THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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)

CONTINUING CONNECTED TRANSACTION

Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders

信達國際融資有限公司
CINDA INTERNATIONAL CAPITAL LIMITED

A notice convening the EGM of the Company to be held at Unit 102, Bio-Informatics Centre, No.2 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 21 January 2013 (Monday) at 3:00 p.m. is set out on pages 34 to 35 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you propose to attend the EGM, 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.

* *For identification purpose only*

20 December 2012

CONTENTS

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

"Amendment Agreement"	the amendment agreement dated 4 July 2012 entered into between Sigma-Tau IFR and the Company in relation to the amendment of the term in the Existing Distribution Agreement
"Annual Cap"	the maximum aggregate annual value payable to Sigma-Tau IFR for the distribution of Products pursuant to the Renewal
"Board"	board of Directors
"Cinda International"	Cinda International Capital Limited, a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities and the independent financial advisor appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewal, the Annual Cap and the transactions contemplated thereunder
"Company"	Lee's Pharmaceutical Holdings Limited
"connected person"	has the meaning ascribed to it under the Listing Rules
"continuing connected transaction"	has the meaning ascribed to it under the Listing Rules
"Defiante"	Defiante Farmacêutica S.A., a company with limited liability and incorporated under the laws of Portugal, a substantial shareholder of the Company
"Director(s)"	director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and approve, if thought fit, among other things, the Renewal, the Annual Cap and the transactions contemplated thereunder
"EUR"	European Union euro, the lawful currency of European Union
"Existing Distribution Agreement"	the distribution agreement dated 24 November 2009, as amended by the Amendment Agreement, entered into between Sigma-Tau IFR and the Company in relation to the supply of Products by Sigma-Tau IFR to 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
"Independent Board Committee"	an independent committee of the Board comprising Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl, independent non-executive Directors of the Company, established for the purpose of advising the Independent Shareholders in relation to the Renewal, Annual Cap and the transactions contemplated thereunder
"Independent Shareholders"	independent Shareholders of the Company excluding, for all purposes in connection with the approval of the Renewal, the Annual Cap and the transactions contemplated thereunder, Defiante and its associates
"Latest Practicable Date"	18 December 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	Macau Special Administrative Region of the PRC
"PRC"	People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
"Products"	within pharmaceutical products which include: (a) Carnitene® (L-Carnitine) injectables of 1 gram and 2 grams, drinking vials of 1 gram and 2 grams which are used for secondary deficiencies, myocardial metabolic damage due to coronary heart disease angina, acute myocardial infarction, severe hypoperfusion conditions due to cardiogenic shock; (b) Carnitene® (L-Carnitine) 30% oral sol. of 20ml which is used for secondary deficiencies, myocardial metabolic damage due to coronary heart disease angina, acute myocardial infarction, severe hypoperfusion conditions due to cardiogenic shock; (c) Carnitor® (L-Carnitine) injectables of 1 gram which is used for secondary deficiencies, myocardial metabolic damage due to coronary heart disease angina, acute myocardial infarction, severe hypoperfusion conditions due to cardiogenic shock;

(d) Carnitor® (L-Carnitine) 90 tablets of 330 mg which is used for secondary deficiencies, myocardial metabolic damage due to coronary heart disease angina, acute myocardial infarction, severe hypoperfusion conditions due to cardiogenic shock;

(e) Natulan® (Procarbazine HCI) 50 tablets of 50mg which is used for treatment of Hodgkin's lymphoma and other malignant lymphomas;

(f) Nicetile® (Acetyl L-Carnitine) 30 tablets 500mg which is used for chemotherapy induced peripheral neuropathy; and

(g) Nicetile® (Acetyl L-Carnitine) injectable of 500 mg which is used for chemotherapy induced peripheral neuropathy

"Renewal"	the renewal of the Existing Distribution Agreement for a term of three years from 1 January 2013 to 31 December 2015
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Shareholders"	holders of the Shares
"Shares"	ordinary share(s) of nominal value of HK$0.05 each in the capital of the Company
"Sigma-Tau Finanziaria"	Sigma-Tau Finanziaria SpA, a company organized and existing under the laws of Italy and the ultimate holding company of the Sigma-Tau Group
"Sigma-Tau IFR"	Sigma-Tau Industrie Farmaceutiche Riunite SpA, a company organized and existing under the laws of Italy and a member of the Sigma-Tau Group
"Sigma-Tau Group"	Sigma-Tau Finanziaria and its subsidiaries
"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
"Territory"	the PRC, Hong Kong and/or Macau

