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## **FAR EAST PHARMACEUTICAL TECHNOLOGY COMPANY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 399)**

### **ANNOUNCEMENT**

#### **Summary**

The Board is pleased to announce that Mr. Yu Shiu Tin, Paul M.B.E., J.P has been appointed as an executive Director and Mr. Chiu Koon Shou, Victor and Mr. Lo Wah Wai, Lowell have been appointed as independent non-executive Directors with effect from 1 September 2004.

The Board also announces that Mr. Cai Chong Zhen, Mr. Cai Cong Yi, and Mr. Chen Ching Ken resigned as executive Directors with effect from 1 September 2004 due to personal reasons. The Board announces that Ms. Hu Ling Po resigned as independent non-executive Director with effect from 1 September 2004 due to personal reasons. On 18 September 2004, Mr. Cai Chong Zhen tendered resignation as directors of all of the subsidiaries of the Company.

On 26 August 2004, the Lending Banks declared the Company default on the Syndicated Bank Loan. As a result, all amounts outstanding under the Syndicated Bank Loan became immediately due and payable. On 9 September 2004, the Lending Banks demanded immediate repayment of the outstanding principal and unpaid interest in relation to the Syndicated Bank Loan, totalling US\$57,764,588.23 as at 9 September 2004. The Company did not have sufficient time to arrange the repayment and therefore has not paid such sum to the Lending Banks.

On 15 September 2004, SCB issued a petition to wind-up the Company and a summons for an application to appoint provisional liquidators to the Company. The Application will be heard at 2:30 p.m. on 22 September 2004. The Company is considering its position and will release further information as soon as practicable.

Trading of the Shares will remain suspended until further notice.

## **I. Changes in directorship**

The Board is pleased to announce that Mr. Yu Shiu Tin, Paul M.B.E., J.P. has been appointed as an executive Director and Mr. Chiu Koon Shou, Victor and Mr. Lo Wah Wai, Lowell have been appointed as independent non-executive Directors with effect from 1 September 2004.

Mr. Yu, aged 54, has extensive experience in management. He was a member of the Tung Wah Group of Hospitals Board from 1981 to 1987 and became chairman in the year of 1988 to 1989. He is also a member of a government body. Mr. Yu has accumulated valuable experience in the healthcare industry especially in the management of hospitals, which will be particularly useful to the Company in formulating its macro strategy. In addition, he is also actively involved in other community services in Hong Kong for over 20 years. For his devoted service to the community and the Hong Kong Government, Mr. Yu was awarded as Justice of Peace by the Hong Kong Government and MBE by the British Empire in 1989 and 1995 respectively. The tenure of service contract of Mr. Yu is for a period of 2 years. The annual remuneration of Mr. Yu as executive Director is HK\$516,000 plus a discretionary bonus. The remuneration is determined with reference to his qualification and experience, and proposed duties with the Company. The bonus is determined at the discretion of the Board. Mr Yu was not previously a director of any listed company in the past three years. Mr. Yu is independent of and not connected with the Directors, chief executive and substantial shareholder of the Company or its subsidiaries or an associate of any of them. As at the date of this announcement, Mr. Yu does not hold any Shares. Mr. Yu accepted the employment as executive Director as he will act in the best interest of the Company and protect the assets of the Company. Mr. Yu is not responsible for and has no knowledge of all of the affairs and activities of the Company prior to his employment.

Mr. Chiu, aged 34, is a practicing lawyer and a partner of Victor Chiu Tsang & Partners. Mr. Chiu has at least 10 years of experience in the legal industry. Prior to establishing his firm, Mr. Chiu worked for Allen & Overy, Baker & McKenzie, and Clifford Chance. Mr. Chiu has substantial experience in corporate finance, debt restructuring, and insolvency, including regulatory compliance, securities related legislations, and PRC-related financing matters. Mr. Chiu is a director of the American Chamber of Commerce of Hong Kong. Mr. Chiu was not previously a director of any listed company. The annual remuneration of Mr. Chiu as independent non-executive Director is HK\$180,000. The remuneration is determined with reference to his qualification and experience, proposed duties with the Company, and the prevailing market level of remuneration for executives of similar position.

Mr. Lo, aged 40, is a Certified Public Accountant and a director of Lo & Kwong C.P.A. Company Limited. Mr. Lo has over 17 years of experience in the accounting and finance industry. Mr. Lo holds memberships in several professional associations, including the Hong Kong Institute of Certified Public Accountants (formerly the Hong Kong Society of Accountants), the American Institute of Certified Public Accountants, and the Information System Auditor and Control Association. Mr. Lo is a non-executive director of a company listed on the main board of the Stock Exchange and the chairman and executive director of a company listed on the growth enterprise market of the Stock Exchange. The annual remuneration of Mr. Lo as independent non-executive Director is HK\$180,000. The remuneration is determined with reference to his qualification and experience, proposed duties with the Company, and the prevailing market level of remuneration for executives of similar position.

