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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: 950)**

### **PAST CONNECTED TRANSACTIONS SUBSCRIPTIONS OF SHARES IN A CONNECTED SUBSIDIARY**

#### **PAST CONNECTED TRANSACTIONS**

On 5 July 2007, LPI, a wholly-owned subsidiary of the Company, formed COF.

On 19 September 2014, each of LPI and PCH subscribed for 7,799 and 4,200 shares of COF at the consideration of US\$7,799 and US\$4,200 respectively. Upon completion of the First Subscription, the entire issued shares of COF were held by LPI and PCH as to 65% and 35% respectively.

Subsequent to the completion of the First Subscription, each of LPI and PCH further subscribed for an aggregate of 33,150 and 17,850 shares of COF in eight subscriptions during the period between 13 October 2014 and 23 February 2017 at the aggregate consideration of US\$2,386,800 and US\$1,285,200 respectively.

#### **LISTING RULES IMPLICATIONS**

##### **First Subscription**

As at the date of the First Subscription, Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi were the Directors and substantial Shareholders who were connected persons of the Company. Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi held a total of 90% equity interest in PCH and therefore, PCH was an associate of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, and was a connected person of the Company.

\* For identification purpose only

The First Subscription carried out by PCH constituted a connected transaction of the Company under Chapter 14A of the Listing Rules but was fully exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as all of the relevant percentage ratios for the First Subscription carried out by PCH was less than 0.1%.

### **PCH Subscriptions**

As at the date of each of the PCH Subscriptions and as at the date of this announcement, PCH is a connected person of the Company. As a result, each of the PCH Subscriptions constituted connected transaction of the Company under Chapter 14A of the Listing Rules but was fully exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.92(1) of the Listing Rules as the number of shares of COF subscribed by PCH in each of the PCH Subscriptions was allocated on pro-rata basis as per the shareholding structure of COF.

### **LPI Subscriptions**

As at the date of each of the LPI Subscriptions and as at the date of this announcement, COF was a non-wholly owned subsidiary of the Company which was owned as to 65% by LPI and 35% by PCH, which is a connected person of the Company. As PCH exercises and controls 10% or more of the voting power of COF, COF is a connected subsidiary of the Company under the Listing Rules. Accordingly, each of the LPI Subscriptions constituted connected transaction of the Company under Chapter 14A of the Listing Rules, which shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules as all of the relevant percentage ratios for each of the LPI Subscriptions, on a standalone and on an aggregated basis, exceeded 0.1% but was less than 5%.

For each of the LPI Subscriptions, owing to the inadvertent mistake made by the Company in interpreting Rule 14A.92, the Company mistakenly treated each of the LPI Subscriptions as a fully exempted connected transactions. As a result, the Company had failed to timely comply with the requirements under Chapter 14A of the Listing Rules by publishing an announcement for each of the LPI Subscriptions.

## **PAST CONNECTED TRANSACTIONS**

On 5 July 2007, LPI, a wholly-owned subsidiary of the Company, formed COF.

On 19 September 2014, each of LPI and PCH subscribed for 7,799 and 4,200 shares of COF at the consideration of US\$7,799 and US\$4,200 respectively. Upon completion of the First Subscription, the entire issued shares of COF were held by LPI and PCH as to 65% and 35% respectively.

Subsequent to the completion of the First Subscription, each of LPI and PCH further subscribed for an aggregate of 33,150 and 17,850 shares of COF in eight subscriptions during the period between 13 October 2014 and 23 February 2017 at the aggregate consideration of US\$2,386,800 and US\$1,285,200 respectively.

Details of each of the LPI Subscriptions and the PCH Subscriptions are as follows:

### LPI Subscriptions

<b>Date</b>	<b>No. of shares of COF subscribed</b>	<b>LPI's shareholding in COF upon completion of each of the LPI Subscriptions</b>	<b>Consideration (US\$)</b>
13 October 2014	11,700	65%	842,400
3 February 2015	1,300	65%	93,600
29 May 2015	650	65%	46,800
11 December 2015	4,550	65%	327,600
12 September 2016	5,200	65%	374,400
2 December 2016	4,550	65%	327,600
23 January 2017	2,730	65%	196,560
23 February 2017	2,470	65%	177,840
<b>Total</b>	<b>33,150</b>	<b>65%</b>	<b>2,386,800</b>

### PCH Subscriptions

<b>Date</b>	<b>No. of shares of COF subscribed</b>	<b>PCH's shareholding in COF upon completion of each of the PCH Subscriptions</b>	<b>Consideration (US\$)</b>
13 October 2014	6,300	35%	453,600
3 February 2015	700	35%	50,400
29 May 2015	350	35%	25,200
11 December 2015	2,450	35%	176,400
12 September 2016	2,800	35%	201,600
2 December 2016	2,450	35%	176,400
23 January 2017	1,470	35%	105,840
23 February 2017	1,330	35%	95,760
<b>Total</b>	<b>17,850</b>	<b>35%</b>	<b>1,285,200</b>

The consideration for each of the LPI Subscriptions and PCH Subscriptions was determined with reference to the potential investments and the working capital needs of COF and the proportion of the respective shareholding of LPI and PCH in COF. The consideration for each of the LPI Subscriptions and PCH Subscriptions was paid in cash.

### **INFORMATION ON THE GROUP, LPI, PCH AND COF**

The principal activities of the Group are the development of, manufacturing of and sales and marketing of pharmaceutical products.

LPI is a wholly-owned subsidiary of the Company and is an investment holding company.

Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi are the Directors and substantial Shareholders who are connected persons of the Company. Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi hold a total of 90% equity interest in PCH and therefore, PCH is an associate of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, and is a connected person of the Company. PCH is principally engaged in investment holding.

The entire issued shares of COF is held as to 65% and 35% by LPI and PCH. COF is principally engaged in development of oncology pharmaceutical products.

According to the management accounts of COF as at 30 November 2017, the unaudited net liabilities of COF was approximately HK\$11,199,450.

The audited net loss before taxation and extraordinary items and net loss after taxation and extraordinary items of COF for the two financial years immediately preceding each of the LPI Subscriptions were as follows:

	Year ended 31 December 2012 HK\$	Year ended 31 December 2013 HK\$	Year ended 31 December 2014 HK\$	Year ended 31 December 2015 HK\$	Year ended 31 December 2016 HK\$
Net loss before taxation and extraordinary items	(7,896)	(5,314)	(15,829)	(6,206,005)	(20,182,924)
Net loss after taxation and extraordinary items	(7,896)	(5,314)	(15,829)	(6,206,005)	(20,182,924)

## **REASONS FOR AND BENEFITS DERIVED FROM THE LPI SUBSCRIPTIONS**

The Board considers that the LPI Subscriptions will strengthen COF's financial standing and capabilities to promote its principal business.

The Directors (including the independent non-executive Directors) consider the terms of the LPI Subscriptions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Group and the Shareholders as a whole.

Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, being executive Directors and substantial Shareholder, are interested in the issued share capital of PCH, and in view of such interests, they are considered to have an interest in the transactions contemplated under the LPI Subscriptions, and is required to abstain or has abstained from, voting on the relevant Board resolutions to approve the LPI Subscriptions. Save for the above, no Director has a material interest in the transactions contemplated under the LPI Subscriptions, and none of them is required to abstain or has abstained from, voting on the relevant Board resolutions to approve the LPI Subscriptions.

## **LISTING RULES IMPLICATIONS**

### **First Subscription**

As at the date of the First Subscription, Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi were the Directors and substantial Shareholders who were connected persons of the Company. Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi held a total of 90% equity interest in PCH and therefore, PCH was an associate of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, and was a connected person of the Company.

The First Subscription carried out by PCH constituted a connected transaction of the Company under Chapter 14A of the Listing Rules but was fully exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as all of the relevant percentage ratios for the First Subscription carried out by PCH was less than 0.1%.

### **PCH Subscriptions**

As at the date of each of the PCH Subscriptions and as at the date of this announcement, PCH is a connected person of the Company. As a result, each of the PCH Subscriptions constituted connected transaction of the Company under Chapter 14A of the Listing Rules but was fully exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.92(1) of the Listing Rules as the number of shares of COF subscribed by PCH in each of the PCH Subscriptions was allocated on pro-rata basis as per the shareholding structure of COF.

## **LPI Subscriptions**

As at the date of each of the LPI Subscriptions and as at the date of this announcement, COF was a non-wholly owned subsidiary of the Company which was owned as to 65% by LPI and 35% by PCH, which is a connected person of the Company. As PCH exercises and controls 10% or more of the voting power of COF, COF is a connected subsidiary of the Company under the Listing Rules. Accordingly, each of the LPI Subscriptions constituted connected transaction of the Company under Chapter 14A of the Listing Rules, which shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules as all of the relevant percentage ratios for each of the LPI Subscriptions, on a standalone and on an aggregated basis, exceeded 0.1% but was less than 5%.

For each of the LPI Subscriptions, owing to the inadvertent mistake made by the Company in interpreting Rule 14A.92, the Company mistakenly treated each of the LPI Subscriptions as a fully exempted connected transactions. As a result, the Company had failed to timely comply with the requirements under Chapter 14A of the Listing Rules by publishing an announcement for each of the LPI Subscriptions. Going forward, the Company will closely monitor the effectiveness and efficiency of its compliance system and the relevant corporate governance measures, particularly in the areas of, among other things, notifiable and connected transactions, so as to prevent the future occurrence of any similar incidents.

## **DEFINITIONS**

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

“Board”	the board of Directors
“COF”	China Oncology Focus Limited, a company incorporated in 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(s)”	has the meaning as ascribed under the Listing Rules
“Director(s)”	director(s) of the Company
“First Subscription”	the subscriptions of 7,799 and 4,200 shares of COF by LPI and PCH respectively on 19 September 2014
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
LPI	Lee’s Pharmaceutical International Ltd, a company incorporated under the laws of the British Virgin Islands
“LPI Subscriptions”	the subscriptions of 11,700, 1,300, 650, 4,550, 5,200, 4,550, 2,730 and 2,470 shares of COF by LPI on 13 October 2014, 3 February 2015, 29 May 2015, 11 December 2015, 12 September 2016, 2 December 2016, 23 January 2017 and 23 February 2017 respectively
“PCH”	Perfect Concept Holdings Ltd, a company incorporated under the laws of Hong Kong
“PCH Subscriptions”	the subscriptions of 6,300, 700, 350, 2,450, 2,800, 2,450, 1,470 and 1,330 shares of COF by PCH on 13 October 2014, 3 February 2015, 29 May 2015, 11 December 2015, 12 September 2016, 2 December 2016, 23 January 2017 and 23 February 2017 respectively
“percentage ratios”	has the meaning as ascribed under the Listing Rules
“PRC”	the People’s Republic of China
“Shareholders”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 3 January 2018

*As at the date of this announcement, Ms. Lee Siu Fong (Chairman), Ms. Leelalertsuphakun Wanee and Dr. Li Xiaoyi are executive Directors, Mr. Simon Miles Ball 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.*