"Trademark"	include the trademarks: (a) Carnitene® and its Chinese version可益能® as registered in the PRC; (b) Carnitor® as registered in Hong Kong, in the name of Sigma-Tau IFR and/or any other trademark(s) also in the form of Chinese characters chosen at the sole discretion and registered in the name of Sigma-Tau IFR in the Territory to be used to identify the Products in the Territory; (c) Natulan®; and (d) Nicetile®
"%"	per cent

For reference only, an exchange rate of HK$10.00 to EUR1.00 has been used for the conversion of EUR to HK$ for the purpose this circular.

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)

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

Non-executive Director:
Mr. Mauro Bove

Independent non-executive Directors:
Dr. Chan Yau Ching, Bob
Mr. Lam Yat Cheong
Dr. Tsim Wah Keung, Karl

Registered office:
PO Box 309 GT, Ugland House
South Church Street, George Town
Grand Cayman, Cayman Islands

Principal place of business in Hong Kong:
Units 110-111, Bio-Informatics Centre
No.2 Science Park West Avenue
Hong Kong Science Park
Shatin, New Territories
Hong Kong

20 December 2012

To Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

In the announcement dated 30 November 2012, the Board announced that the Existing Distribution Agreement entered into with Sigma-Tau IFR and announced by the Company in its announcement dated 24 November 2009 will expire on 31 December 2012. The Company have indicated that they intend to renew the term of the Existing Distribution Agreement for three years from 1 January 2013 to 31 December 2015 on and subject to the same terms and conditions of the Existing Distribution Agreement.

Sigma-Tau IFR is a subsidiary of Sigma-Tau Finanziaria, which wholly owns Defiante, a substantial shareholder of the Company which holds approximately 26.43% of the total issued share capital of the Company as at the Latest Practicable Date. Sigma-Tau IFR is an associate of Defiante and therefore a connected person of the Company within the meaning of the Listing Rules.

* *For identification purpose only*

The Independent Board Committee comprising all the independent non-executive Directors, namely, Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl, has been established to advise the Independent Shareholders in respect of the terms of the Renewal, the Annual Cap and the transactions contemplated thereunder.

Cinda International, the independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Renewal, the Annual Cap and the transactions contemplated thereunder and whether they are in the interests of the Company and its Shareholders as a whole.

The purposes of this circular are (a) to provide the Shareholders with further details of the Renewal, the Annual Cap and the transactions contemplated thereunder; (b) to set out the recommendation of the Independent Board Committee to the Independent Shareholders; (c) to set out the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (d) to give the notice to convene the EGM to consider and, if thought fit, to approve, among other things, the Renewal, the Annual Cap and the transactions contemplated thereunder.

PRINCIPAL TERMS OF THE RENEWAL

The principal terms of the Renewal are identical to the Existing Distribution Agreement. Pursuant to the terms of Existing Distribution Agreement, no renewal distribution agreement is required to be signed. Principal terms of the Existing Distribution Agreement is summarised below:

Parties

(1) Sigma-Tau IFR

(2) The Company

Duration

The Renewal shall be effective for three years commencing on 1 January 2013 and ending on 31 December 2015, subject to the compliance under the Listing Rules. Sigma-Tau IFR and the Company entered into the Amendment Agreement on 4 July 2012 to amend the term in the Existing Distribution Agreement. Pursuant to the terms of the Amendment Agreement, the parties have agreed that subject to further independent shareholders' approval and any other requirements under the Listing Rules, the Company shall, at its sole discretion, have the right to exercise the option(s) to renew the Existing Distribution Agreement for another extended term of three years. The renewal option(s) could be exercised by the Company for not more than 3 times. Save that, the other terms and conditions of the Existing Distribution Agreement remain unchanged and in full force and effect. The Company is exercising its first time of the option to renew the term of the Existing Distribution Agreement for the Renewal mentioned in this circular.

Distribution Rights

Sigma-Tau IFR appoints the Company as its exclusive distributor to import, promote, distribute and sell the Products identified by the Trademark in the Territory.

Purchases and Sales

Sigma-Tau IFR agrees to sell exclusively to the Company the Products to be sold in the Territory and the Company agrees to purchase the Products from Sigma-Tau IFR or any company designated by Sigma-Tau IFR. The Company agrees to arrange, at its own care and expenses, directly or through a government approved entity in the Territory, for the importation of the Products into the Territory.

