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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Lee’s Pharmaceutical Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**GENERAL MANDATES  
TO ISSUE SHARES AND TO REPURCHASE ITS OWN SHARES,  
REFRESHMENT OF THE SCHEME MANDATE LIMIT OF  
THE SHARE OPTION SCHEME,  
AND  
RE-ELECTION OF DIRECTORS**

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A notice convening the annual general meeting of the Company to be held at Units 110-111, Bio-Informatics Centre, No. 2 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories Hong Kong on 30 April 2010 (Friday) at 3:00 p.m. (the “**AGM**”) is set out on pages 101 to 105 of the annual report of the Company for the year ended 31 December 2009 (the “**2009 Annual Report**”).

A form of proxy for the annual general meeting is enclosed with the 2009 Annual Report. Whether or not you propose to attend the annual general meeting, you are requested to complete the form of proxy and return the same to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor Hopewell Centre, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting (as the case may be) if you so wish.

This circular 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 publication.

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## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## LETTER FROM THE BOARD OF DIRECTORS

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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)

*Executive Directors:*

Ms. Lee Siu Fong (*Chairman*)  
Ms. Leelalertsuphakun Wanee  
Dr. Li Xiaoyi

*Registered office:*

PO Box 309 GT, Uglan House  
South Church Street, George Town  
Grand Cayman, Cayman Islands

*Non-executive Director:*

Mr. Mauro Bove

*Principal place of business in Hong Kong:*

Unit 110-111, Bio-Informatics Centre  
No. 2 Science Park West Avenue  
Hong Kong Science Park  
Shatin, New Territories  
Hong Kong

*Independent non-executive Directors:*

Dr. Chan Yau Ching, Bob  
Mr. Lam Yat Cheong  
Dr. Tsim Wah Keung, Karl

9 March 2010

*To shareholders of the Company*

Dear Sir or Madam,

### GENERAL MANDATES

### TO ISSUE SHARES AND TO REPURCHASE ITS OWN SHARES, REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME, AND RE-ELECTION OF DIRECTORS

#### INTRODUCTION

The purpose of this circular is to provide you with the information reasonably necessary to enable you to make a decision on whether to vote for or against the ordinary resolutions to be proposed at the AGM which will be convened for the purpose of considering and if thought fit, approving, inter alia: (i) grant of the general mandates to issue shares and to repurchase shares of the Company; (ii) extension of the general mandate to issue shares; (iii) refreshment of the Scheme Mandate Limit of the Share Option Scheme (as defined below); and (iv) re-election of directors of the Company. A notice of the AGM is set out on pages 101 to 105 of the 2009 Annual Report.

\* For identification purpose only

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## LETTER FROM THE BOARD OF DIRECTORS

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### GRANT OF GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASES ITS OWN SHARES AND EXTENSION OF GENERAL MANDATE TO ISSUE SHARES

The Company's existing mandates to issue and repurchase shares of the Company ("**Shares**") were approved by the Company's then shareholders at the annual general meeting held on 5 May 2009. Unless otherwise renewed, the existing mandates to issue and to repurchase Shares will lapse at the conclusion of the coming annual general meeting of the Company to be held at Units 110-111, Bio-Informatics Centre, No. 2 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on Friday, 30 April 2010 at 3:00 p.m. (i.e. the AGM).

In compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") and to ensure flexibility when it is desirable to allot additional Shares or to repurchase Shares, the directors of the Company (the "**Directors**") will seek the approval of shareholders of the Company (the "**Shareholders**") at the AGM to grant new general mandates to issue and to repurchase Shares.

The purpose of this circular is to provide you with information relating to the ordinary resolutions nos. 5A to 5C (the "**Ordinary Resolutions nos. 5A, 5B and 5C**" respectively) to be proposed at the AGM (i) to grant to the Directors a fresh general mandate to allot, issue and deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the Ordinary Resolution no. 5A ("**New Issue Mandate**"); (ii) to grant to the Directors a fresh general mandate to exercise the powers of the Company to repurchase the Company's fully paid up Shares up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the Ordinary Resolution no. 5B ("**Repurchase Mandate**"); and (iii) by extending the general mandate granted pursuant to Resolution no. 5A, to allot, issue and otherwise deal with Shares with an aggregate nominal amount not exceeding the aggregate nominal amount of the share capital of the Company purchased pursuant to the Repurchase Mandate and not exceeding 10% of the aggregate nominal amount of share capital of the Company in issue at the date of passing this Ordinary Resolution no. 5C (as more particularly described in the Ordinary Resolution no. 5C) ("**Extension Mandate**").

