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Hua Han Bio-Pharmaceutical Holdings Limited

華瀚生物製藥控股有限公司

(incorporated in the Cayman Islands with limited liability)

THE ISSUE OF UP TO US\$12,000,000 2.5 PER CENT. UNLISTED AND UNSECURED REDEEMABLE CONVERTIBLE BONDS DUE 2006

DESPATCH OF CIRCULAR AND CLARIFICATION OF DEFINITIONS DEFINED IN THE ANNOUNCEMENT

Reference is made to the issue of the Bonds to CSFB, details of which have been contained in the Announcement.

The Directors are pleased to announce that the Directors intend to seek from the Shareholders a specific mandate for the creation of the Tranche 2 Bonds and the allotment and issue of Shares pursuant to the exercise of the conversion rights attaching to the Tranche 2 Bonds and the exercise of the Second Allotment Option. A circular containing details of, among other matters, the terms and conditions of the Tranche 2 Bonds and the notice of the forthcoming annual general meeting of the Company at which resolution in relation to the grant of the specific mandate will be proposed will be despatched to the Shareholders on 31 October 2003.

The Directors also wish to clarify that the base price at which the number of Shares issuable under the Original Tranche 1 Share Allotment Amount and the Additional Tranche 1 Share Allotment Amount is calculated is HK\$1.1903 instead of HK\$1.3094.

Reference is made to the Company's announcement dated 22 July 2003 (the "Announcement") in relation to the issue of up to US\$12,000,000 2.5 per cent. unlisted and unsecured redeemable convertible bonds due 2006. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

Tranche 1 Bonds

As stated in the Announcement and the clarification announcement of the Company dated 8 August 2003, Shares to be issued upon conversion of the Original Tranche 1 Bonds and the Additional Tranche 1 Bonds and upon exercise of the First Allotment Option and the Additional Allotment Option will be issued pursuant to the General Mandate. The General Mandate allows the Company to allot and issue a maximum of 113,600,000 new Shares.

Accordingly, the maximum number of Shares that could be issued upon conversion of the Original Tranche 1 Bonds and the Additional Tranche 1 Bonds and upon exercise of the First Allotment Option and the Additional Allotment Option is 113,600,000 Shares irrespective of the conversion price. Up to the date of this announcement, 32,528,000 Shares had been allotted and issued pursuant to the exercise of the conversion rights attaching to the Original Tranche 1 Bonds and the Additional Tranche 1 Bonds. None of the First Allotment Option and the Additional Allotment Option had been exercised up to the date of this announcement.

Tranche 2 Bonds

Pursuant to the terms of the Subscription Agreement, the Subscriber granted to the Company an option (the “**Call Option**”) giving the Company the right to require the Subscriber to subscribe and pay for the Tranche 2 Bonds in aggregate principal amount of up to US\$4,000,000 (equivalent to HK\$31,200,000) which may be exercised at any time during the period from and including the date of conversion of the last of the Original Tranche 1 Bonds to and including the date falling 60 calendar days after that day, subject to the fulfillment of certain conditions.

Given the General Mandate may not be sufficient to cover Shares that may be issued pursuant to the exercise of the conversion rights attaching to the Tranche 2 Bonds and the exercise of the Second Allotment Option, the Directors intend to seek a specific mandate to allot and issue Shares pursuant thereto (the “**Specific Mandate**”) from the Shareholders at the forthcoming annual general meeting of the Company. The Directors consider that the grant of the Specific Mandate will give flexibility to the Directors in a way that it enables the Directors to exercise the Call Option when they consider appropriate without having to revert to the Shareholders for a specific approval on the issue of the Tranche 2 Bonds and the issue of the new Shares pursuant to exercise of the Conversion Rights attaching thereto.

The Directors are pleased to announce that the Directors intend to seek from the Shareholders the Specific Mandate for the creation of the Tranche 2 Bonds and the allotment and issue of Shares pursuant to the exercise of the conversion rights attaching to the Tranche 2 Bonds and the exercise of the Second Allotment Option. Please refer to the Announcement for the terms and conditions of the Tranche 2 Bonds and the Second Allotment Option. A circular containing details of, among other matters, the terms and conditions of the Tranche 2 Bonds and the notice of the forthcoming annual general meeting of the Company at which resolution in relation to the grant of Specific Mandate will be proposed will be despatched to the Shareholders on 31 October 2003.

Clarification as to definitions

The Directors also wish to clarify that due to an inadvertent mistake, the base price at which the number of Shares issuable under the Original Tranche 1 Share Allotment Amount and the Additional Tranche 1 Share Allotment Amount is calculated which should be HK\$1.1903 has been mistakenly stated as HK\$1.3094. The price of HK\$1.3094 as stated under the respective definition of “Original Tranche 1 Share Allotment Amount” and “Additional Tranche 1 Share Allotment Amount” in the Announcement is the subscription price at which Shares issuable under the Original Tranche 1 Share Allotment Amount and the Additional Tranche 1 Share Allotment Amount will be subscribed by the Subscriber.

The Directors wish to emphasise that the respective maximum number of Shares issuable under the Original Tranche 1 Share Allotment Amount and the Additional Tranche 1 Share Allotment Amount as set out in the Announcement are correct. For the purposes of clarification, the Directors set out the respective revised definition of the “Original Tranche 1 Share Allotment Amount” and the “Additional Tranche 1 Share Allotment Amount” as follows:

“Original Tranche 1 Share Allotment Amount”	up to 4,587,078 Shares, which will be issued at a subscription price equal to HK\$1.3094 per Share. Such maximum number of Shares is equal to 20 per cent. of the number of Shares which may fall to be issued by the Company pursuant to the exercise of the conversion rights attached to the Original Tranche 1 Bonds at a conversion price equal to HK\$1.1903
“Additional Tranche 1 Share Allotment Amount”	up to 5,897,672 Shares, which will be issued at a subscription price equal to HK\$1.3094 per Share. Such maximum number of Shares is equal to 20 per cent. of the number of Shares which may fall to be issued by the Company pursuant to the exercise of the conversion rights attached to the Additional Tranche 1 Bonds at a conversion price equal to HK\$1.1903

By Order of the Board
Hua Han Bio-Pharmaceutical Holdings Limited
Zhang Peter Y.
Chairman

30 October 2003, Hong Kong

Please also refer to the published version of this announcement in The Standard.