Government Approvals

The relevant import drug permits will be obtained in the name of Sigma-Tau IFR. The Company agrees to use its best efforts to obtain and/or maintain on Sigma-Tau IFR's behalf, in Sigma-Tau IFR's name and at the Company's cost and expense the relevant import drug permits, and any other marketing authorisations, permits, licenses and other government approvals that may be required for the sale of the Products within the Territory, including but not limited to any government approvals which may be required under any applicable law for the appointment of the Company as the distributor of the Products in the Territory.

Minimum Purchase Amounts

The Company undertakes to purchase from Sigma-Tau IFR the following minimum amount of Products per year:

(a) during the first year from 1 January 2013 to 31 December 2013, the equivalent of an aggregate of EUR227,500 (approximately HK$2,275,000);

(b) during the second year from 1 January 2014 to 31 December 2014, the equivalent of an aggregate of EUR390,000 (approximately HK$3,900,000); and

(c) during the third year from 1 January 2015 to 31 December 2015, the equivalent of an aggregate of EUR731,250 (approximately HK$7,312,500).

The minimum purchase amounts for each of the three years ended 31 December 2015 were arrived at after arm's length negotiations between the Company and Sigma-Tau IFR, taking into account the projected sales volume of the Products first marketed in the Territory. The minimum purchase amounts for each of the three years ended 31 December 2015 relates only to Nicetile® (Acetyl L-Carnitine) 30 tablets 500mg ("**Nicetile tablets**"), which is expected to be launched for sale in the Territory in the second quarter of 2013.

Pursuant to the Existing Distribution Agreement, payments by the Company for the Products shall be made in EUR within 90 days from the date of the relevant invoices and no fee is payable by Sigma-Tau IFR to the Company for marketing the Products, as well as procuring and/or maintaining their registration and importation, in the Territory. However, the provision of such services by the Company to Sigma-Tau IFR will enable the Company to be granted the sole and exclusive right to distribute the Products in the Territory, thereby increasing its competitive advantage and hence its profitability.

For the purpose of minimum purchase amounts, the first marketing year of Nicetile tablets shall be equal to 18 months. In the event that the Company fails to purchase 75% of the relevant minimum amount of Nicetile tablets for two subsequent marketing years, Sigma-Tau IFR is entitled to terminate the Existing Distribution Agreement limitedly to Nicetile tablets at any time at its sole discretion.

Free Products and Promotional Allowance Granted by Sigma-Tau IFR

In addition to the above, Sigma-Tau IFR will offer free of charge certain Products to the Company as promotional allowance equal to 3% to 20% of the Products ordered and paid for by the Company to Sigma-Tau IFR, depending on the quantity of such Products purchased by the Company during the term of the Renewal.

For some of the Products, Sigma-Tau IFR will reduce 5% of the prices if the Company orders and purchases from Sigma-Tau quantities of which higher than the minimum purchase quantities. However, the 5% reduction of the prices is not applicable for the Renewal because the reduction only relate to Canitene® and there is no minimum purchase amount for Canitene® during the term of the Renewal.

HISTORICAL TRANSACTION VALUE AND THE ANNUAL CAP

The aggregate value of purchases made by the Company from Sigma-Tau IFR for the past two financial years and ten months ended 31 October 2012 are set out below:

	2010 *(EUR)*	**2011** *(EUR)*	**Ten months ended 31 October 2012** *(EUR)*
Total Purchase	1,435,001	3,940,523	3,793,359
Approved Annual Cap	2,533,160	6,037,827	9,875,641

The annual cap for each of the two financial years and ten months ended 31 October 2012 had not been exceeded.

As required under rule 14A.35(2) of the Listing Rules, for each year, there will be a maximum aggregate annual value arising from the transaction as contemplated under the Renewal. The following table sets out the Annual Cap for the Renewal for the three years ending 31 December 2015:

	2013 *(EUR)*	**2014** *(EUR)*	**2015** *(EUR)*
Annual Cap	15,439,521 (approximately HK$154,395,210)	20,283,378 (approximately HK$202,833,780)	39,101,029 (approximately HK$391,010,290)

The Annual Cap is determined based on the following factors:

(a) historical purchase amounts of the Products by the Company from Sigma-Tau IFR;

(b) market expectation in the coming years;

(c) forecast growth rates based on the historical growth rate in past years and the expected continuous economic growth in the Territory;

(d) the plan of the Company to expand marketing manpower and cooperation with new distributors to increase geographical coverage of sales of the Products; and

(e) approximate time required to obtain import drug permits and government approvals for the launch of the Products in the Territory.