The previously granted general mandates will lapse at the conclusion of the AGM.

Under Rule 13.08 of the GEM Listing Rules, the Company is required to give its Shareholders all information which is reasonably necessary to enable its Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate. This circular is prepared for such purpose. The explanatory statement required by the GEM Listing Rules to be included in this circular is set out in Appendix I to this circular. The New Issue Mandate, the Repurchase Mandate and the Extension Mandate will be valid from the date of passing the relevant resolutions and will expire upon (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its memorandum and articles of association or any applicable laws and regulations of the Cayman Islands and Hong Kong to be held; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

The Company has in issue an aggregate of 450,382,437 Shares as at 5 March 2010, being the latest practicable date (the "**Latest Practicable Date**") prior to the printing of this circular.

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## LETTER FROM THE BOARD OF DIRECTORS

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Subject to the passing of the Ordinary Resolution no. 5A and in accordance with the terms therein, the Company would be allowed to allot additional Shares up to the aggregate nominal amount of a maximum of 90,076,487 Shares on the basis that no further Shares will be issued or repurchased prior to the AGM.

Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the resolution approving the Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate on the date of passing the resolution approving the Repurchase Mandate will be 45,038,243 Shares. However, the Directors believe that such repurchase would not reduce the amount held by the public to less than 25% of the issued share capital of the Company.

### **REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME**

The Pre-IPO Share Option Scheme and the Share Option Scheme were adopted by the Company pursuant to the written resolutions passed by the then shareholders of the Company on 26 June 2002. At the time of the adoption of the two Share Option Schemes, the Company had 289,225,000 Shares in issue, and in compliance with the relevant provisions under Chapter 23 of the GEM Listing Rules, the maximum number of Shares that may be issued upon exercise of all share option to be granted under two Share Option Schemes and any other scheme(s) of the Company shall not exceed 28,922,500, being 10% of the Shares in issue as at the date of adoption of two Share Option Schemes (the “**Scheme Mandate Limit**”). The Company has granted 5,000,000 share options under the Pre-IPO Share Option Scheme and granted 26,388,057 share options under the Share Option Scheme to eligible participants and as at the Latest Practicable Date, 1,650,000 share options under the Pre-IPO Share Option Scheme and 6,384,000 share options under the Share Option Scheme have been exercised, 3,350,000 share options under the Pre-IPO Share Option Scheme and 1,370,000 share options under the Share Option Scheme have been cancelled and lapsed, and 18,634,057 share options under the Share Option Scheme remain outstanding, representing approximately 4.14% of the 450,382,437 Shares in issue as at the Latest Practicable Date. The Company has only 2,254,443 share options under the Share Option Scheme available to be granted under the Scheme Mandate Limit to eligible participants, representing approximately 0.5% of the 450,382,437 Shares in issue as at the Latest Practicable Date. Since the adoption of two Share Option Schemes on 26 June 2002, the Scheme Mandate Limit has not been refreshed.

Two Share Option Schemes were adopted to recognise and acknowledge the contributions of the employees and other selected grantees made or may have made to the Company and its subsidiaries (the “**Group**”). Two Share Option Schemes will provide the grantees with an opportunity to have a personal stake in the Company with the view to achieving the objectives of motivating the grantees to optimise their performance efficiency for the benefit of the Company, and to attract and retain or otherwise maintain on-going relationships with the grantees whose contributions are or will be beneficial to the long-term growth of the Group.

