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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: 950)

CONNECTED TRANSACTION

PROVISION OF FINANCIAL ASSISTANCE

On 13 June 2016, Lee's International, a wholly owned subsidiary of the Company, and COF entered into the Shareholder Loan Agreement, pursuant to which Lee's International agrees to advance the Shareholder Loan in the principle amount of HK\$10,000,000 to COF at an interest rate of 4% per annum. The Term shall be one year commencing from the Advance Date.

Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi are the Directors and substantial shareholders of the Company, who are connected persons of the Company under the Listing Rules. They hold 90% of the equity interest in Perfect Concept and therefore, Perfect Concept is the associate of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, and is then a connected person of the Company under the Listing Rules. Lee's International is a shareholder of COF and at the same time, Perfect Concept, is also a shareholder of COF. Perfect Concept, being a connected person of the Company, is holding 35% of the issued share capital of COF, and therefore, the Shareholder Loan made by Lee's International to COF under the Shareholder Loan Agreement constitutes a connected transaction pursuant to Rule 14A.27 of the Listing Rules.

The applicable percentage ratio for the Shareholder Loan made by the Company (through Lee's International) to COF does not exceed 5% and therefore, in accordance with Rule 14A.76(2) of the Listing Rules, the Shareholder Loan is only subject to the annual reporting and announcement requirements and is exempt from the circular (including independent financial advice) and shareholders' approval requirements of the Listing Rules.

* For identification purpose only

SHAREHOLDER LOAN AGREEMENT

Date

13 June 2016

Parties

- (1) Lee's International, a wholly owned subsidiary of the Company, as lender; and
- (2) COF, as borrower.

Subject Matter

Lee's International and COF entered into the Shareholder Loan Agreement, pursuant to which Lee's International agrees to advance the Shareholder Loan in the principal amount of HK\$10,000,000 to COF at an interest rate of 4% per annum.

Principal amount of the Shareholder Loan

HK\$10,000,000

Interest rate

The rate of interest applicable to the Shareholder Loan shall be 4% per annum, which is determined with reference to the prevailing interest rate in the market.

Interest on the Shareholder Loan shall be accrued and calculated for the period commencing from the Advance Date up to (but excluding) the Repayment Date.

Drawdown

The Loan shall be drawn on the Advance Date by serving not less than two Business Days prior written notice by COF to Lee's International.

Term

Subject to the early repayment as provided under the Shareholder Loan Agreement, the term of the Shareholder Loan shall be one year commencing from the Advance Date.

Repayment schedule

COF shall repay the Shareholder Loan together with the interest accrued on the Repayment Date.

COF shall have the right to make early repayment of the Shareholder Loan, together with the interest accrued at any time during the Term by giving the Written Notice to Lee's International. COF shall specify in the Written Notice the date when the early repayment of the Shareholder Loan shall be made.

REASONS FOR AND BENEFITS OF THE SHAREHOLDER LOAN AGREEMENT

COF is in the course of expanding its business operation in developing of new pharmaceutical products. To ensure such steady growth will be backed by ample financial resources, COF would need additional cash flow. Therefore, after arm's length negotiation between COF and Lee's International, a shareholder of COF, Lee's International agrees to make the Shareholder Loan at a market interest rate to COF. Accordingly, on 13 June 2016, Lee's International and COF entered into the Shareholder Loan Agreement on the terms set out above. The Shareholder Loan will be generated from the internal resources of Lee's International. The Shareholder Loan made to COF would be utilised for COF's general working capital.

The Directors (including the independent non-executive Directors) considered that the Shareholder Loan Agreement, which has been entered into after arm's length negotiation between Lee's International and COF, are not in the ordinary and usual course of business of the Group but are on normal commercial terms and the terms therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, all are executive Directors and substantial shareholders of the Company, is indirectly (through Perfect Concept) interested in the issued share capital of COF. As a result, all of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi are considered to have a material interest in the transactions contemplated under the Shareholder Loan Agreement and are required to abstain, and have abstained, from voting on the relevant Board resolutions to approve the Shareholder Loan Agreement. Save for the above, no Director has a material interest in the transactions contemplated under the Shareholder Loan Agreement and none of them is required to abstain or has abstained from, voting on the relevant Board resolutions to approve the Shareholder Loan Agreement.

INFORMATION OF COF

COF was incorporated in the British Virgin Islands on 20 October 2000, and is currently carrying on the business in, inter alia, developing of oncology-focused pharmaceutical products.

GENERAL INFORMATION OF THE GROUP

The Group is a research-driven and market-oriented biopharmaceutical company focused on the PRC market. Through its operating subsidiary in the PRC, the Group develops, manufactures and markets proprietary pharmaceutical products in the PRC. It has established a sale and distribution network for pharmaceuticals covering most provinces and cities in the PRC, marketing both self-developed products and licensed products from abroad. The principal business activity of Lee's International is investment holding.

LISTING RULES IMPLICATIONS

Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi are the Directors and substantial shareholders of the Company who are connected persons of the Company under the Listing Rules. They hold 90% of the equity interest in Perfect Concept and therefore, Perfect Concept is the associate of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, and is then a connected person of the Company under the Listing Rules. Lee's International is a shareholder of COF and at the same time, Perfect Concept, is also a shareholder of COF. Perfect Concept, being a connected person of the Company, is holding 35% of the issued share capital of COF, and therefore, the Shareholder Loan made by Lee's International to COF under the Shareholder Loan Agreement constitutes a connected transaction pursuant to Rule 14A.27 of the Listing Rules.

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DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Advance Date”	the date when the Shareholder Loan is drawn down by COF within the Availability Period
“Availability Period”	a period of one month commencing from the date of the Shareholder Loan Agreement
“Board”	board of Directors
“Business Day”	a day (excluding Saturdays, Sundays and statutory holidays) on which commercial banks in Hong Kong are open for business
“COF”	China Oncology Focus Limited, a company with limited liability and incorporated under the laws of the British Virgin Islands
“Company”	Lee's Pharmaceutical Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its issued shares listed on the Main Board of the Stock Exchange

“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lee’s International”	Lee’s Pharmaceutical International Limited, a company with limited liability and incorporated under the laws of the British Virgin Islands, and a wholly owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Repayment Date”	12 June 2017, i.e. the expiry date of the term, or if COF elects to make early repayment, the date as specified in the Written Notice
“Shareholder Loan”	the shareholder loan in the principal amount of HK\$10,000,000 made by Lee’s International to COF under the Shareholder Loan Agreement
“Shareholder Loan Agreement”	the shareholder loan agreement dated 13 June 2016 entered into between Lee’s International and COF
“Shareholders”	holders of the Shares
“Shares”	ordinary share(s) of nominal value of HK\$0.05 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Perfect Concept”	Perfect Concept Holdings Limited, a limited company incorporated under the laws of the Hong Kong, which is owned as to 90% by Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi who are Directors and a substantial shareholder of the Company
“Term”	The term of the Shareholder Loan, which is one year commencing from the Advance Date
“Written Notice”	the 7-day written notice served by COF in accordance with the terms of the Shareholder Loan Agreement, which sets out COF’s intention to make early repayment on the Shareholder Loan, together with interest accrued thereon
“%”	per cent

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

Hong Kong, 13 June 2016

As at the date thereof, Ms. Lee Siu Fong (Chairman), Ms. Leelalertsuphakun Wanee and Dr. Li Xiaoyi are executive Directors; Dr. Marco Maria Brughera is a non-executive Director, Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl are independent non-executive Directors.