The Directors expect that the relevant import drug permit and government approvals for Nicetile tablets and drinking form of Carnitene® in the Territory will be obtained in or around the first quarter of 2013. Upon obtaining the relevant imported drug permits and government approvals, a broader variety of products may be sold by the Company in the Territory to satisfy different demands. The Directors expect a gradual and exponential increase in the maximum aggregate annual value for purchases of the Products from the year ending 31 December 2013 due to the expected launch of Nicetile tablets and drinking form of Carnitene® in the second quarter of 2013.

INFORMATION ON SIGMA-TAU IFR

Sigma-Tau IFR is a company incorporated and existing under the laws of Italy and is part of the Sigma-Tau Group which is a leading research-based Italian pharmaceutical company with approximately 2,400 employees worldwide. Therapeutic areas in which the Sigma-Tau Group's research and development are focused include oncology, neurology, cardiovascular, gastroenterology, metabolism and immunology. The Sigma-Tau Group has operating subsidiaries throughout Europe and the United States and maintains a presence in all of the world's major pharmaceutical markets.

GENERAL INFORMATION ON 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 sales and distribution network for pharmaceuticals covering most provinces and cities in the PRC, marketing both self-developed products and licensed products from abroad.

REASONS FOR AND BENEFITS OF THE RENEWAL

The Company has been carrying on certain continuing connected transactions with the Sigma-Tau Group on an ongoing basis whereby the Sigma-Tau Group supplies pharmaceutical products to the Company for distribution in the Territory. On 1 October 2004, the Company first entered into distribution agreements with Sigma-Tau IFR and pursuant to which, products were supplied by Sigma-Tau IFR to

the Company and on 13 December 2006, the parties renewed the distribution agreements for a term of 3 years expiring on 31 December 2009. On 24 November 2009, the Company entered into the Existing Distribution Agreement with Sigma-Tau IFR, pursuant to which the Products were supplied by Sigma-Tau IFR to the Company for a term expiring on 31 December 2012.

As the Directors intend that the Company's existing business relationship with Sigma-Tau Finanziaria shall continue beyond expiration of the Existing Distribution Agreement, the Company have indicated that they would renew the Existing Distribution Agreement for a term expiring on 31 December 2015. The Renewal could enhance the Company to broaden its spectrum of pharmaceutical products for sale and enhance the market spread of the Group in the industry. The Directors believe that the distribution of the Products in the Territory would bring in revenue to the Group.

The Directors (excluding the independent non-executive Directors whose views are set out in the Letter from the Independent Board Committee) consider that the terms of the Renewal, the Annual Cap and the transactions as contemplated thereunder are in the usual and ordinary course of business of the Company, were arrived at after arm's length negotiations between the Company and Sigma-Tau IFR, which are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Sigma-Tau IFR is a subsidiary of Sigma-Tau Finanziaria, which wholly owns Defiante, a substantial shareholder of the Company which holds approximately 26.43% of the total issued share capital of the Company as at the Latest Practicable Date. Sigma-Tau IFR is an associate of Defiante and therefore a connected person of the Company within the meaning of the Listing Rules. The Renewal constitutes a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios for the supply of Products by Sigma-Tau IFR to the Company pursuant to the Renewal calculated on an annual basis by reference to the estimated aggregate annual amount payable to Sigma-Tau IFR under the Renewal for each of the years ending 31 December 2015 on an annual basis is over 5%, the Renewal is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save that Mr. Mauro Bove, a non-executive Director, is a senior officer of Sigma-Tau IFR, none of the Directors have material interest in the transactions as contemplated under the Renewal, the Annual Cap and the transactions as contemplated thereunder. Mr. Mauro Bove has abstained from voting on the board resolution for approving the Renewal, the Annual Cap and the transactions contemplated thereunder.

EGM

A notice of the EGM is set out on pages 34 to 35 of this Circular.

Any vote of shareholders at a general meeting must be taken by poll pursuant to Rule 13.39(4) of the Listing Rules. Therefore, the resolution put to vote at the EGM shall be taken accordingly.

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

The Notice and a form of proxy for use at the EGM are enclosed with this Circular. To be valid, the form of proxy for use at the EGM 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 EGM 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 EGM or any adjournment thereof should you so wish.