As the existing Scheme Mandate Limit available to be granted to eligible participants represents only approximately 0.5% of the total number of Shares in issue, the Directors consider that it is in the interest and for the benefit of the Company and the Shareholders as a whole to refresh the Scheme Mandate Limit so as to provide the Company with the flexibility of granting further share options under the Share Option Scheme and to provide incentives to, and recognize the contributions of, the Group’s employees and other selected grantees.

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## LETTER FROM THE BOARD OF DIRECTORS

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It is proposed that subject to the approval of the Shareholders at the AGM and in compliance with the relevant provisions under Chapter 23 of the GEM Listing Rules, the Scheme Mandate Limit will be refreshed so that the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and all other share option scheme(s) of the Company shall not exceed 10% of the Shares in issue as at the date of approval by the Shareholders at the AGM (“**Proposed Refreshment**”) and share options previously granted under two Share Option Schemes and/or any other scheme(s) of the Company, including without limitation those outstanding, cancelled, lapsed or exercised in accordance with two Share Option Schemes or such other share option scheme(s) of the Company will not be counted for the purpose of calculating the Proposed Refreshment. As at the Latest Practicable Date, the Company did not have any other scheme(s) apart from the Pre-IPO Share Option Scheme and the Share Option Scheme.

Pursuant to the relevant provisions under Chapter 23 of the GEM Listing Rules, the Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other scheme(s) of the Company at any time must not exceed 30% of the Shares in issue from time to time. No share options may be granted under the Share Option Scheme or any other scheme(s) of the Company if it will result in the aforesaid 30% limit being exceeded.

As at the Latest Practicable Date, there were 450,382,437 Shares in issue. Assuming that the total number of Shares in issue remains unchanged prior to the date of approving the Proposed Refreshment by the Shareholders, the maximum number of Shares which fall to be issued upon the exercise of all share options that may be granted by the Company under the Share Option Scheme and any other scheme(s) of the Company upon the Proposed Refreshment would be 45,038,243 Shares, representing 10% of the Shares in issue as at the date of approval of the Proposed Refreshment by the Shareholders at the AGM.

Application will be made to the Stock Exchange by the Company for the approval of the listing of, and permission to deal in the Shares which fall to be issued upon the exercise of any share options that may be granted under the Share Option Scheme and any other scheme(s) of the Company upon the Proposed Refreshment.

### **Conditions of the Proposed Refreshment**

As required by the Share Option Scheme and the relevant provisions under Chapter 23 of the GEM Listing Rules, an ordinary resolution will be proposed at the AGM to approve the Proposed Refreshment. The adoption of the Proposed Refreshment is conditional upon:

- (i) the Shareholders passing an ordinary resolution to approve the Proposed Refreshment at the AGM; and
- (ii) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of any share options that may be granted pursuant to the Share Option Scheme under the Proposed Refreshment not exceeding 10% of the number of Shares in issue as at the date of approval of the Proposed Refreshment by the Shareholders at the AGM.

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## LETTER FROM THE BOARD OF DIRECTORS

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### RE-ELECTION OF DIRECTORS

Ms. Leelalertsuphakun Wanee, Mr. Mauro Bove and Mr. Lam Yat Cheong shall retire and, being eligible, will offer themselves for re-election at the AGM in accordance with Articles 95 and 112 of the Company's articles of association.

Brief biographical details of the retiring Directors who have offered herself/himself to be re-elected at the AGM are set out in Appendix II to this circular.

### ANNUAL GENERAL MEETING

A notice of the AGM is set out on pages 101 to 105 of the 2009 Annual Report accompanying this circular.

Any vote of shareholders at a general meeting must be taken by poll pursuant to Rule 17.47(4) of the GEM Listing Rules. Therefore, all the resolutions put to vote at the AGM shall be taken by poll.

An announcement will be made by the Company following the conclusion of the AGM to inform you of the poll results.

The Notice and a form of proxy for use at the AGM are enclosed with the 2009 Annual Report. To be valid, the form of proxy for use at the AGM must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion of the form of proxy and returning it to the Company will not preclude you from attending and voting in person at the AGM or any adjourned thereof should you so wish.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors 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, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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## LETTER FROM THE BOARD OF DIRECTORS

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### RECOMMENDATION

The Directors believe that the granting of the New Issue Mandate, the Repurchase Mandate, the Extension Mandate, the refreshment of the Scheme Mandate Limit of the Share Option Scheme and the re-election of Directors are in the best interests and for the benefit of the Company and its Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of these resolutions to be proposed at the AGM.