Mr. Chiu and Mr. Lo have been introduced to the Board through their business associates. Both of them have confirmed that (i) they do not beneficially hold any Shares as at the date of this announcement; (ii) the tenure of their service contracts (which will be less than three years) are to be decided by the Board; and (iii) they are not and have not been connected with the Directors, the chief executive, senior management, or the substantial shareholder of the Company within the past two years prior to the date of their appointment.

The Board also announces that Mr. Cai Chong Zhen, Mr. Cai Cong Yi, and Mr. Chen Ching Ken resigned as executive Directors with effect from 1 September 2004 due to personal reasons. The Board announces that Ms. Hu Ling Po resigned as independent non-executive Director with effect from 1 September 2004 due to personal reasons. Mr. Cai Chong Zhen, Mr. Cai Cong Yi, Mr. Chen Ching Ken, and Ms. Hu Ling Po confirmed that there are no disagreements with the Board and there is no matter relating to their resignation that need to be brought to the attention of the Shareholders or creditors of the Company or the Stock Exchange.

On 18 September 2004, Mr. Cai tendered resignation as directors of all of the subsidiaries of the Company.

Mr. Hung Chen, Richael is responsible for overseeing the entire operation and management of the Company, while Mr. Yu Shiu Tin *M.B.E., J.P.* is responsible for advising the macro strategy of the Company.

The Board would like to express sincere gratitude to Mr. Cai Chong Zhen, Mr. Cai Cong Yi, Mr. Chen Ching Ken, and Ms. Hu Ling Po for their valuable contributions to the Company.

## **II. Syndicated Bank Loan**

As stated in the announcement dated 25 August 2004, an event of default has occurred in respect of the Syndicated Bank Loan because trading in the Shares was suspended by the Stock Exchange and the suspension continued for more than 20 consecutive trading days. The Lending Banks have declared the Company default of the Syndicated Bank Loan and the Syndicated Bank Loan has become immediately due and payable. On 9 September 2004, the Lending Banks demanded immediate repayment of the outstanding principal and unpaid interest in relation to the Syndicated Bank Loan, totalling US\$57,764,588.23 as at 9 September 2004. The Lending Banks demanded the aforementioned sum to be repaid in full to the Lending Banks before 2:00 p.m. on 10 September 2004. The Company did not have sufficient time to arrange the repayment and therefore has not paid such sum to the Lending Banks.

On 15 September 2004, SCB issued a petition to wind-up the Company and a summons for an application to appoint provisional liquidators (Messrs Derek Lai and Darach Haughey of Deloitte Touche Tohmatsu) to the Company. The Application will be heard at 2:30 p.m. on 22 September 2004. The Company is considering its position in relation to the Application and the Syndicated Bank Loan and will release further information as soon as practicable.

Trading of the Shares will remain suspended until further notice.

As at the date of this announcement, the Company has two executive Directors, namely Mr. Hung Chen, Richael and Mr. Yu Shiu Tin, Paul *M.B.E., J.P.*, and two independent non-executive Directors, namely Mr. Chiu Koon Shou, Victor, and Mr. Lo Wah Wai, Lowell.

### **III. Definitions**

In this announcement the following terms have the following meanings:

“Application”	the application to appoint provisional liquidators of the Company
“associate”	as defined under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Far East Pharmaceutical Technology Company Limited
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Government”	the government of Hong Kong
“Lending Banks”	the lending banks in relation to the Syndicated Bank Loan

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chiu”	Mr. Chiu Koon Shou, Victor
“Mr. Lo”	Mr. Lo Wah Wai, Lowell
“Mr. Yu”	Mr. Yu Shiu Tin, Paul <i>M.B.E., J.P.</i>
“PRC”	the People’s Republic of China
“SCB”	Standard Chartered Bank (Hong Kong) Limited, one of the Lending Banks and issuer of a petition to wind-up the Company and the Application
“Shares”	the shares of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Syndicated Bank Loan”	a US\$80 million facility arrangement provided by 13 banks to the Company pursuant to an agreement dated 10 May 2004
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the board of  
**Far East Pharmaceutical Technology Company Limited**  
**Choi Yik Ling, Kathy**  
*Company Secretary*

Hong Kong, 20 September 2004

Please also refer to the published version of this announcement in China Daily.