Defiante and its associates, holding 137,720,000 Shares which represents approximately 26.43% of the issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on resolutions approving the Renewal, the Annual Cap and the transactions contemplated thereunder in the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than Defiante and its associates, no other Shareholders have any material interest in the Renewal, the Annual Cap and the transactions contemplated thereunder, and no Shareholders other than Defiante and its associates are required to abstain from voting at the EGM on the resolution in connection with the Renewal, the Annual Cap and the transactions contemplated thereunder.

RECOMMENDATION

Having considered the factors and reasons set out herein, the Directors (including the independent non-executive Directors) consider that the Renewal, the Annual Cap and the transactions contemplated thereunder are in the usual and ordinary course of business of the Company, fair and reasonable, on normal commercial terms and in the interest of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that Independent Shareholders should vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the Renewal, the Annual Cap and the transactions contemplated thereunder.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 12 to 13 of this circular, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 14 to 27 of this circular and the information set out in the appendix of this circular.

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

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)

20 December 2012

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

Reference is made to the circular dated 20 December 2012 issued by the Company to the Shareholders, of which this letter forms part. The terms defined in the circular shall have the same meanings when used in this letter, unless the context requires otherwise.

The Independent Board Committee has been constituted by the Board to advise the Independent Shareholders in respect of the Renewal, the Annual Cap and the transactions contemplated thereunder and to make a recommendation as to voting at the EGM. Cinda International has been appointed as the independent financial adviser to advise the Independent Board Committee on the fairness and reasonableness of the Renewal, the Annual Cap and the transactions contemplated thereunder so far as the Independent Shareholders are concerned.

The terms of the the Renewal, the Annual Cap and the transactions contemplated thereunder are summarised in the section headed "Letter from the Board" set out on pages 5 to 11 of the circular. In addition, you are strongly urged to read the Letter from Cinda International to the Independent Board Committee and the Independent Shareholders, which is set out on pages 14 to 27 of the circular. As referred to in the section headed "Letter from the Board", Defiante and its associates, being interested parties, will abstain from voting on the ordinary resolution to be proposed at the EGM for approving the Renewal, the Annual Cap and the transactions contemplated thereunder. Pursuant to rule 13.39(4) of the Listing Rules, the votes of the Independent Shareholders at the EGM will be taken by poll.

* *For identification purpose only*

RECOMMENDATION

The Independent Board Committee has met with the management of the Company to discuss the the Renewal, the Annual Cap and the transactions contemplated thereunder and its reasons for entering into it and has considered the Letter from Cinda International.

Taking into account the principal factors and reasons considered and the recommendation given by Cinda International, the Independent Board Committee considers that the Renewal, the Annual Cap and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group. The Independent Board Committee is of further opinion that the Renewal, the Annual Cap and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole are fair and reasonable.

Accordingly, the Independent Board Committee recommends that you vote in favour of the ordinary resolution as set out in the notice convening the EGM on pages 34 to 35 of the circular, for approving and ratifying the Renewal, the Annual Cap and the transactions contemplated thereunder and authorising the Directors to enter into and implement the Renewal, the Annual Cap and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the Independent Board Committee
Chan Yau Ching, Bob **Lam Yat Cheong** **Tsim Wah Keung, Karl**
Independent Non-executive Directors

The following is the text of a letter of advice, from Cinda, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

信達國際融資有限公司
CINDA INTERNATIONAL CAPITAL LIMITED

45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

20 December 2012

To: the Independent Board Committee and
the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Renewal, the Annual Caps and the transactions contemplated thereunder (the "**Transactions**"), particulars of which are set out in the "Letter from the Board" (the "**Letter**") contained in the circular dated 20 December 2012 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless the context requires otherwise.

As stated in the Letter, the Existing Distribution Agreement entered into between the Company and Sigma-Tau IFR on 24 November 2009 (as amended by the Amendment Agreement) for supplying the Products to the Company will expire on 31 December 2012 and is renewable for not more than three times subject to Independent Shareholders' approval and any other requirements under the Listing Rules. It is the intention of the Company to continue the business relationship with Sigma-Tau group after the expiration of the Existing Distribution Agreement and the Company decided to renew the Existing Distribution Agreement for another three years expiring on 31 December 2015.