Yours faithfully,  
By order of the Board  
**Lee's Pharmaceutical Holdings Limited**  
**Lee Siu Fong**  
*Chairman*



**1. GENERAL MANDATE TO REPURCHASE SHARES**

This appendix I serves as an explanatory statement, as required by the Rule 13.08 and other relevant provisions of the GEM Listing Rules, to provide requisite information to you for your consideration of the proposed Repurchase Mandate.

**2. GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on GEM subject to certain restrictions, namely, Rule 13.03 to Rule 13.14, the more important of which are summarised below. The Company is empowered by its memorandum and articles of association to repurchase its own Shares.

**(a) Shareholders' approval**

All repurchase of Shares of the Company must be approved in advance by the Shareholders either by way of a specific approval or a general mandate to the Directors to make such purchase(s), by way of an ordinary resolution which complies with the provisions of Rule 13.09 of the GEM Listing Rules and which has been passed at a general meeting of the Company duly convened and held and the Company has delivered a copy of such resolution, together with the necessary supporting documentation, to the Stock Exchange in accordance with Rule 13.10 of the GEM Listing Rules.

**(b) Source of funds**

Repurchase must be funded out of funds which are legally available for such purpose in accordance with the memorandum and articles of association of the Company and the laws of Hong Kong and the applicable Companies Law (2004 Revision) of the Cayman Islands (the “**Companies Law**”). A listed company shall not repurchase its own securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

**(c) Connected persons**

The GEM Listing Rules prohibit a company from knowingly repurchasing shares on GEM from a “connected person”, that is, a director, chief executive, substantial shareholder or management shareholder of the company or any of its subsidiaries or any of their associates (as defined in the GEM Listing Rules) and a connected person is prohibited from knowingly selling his/her shares to the company on GEM.

As at the Latest Practicable Date, to the best knowledge of the Directors, no connected person of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any Shares held by him/her to the Company in the event that such mandate as proposed in the Ordinary Resolution no. 5B is approved by the Shareholders at the AGM and is exercised by the Company.

### **3. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 450,382,437 shares of HK\$0.05 each.

Subject to the passing of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 45,038,243 Shares of HK\$0.05 each during the period from the date of passing of the Ordinary Resolution no. 5B up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its memorandum and articles of association or the applicable laws and regulations of the Cayman Islands and Hong Kong to be held; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

### **4. REASONS FOR THE REPURCHASES**

Although the Directors have no present intention of repurchasing any Shares of the Company, they believe that the flexibility afforded by the Repurchase Mandate would be in the best interests of the Company and its Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings and/or dividend per Share and will only be made when the Directors believe that such repurchase of Shares will benefit the Company and its Shareholders.

### **5. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands and Hong Kong.

Pursuant to the proposed Repurchase Mandate, repurchase would be funded entirely from the Company's available cash flow or working capital facilities which will be funded legally available under the applicable laws and regulations of the Cayman Islands and Hong Kong for such purpose. The Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the most recent published audited consolidated accounts contained in the 2009 Annual Report). The Directors do not, however, intend to make any repurchase to such extent as would, in the circumstances, have a material adverse impact on the working capital requirement of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**6. SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the GEM in each of the previous twelve months before the Latest Practicable Date were as follows:

<b>Month</b>	<b>Prices of Shares</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2009</b>		
March	0.500	0.365
April	0.590	0.410
May	0.600	0.460
June	0.680	0.540
July	0.800	0.750
August	1.130	0.750
September	1.200	0.880
October	1.250	0.900
November	1.880	1.160
December	1.750	1.570
<b>2010</b>		
January	2.250	1.680
February	2.170	1.860
March (up to and including the Latest Practicable Date)	2.250	2.120

**7. DIRECTORS' INTENTION TO SELL SHARES TO THE COMPANY**

None of the Directors and, to the best of their knowledge having made all reasonable enquiries, nor their associates (as defined in the GEM Listing Rules), have a present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

**8. DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate, if granted, in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws and regulations of the Cayman Islands and Hong Kong.

