamic Achieve Investments Limited	8,000,000	2.77	8,000,000	2.31	8,000,000	1.98
Lee Siu Fong	2,334,375	0.81	2,334,375	0.68	2,334,375	0.58
Subscriber	–	–	57,000,000	16.46	114,845,000	28.42
Other public Shareholders	98,000,000	33.88	98,000,000	28.31	98,000,000	24.25
<b>Total</b>	<b>289,225,000</b>	<b>100.00</b>	<b>346,225,000</b>	<b>100.00</b>	<b>404,070,000</b>	<b>100.00</b>

## MAINTAINING OF THE LISTING OF THE COMPANY

Immediately after completion of the Subscription and the exercising in full the subscription rights attaching to the Warrants, the Subscriber and parties acting in concert with it will hold approximately 28.42% of the Company's entire issued Shares as enlarged by the Subscription and the issue and allotment of the Shares which fall to be issued upon the exercise of the subscription rights attaching to the Warrants. Accordingly, in the absence of other changes in shareholding in the Company, the Shares held by the public (within the meaning of the GEM Listing Rules) will be diluted from 33.88% as at the date of this announcement to 24.25%, which will be below the threshold of 25% required to be held by the public as stipulated under the GEM Listing Rules.

It is the intention of the Company to maintain the listing of the Shares on the Stock Exchange after completion of the Subscription and immediately upon exercising in full the subscription rights attaching to the Warrants. Accordingly, the Company and the Directors will undertake to the Stock Exchange to use their best endeavours to take appropriate steps to ensure that, upon completion of the Subscription and the issue of the Shares which fall to be issued upon the exercise of the subscription rights attaching to the Warrants, the public float of the Company will not be less than 25%. The existing controlling Shareholder, namely, Huby Technology Limited, has also undertaken with the Company that it will take appropriate steps (including without limitation the disposal of Shares held by it) to ensure that, upon completion of the Subscription and the issue of the Shares which fall to be issued upon the exercise of the subscription rights attaching to the Warrants, the public float of the Company will at all times not be less than 25%. The Stock Exchange reserves the right to suspend trading in the Shares or cancel the listing of the Shares where the Stock Exchange considers that there are insufficient Shares in the hands of the public.

**The Stock Exchange has stated that if, upon completion of the above-mentioned transactions, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:**

- **a false market exists or may exist in the trading in the Shares; or**
- **there are too few Shares in public hands to maintain an orderly market,**

**then it will consider exercising its discretion to suspend trading in the Shares until a sufficient public float is attained. In this connection, it should be noted that upon Completion, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.**

If the Company remains a listed company, the Stock Exchange will closely monitor all future acquisitions or disposals of assets by the Company. The Stock Exchange has indicated that it has the discretion to require the Company to issue an announcement and a circular to the Shareholders irrespective of the size of the proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power, pursuant to the Listing Rules, to aggregate a series of transactions of the Company and any such transactions may result in the Company being treated as if it were a new listing applicant as set out in the Listing Rules.

## **CONNECTED TRANSACTION**

At present, the Sigma Tau Group has been carrying out certain transactions with the Company as the Sigma Tau Group is one of the suppliers of pharmaceutical products to the Company for distribution. Upon completion of the Subscription, the Subscriber will then become a substantial shareholder, and therefore a connected person, of the Company. As it is intended that the Subscriber will continue carrying on such transactions with the Company, all such on-going transactions after completion of the Subscription, including the issue of the Warrants, will constitute connected transaction of the Company under the GEM Listing Rules. In this connection, upon completion of the Subscription, the Company will make appropriate disclosures and take all appropriate steps to comply with the relevant requirements in the GEM Listing Rules.

## **EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD**

The Company has not conducted any equity fund raising activities in the past twelve-month period immediately before the date of this announcement.

## **SUSPENSION AND RESUMPTION OF TRADING OF THE SHARES**

At the request of the Company, dealings in the Shares on GEM were suspended with effect from 26 July 2004 pending the release of this announcement. Application has been made for the resumption of trading in the Shares on the GEM with effect from 9:30 a.m. on 6 August 2004.

## **DEFINITIONS**

“Board”	the board of Directors
“Company”	Lee’s Pharmaceutical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	Completion of the Subscription in accordance with the terms of the Subscription Agreements
“Director(s)”	the director(s) of the Company
“Exercise Period”	the period between the date of fulfillment of all conditions governing the issue of the Warrants and the day immediately before the expiry of 30 months from such date
“Exercise Price”	HK\$0.224, being the price payable for each Share in exercising the subscription rights attaching to the Warrants
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lee’s Group”	the Company and its subsidiaries
“PRC”	People’s Republic of China
“Sigma-Tau Group”	Sigma-Tau Finanziaria SpA and its subsidiaries
“Subscriber”	Defiante Farmaceutica, Lda, a company established under the laws of Portugal

“Subscription”	the subscription of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement relating to the subscription of Shares and issue of Warrants in the Company dated 30 July 2004 entered into between the Company and the Subscriber
“Subscription Price”	HK\$0.202, the price payable for each Subscription Share
“Subscription Shares”	57,000,000 new Shares to be issued pursuant to the Subscription Agreement
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers published by the Securities and Futures Commission
“Warrants”	warrants to be constituted by an instrument and to be issued by the Company carrying the rights in registered form to subscribe for (a) up to 57,845,000 Shares, or (b) where permissible under the GEM Listing Rules, up to such greater number of Shares equivalent to 20% of the entire issued Shares at the time of issue of the Warrants (which is anticipated to be 69,245,000 Shares assuming the Subscription has already taken place), and that such Warrants will be subjected to the terms and conditions contained in the instrument

“HK\$”

Hong Kong dollar(s)

“%”

per cent.

By order of the Board  
**Lee’s Pharmaceutical Holdings Limited**  
**Lee Siu Fong**  
*Chairman*

Hong Kong, 5 August 2004

*As at the date thereof, Ms. Lee Siu Fong (Chairperson of the Company), Ms. Leelalertsuphakun Wanee and Dr. Li Xiaoyi are executive Directors; Dr. Chan Yau Ching, Bob and Mr. Lam Yat Cheong are independent non-executive Directors.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at [www.leespharm.com](http://www.leespharm.com).*