As at the Latest Practicable Date, Sigma-Tau IFR is a subsidiary of Sigma-Tau Finanziaria, which wholly owns Defiante, a substantial shareholder of the Company and is interested in approximately 26.43% of the total issued share capital of the Company as at the Latest Practicable Date. Accordingly, Sigma-Tau IFR is an associate of Defiante and therefore a connected person of the Company and the Transactions constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Mr. Mauro Bove, a non-executive Director, is a senior officer of Sigma-Tau IFR. Mr. Mauro Bove has abstained from voting on the board resolution for approving the Transactions.

As the applicable percentage ratios in respect of the Annual Caps are more than 5% and the Annual Caps exceed HK$10 million, the Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Defiante and its associates will abstain from voting on the resolutions approving the Transactions.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl, has been established to advise the Independent Shareholders on whether the Transactions would be conducted on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole, and whether the terms of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned. We, Cinda International, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard and to advise the Independent Shareholders how to vote.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group and assumed that they are true, accurate and complete in all material aspects. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to believe that any material information has been withheld from us, nor to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendations as set out in this letter and to justify our reliance on such information. We have not, however, conducted any independent investigation into the business and affairs of the Group or its associates, nor have we carried out any independent verification of the information supplied.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into account the following principal factors and reasons:

1. Background and reasons for the Transactions

As set out in the Letter, Sigma-Tau IFR is a company incorporated and existing under the laws of Italy and is part of the Sigma-Tau Group which is a leading research-based Italian pharmaceutical company. According to the website of Sigma-Tau Group, Sigma-Tau Group has a workforce of approximately 2,400 and achieved a sales turnover of about EUR663 million in 2011, derived mainly from Italy, North America and Europe. It is active in the most advanced fields of research and maintains close relations with leading scientific institutions of international repute, working on joint projects and implementing original, innovative research programmes. The business area of the Sigma Tau Group includes pharmaceutical, rare disease, nutraceutical, personal care and chemical. Its patent family by therapeutical area includes cardiovascular diseases, cancers, autoimmune and inflammatory diseases, CNS diseases, nutritional supplements, metabolic diseases and carnitine processes.

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 sales and distribution network for pharmaceuticals covering most provinces and cities in the PRC, marketing both self-developed products and licensed products from abroad. It was set out in the Company's website that the Company has established sales and distribution network in the PRC covering more than 5,000 hospitals and every province. During our discussion with the management of the Company, the Company expects that the expansion of healthcare coverage by the Chinese government add the double-digit increase in healthcare spending, will continue to fuel the demand and steer the growth in pharmaceutical industry.

As stated in the Letter, the Company has been carrying on certain continuing connected transactions with Sigma-Tau Group on an ongoing basis whereby the Sigma-Tau Group supplies pharmaceutical products to the Company for distribution in the Territory. According to the management of the Company, the Company first entered into the distribution agreement with Sigma-Tau IFR on 1 October 2004. It was renewed for three years from 1 January 2007 on 13 December 2006. The distribution agreement was further renewed for three years on 24 November 2009, and expiring on 31 December 2012. As the Directors intend to continue the business relationship with Sigma-Tau IFR after the expiration of the Existing Distribution Agreement, the Company decided to renew the Existing Distribution Agreement for a term expiring on 31 December 2015. As set out in the Letter, the Renewal could enable the Company to broaden its spectrum of pharmaceutical products for sale and enhance the market spread of the Group in the industry. The Directors believe that the distribution of the Products in the Territory would bring in revenue to the Group.

We were also advised by the Company that Sigma-Tau IFR has been able to maintain stable and reliable supply of the Products for the Company's pharmaceutical distribution.

We were advised by the Company that for the product Carnitene® (L-Carnitine) injectables of 1 gram and 2 grams ("**Carnitene injectables 1g and 2g**"), as they have been admitted to the National Drug Reimbursement list of the PRC in 2010, the Company expected that the sales growth momentum of the product can be maintained in the coming three years from 2013 to 2015.

The management of the Company advised us that the Company that the Company is now selling 4 in-house developed products in the PRC. These products are also manufactured by its factory located in Hefei. The Company is also selling 8 license-in products in the PRC. The gross profit ratio for in-house products is higher (compared with that of license-in products) but it takes quite a long time to complete the development of a new product and obtain marketing approval from State Food & Drug Administration of the PRC ("**SFDA**"). For license-in products, it may take shorter period of time to obtain marketing approval from SFDA, but their gross profit ratio is relatively lower. The Company will try to maintain a balance product portfolio of in-house products and license-in products so as to ensure a stable profit growth and healthy gross margin. In recent year, the Company is expanding its direct sales network (selling products to end user instead of to distributor) so as to broaden its customer base to ensure a stable sales growth. The selling prices for Carnitene injectables remain stable in year 2010 and with a slight single digit percentage increase in 2011 and 2012.