In the event that the substantial Shareholders do not dispose of their Shares, if the Repurchase Mandate were exercised in full, the percentage shareholding of the substantial Shareholders of the Company before and after such repurchase would be as follows:

Name	Notes	Before repurchase	After repurchase
Huby Technology Limited	(i)	26.71%	29.68%
Ms. Lee Siu Fong		28.24%	31.38%
Ms. Leelalertsuphakun Wanee		28.07%	31.19%
Dr. Li Xiaoyi	(ii)	11.35%	12.61%
Ms. Lue Shuk Ping, Vicky	(ii)	11.35%	12.61%
Defiante Farmaceutica, S.A.	(iii)	29.39%	32.66%

*Notes:*

- (i) Huby Technology Limited is beneficially owned as to 50% by Ms. Lee Siu Fong and as to 50% by Ms. Leelalertsuphakun Wanee, both of whom are Directors.
- (ii) Lue Shuk Ping, Vicky is the wife of Dr. Li Xiaoyi.
- (iii) Defiante Farmaceutica S.A., is owned as to 58% by Sigma-tau Finanziaria S.P.A., and owned as to 42% by Sigma-tau Finanziaria S.P.A. through its wholly-owned subsidiary, Sigma-tau International S.A.. Sigma-tau Finanziaria S.P.A. is owned as to 51.3% by Claudio Cavazza and 34.2% by Claudio Paolo.

## 9. TAKEOVER CODE CONSEQUENCES

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase its Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Code), depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, each of the substantial Shareholders, namely, Huby Technology Limited, the beneficial owners of Huby Technology Limited, namely, Ms. Lee Siu Fong and Ms. Leelalertsuphakun Wanee, Dr. Li Xiaoyi, Ms. Lue Shuk Ping, Vicky, and Defiante Farmaceutica, S.A., held 26.71%, 28.24%, 28.07%, 11.35%, 11.35% and 29.39% of the issued share capital of the Company respectively. In the event that the Directors exercise in full the power to repurchase shares of the Company in accordance with the terms of the Ordinary Resolution no. 5B to be proposed at the AGM, the total interests of Huby Technology Limited, Ms. Lee Siu Fong, Ms. Leelalertsuphakun Wanee, Dr. Li Xiaoyi, Ms. Lue Shuk Ping, Vicky and Defiante Farmaceutica, S.A., in the existing share capital of the Company would be proportionally increased to approximately 29.68%, 31.38%, 31.19%, 12.61%, 12.61% and 32.66% respectively. On the basis of the shareholdings held by the substantial Shareholders named above, an exercise of the Repurchase Mandate in full will give rise to an obligation on the part of the substantial Shareholders namely, Huby Technology Limited, Ms. Lee Siu

Fong and Ms. Leelalertsuphakun Wanee (in aggregate controlling the voting rights of 28.63% and 31.81% of the issued share capital of the Company before and after such repurchase respectively), and Defiante Farmaceutica, S.A., to make a mandatory offer under Rule 26 of the Code. However, the Directors have no intention to exercise the Repurchase Mandate to an extent as may result in mandatory offer under Rule 26 and 32 of the Code.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of repurchase, an exercise of the Repurchase Mandate whether in whole or in part will result in less than 25% of the issued share capital of the Company, being the prescribed minimum percentage of the Shares being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed minimum percentage.

#### **10. SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not repurchased any of its Shares (whether on GEM or otherwise) during the previous six months.

## 1. Leelalertsuphakun Wanee

*Managing Director & Chief Marketing Officer, aged 56*

Ms. Leelalertsuphakun Wanee (“**Ms. Leelalertsuphakun**”) joined the Group in April 1997. In September 2003, Ms. Leelalertsuphakun was appointed the Chief Marketing Officer and is responsible for the Group’s sales and marketing activities. Ms. Leelalertsuphakun is the sister of Ms. Lee Siu Fong and Dr. Li Xiaoyi, both of them are executive Director and substantial shareholders of the Company. Save as disclosed herein, she does not have any relationship with any Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company (within the meaning of the GEM Listing Rules), and does not hold directorships in other listed companies in the last three years.