2. Principal terms of the Renewal

(i) Duration

We have reviewed the terms of the Existing Distribution Agreement and the Amendment Agreement and noted that the Existing Distribution Agreement would be effective for three years starting from 1 January 2010 and at expiry, upon agreement between both parties, can be renewed for a further term of three years period. Under the Amendment Agreement, the parties have agreed that subject to further independent shareholders' approval and any other requirements under the Listing Rules, the Company shall, at its sole discretion, have the right to exercise the option(s) to renew the Existing Distribution Agreement for another extended term of three years and such renewal option(s) could be exercised by the Company for not more than 3 times. Save for the aforesaid, the other terms and conditions of the Existing Distribution Agreement remain unchanged and in full force and effect. For the Renewal, the Company is exercising its first time of the option to renew the term of the Existing Distribution Agreement.

(ii) Pricing

In accordance with the Existing Distribution Agreement, the prices of the Products to be produced and supplied by Sigma-Tau IFR to the Group are fixed over the term period.

We were advised by the Company that the Group is the exclusive distributor of the Products in the Territory and there is no similar transaction in the Territory for comparison. Also, as the pharmaceutical products are unique, it is not possible to compare the price of the Products with other pharmaceutical products purchased by the Group from independent third parties.

In order to assess whether the prices offered by Sigma-Tau Group to the Company is no less favourable than it offers to other independent third parties, we have obtained from the Company the quotation from Sigma-Tau IFR for the Products charged to all of its customers worldwide, including Italy, Russia, Taiwan, United Kingdom, USA and Canada updated to June 2012 where Sigma-Tau IFR offered a single price to each country and the price is differed among countries, which we consider can be used to compare the price Sigma-Tau Group offered to the Company. We noted that the prices of the Products charged to the Group by Sigma-Tau Group are not greater than those charged to the other customers of Sigma-Tau Group, which is no less favourable to the Company.

Pursuant to the Existing Distribution Agreement, Sigma-Tau IFR will continue to offer free Products to the Company as promotional allowance equal to 3% to 20% (depending on the Product category) of the Products ordered and paid for by the Company to Sigma-Tau IFR, dependent on the quantity of the Products purchased by the Company during the term of the Renewal. This is equivalent to a discount being enjoyed by the Company in the purchase of the Products dependent on the quantity of the Products ordered and paid for by the Company to Sigma-Tau IFR. We note from the Existing Distribution Agreement that there was a further 5% reduction in the price for Carnitene® injectables 1g and 2g. As there is no minimum purchase amount applicable for Carnitene® injectables 1g and 2g during

the term of the Renewal as further mentioned in the section headed 'Minimum Purchase Amount' below, this price reduction is not applicable for Products during the Renewal. We have obtained the credit notes from Sign-Tau IFR provided by the Company in respect of the amount credit to the Group for the Group's purchase of Carnitene® in 2010 and 2011, which represents the aforesaid discounts offered to the products. Although the 5% reduction in price for Carnitene® injectables 1g and 2g is no longer applicable during the Renewal period, the promotional allowance as aforesaid is favourable to the Company.

It is also stated in the Existing Distribution Agreement that the Company will use its best efforts to obtain and/or to maintain on Sigma-Tau IFR's behalf, in Sigma-Tau IFR's name and at the Company's cost and expense the relevant imported drug licenses, and any other marketing authorisations, permits, licenses and other government approvals that may be required for the sale of the Products within the Territory, including but not limited to any government approvals which may be required under any applicable law for the appointment of the Company as the distributor of the Products in the Territory. Also, no fee is payable by Sigma-Tau to the Company for marketing the products, as well as procuring and/or maintaining their registration and importation, in the Territory. The Company is of the view that the provision of such services by the Company to Sigma-Tau IFR will enable the Company to be granted the sole and exclusive right to distribute the Products in the Territory. The Company considers, and we concur, that this will increase its competitive advantage and is beneficial to the Company.