Ms. Leelalertsuphakun has entered into a service contract with the Company on 14 January 2002 under which she has been appointed to act as an executive Director on a continuous basis until terminated by either party by giving to the other party not less than three months’ notice in writing. Salary and allowances will be determined by the board of directors of the Company (the “**Board**”) with reference to her contribution in terms of time, effort and her expertise and her current salary and allowances is HK\$111,090.00 per month. Bonus will be paid at the absolute discretion of the Board after taking into consideration the operating results of the Group and performance of the Directors.

As at the Latest Practical Date, Ms. Leelalertsuphakun personally held 1,749,000 Shares. She also had corporate interest in 124,690,625 Shares where such Shares are held through Huby Technology Limited and Dynamic Achieve Investments Limited. Each of Huby Technology Limited and Dynamic Achieve Investments Limited is an investment holding company jointly owned by Ms. Lee Siu Fong and Ms. Leelalertsuphakun. Ms. Leelalertsuphakun also beneficially owned 448,057 share options of the Company. Saved as disclosed above, Ms. Leelalertsuphakun did not have any other interests in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

## 2. Mauro Bove

*Non-executive Director, aged 55*

Mr. Mauro Bove (“**Mr. Bove**”) joined the Group on 9 May 2005. Mr. Bove obtained his law degree at the University of Parma, Italy, in 1980. He has almost thirty years of business and management experience within the pharmaceutical industry. He has served in a number of senior positions in business, licensing, merger and acquisition and corporate development within Sigma-Tau, one of the leading Italian pharmaceutical groups. He presently heads the corporate and business development department and sits on the board of directors of Sigma-Tau Finanziaria S.p.A., the holding company of Sigma-Tau Group. Mr. Bove is connected with Defiante Farmaceutica, S.A. (“**Defiante**”), a substantial Shareholder of the Company as Defiante is a company belonging to Sigma-Tau Group. Save as disclosed above, he does not have any relationship with any Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company (within the meaning of the GEM Listing Rules), and does not hold directorships in other listed companies in the last three years.

Mr. Bove has a three-year service contract with the Company from 3 January 2009. Director's fee is HK\$75,000 per annum and bonus will not be paid. Director's fee is determined by the Board with reference to the market rate and the size of the Group.

As at the Latest Practicable Date, Mr. Bove beneficially owned 1,000,000 share options of the Company. Save as disclosed above, he did not have any other interests in any shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

### 3. Lam Yat Cheong

*Independent non-executive Director & audit committee member, aged 48, CPA (Practising), FCCA, BBA*

Mr. Lam Yat Cheong ("Mr. Lam") joined the independent Board on 1 July 2004. Mr. Lam is a sole proprietor of an audit firm and has over twenty two years of auditing and accounting experience. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Lam is also an independent non-executive director of Perfectech International Holdings Limited and Wuyi International Pharmaceutical Company Limited, both of the companies are listed in Hong Kong. Save as disclosed above, he does not have any relationship with any Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders of the Company (within the meaning of the GEM Listing Rules), and does not hold directorships in other listed companies in the last three years.

Mr. Lam has a three-year service contract with the Company from 1 July 2007. Director's fee is HK\$50,000 per annum and bonus will not be paid. Director's fee is determined by the Board with reference to the market rate and the size of the Group.

As at the Latest Practicable Date, Mr. Lam beneficially owned 300,000 share options of the Company. Save as disclosed above, he did not have any other interests in any shares, underlying shares or debentures of the Company and its associated corporation within the meaning of Part XV of the Securities and Futures Ordinance.

The Directors believe that there is no matter relating to the above retiring directors proposed to be reelected at the AGM that needed to be brought to the attention of the Shareholder and there is no information which is discloseable pursuant to any of the requirements set out in Rule 17.50(2) (h) to (v) of the GEM Listing Rules.