The financial highlights of the Company as set out in the Company's 2011 annual report and the third quarterly report for the nine months ended 30 September 2012 is as follow:

	For year ended 31 December			**For the 9 months ended 30 September**	
	2009	**2010**	**2011**	**2011**	**2012**
	(audited)	**(audited)**	**(audited)**	**(unaudited)**	**(unaudited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	173,837	255,810	399,685	270,025	388,143
Profit attributable to Shareholders	46,369	58,026	83,906	56,984	85,650
Equity attributable to Shareholders	144,730	241,064	311,914	283,437	546,926

The Group's profit attributable to Shareholders increased by approximately 25.1% and 44.6% for the two financial years ended 31 December 2011 respectively, with net profit margin maintained at a steady rate of approximately 26.7%, 22.7% and 21.0% for the three financial years ended 31 December 2011 respectively. According to the Company's third quarterly report 2012, the Group's profit attributable to Shareholders for the nine months ended 30 September 2012 increased by approximately 50.3% as compared with that for the last corresponding period. Net profit margin still maintained at a steady rate of approximately 21.1% and 22.1% for first three quarters of 2011 and 2012 respectively.

Notwithstanding that the Company has been responsible for the marketing of the Products and procuring and/or maintaining their registration and importation in the Territory at its own expense, the Group has been able to maintain a steady profit margin during the existing term of the Existing Distribution Agreement.

(iii) Payment

Payments by the Company for the Products will be made in EUR within 90 days from the date of the relevant invoices.

We have reviewed the payment terms offered by independent suppliers to the Company in respect of other licensed pharmaceutical products and noted that the payment terms under the Existing Distribution Agreement of 90 days from the date of the relevant invoices days are generally longer than the average terms offered by independent suppliers of approximately 75 days, which is favourable to the Group.

(iv) Minimum Purchase Amount

Under the Existing Distribution Agreement, the Company undertook to purchase from Sigma-Tau IFR a minimum amount of Carnitene injectable 1g and 2g, Nicetile® (Acetyl L-Carnitine) 30 tablets 500mg ("**Nicetile tablets**") and Nicetile® (Acetyl L-Carnitine) injectables of 500mg ("**Nicetile injectable**") from Sigma-Tau IFR for the first three marketing years of the products. As stated in the Letter, the minimum purchase amounts were arrived at after arm's length negotiations between the Company and Sigma-Tau IFR, taking into account the projected sales volume of the Products first marketed in the Territory. As Carnitene injectables 1g and 2g will have been launched for three marketing years by the end of 2012, the minimum purchase amounts will only be applied to Nicetile tablets and Nicetile injectable during the Renewal period . As advised by the management of the Company, Nicetile tablets is expected to be launched for sale in the Territory in the second quarter of 2013, while Nicetile injectable will not be launched within the three years ending 31 December 2015. Accordingly, the relevant minimum purchase amounts for the three financial years ending 31 December 2015 will be applied for Nicetile tablets only, which will be EUR227,500, EUR390,000 and EUR731,250 for the period respectively.

In respect of the minimum purchase amounts, the first marketing year of Nicetile tablets shall be equal to 18 months. In the event that the Company fails to purchase 75% of the relevant minimum amount of Nicetile tablets for two subsequent marketing years, Sigma-Tau IFR is entitled to terminate the Existing Distribution Agreement limitedly to Nicetile tablets at any time at its sole discretion.

We have discussed with the management of the Company and understand that the minimum purchase amounts for Nicetile tablets are determined between the Company and Sigma-Tau IFR with an aim to set a purchase target after taking into consideration of various factors, including the Company's projected sales of Nicetile tablets in the Territory. We were advised by the Company that it's procurement policy is that it would normally keep stock which is equal to three months of the projected sales volume of the Products in the

following year. Based on this procurement policy, we noted that the sales of Nicetile tablets as projected by the Company and noted that the expected purchase of Nicetile tablets is much higher than the relevant minimum purchase amount. We also understand from the management of the Company that the Company has been able to meet the minimum purchase amounts of the Products during the term of the Existing Distribution Agreement up to the Latest Practicable Date. Accordingly, we consider that the risk of the Company not being able to meet the minimum purchase requirements is low.

Having considered the above, we are of the view that the principal terms of the Existing Distribution Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Basis of determination of the Annual Cap

The following table sets forth the actual purchase amounts in respect of the Transactions for the three years ended 31 December 2011 and the ten months ended 31 October 2012, the existing annual caps for the three years ending 31 December 2012 and the Annual Caps for the three years ending 31 December 2015:

	For the year ended/ending 31 December					
	2010	**2011**	**2012**	**2013**	**2014**	**2015**
	(EUR)	*(EUR)*	*(EUR)*	*(EUR)*	*(EUR)*	*(EUR)*
Purchase of products (Approximate)	1,435,001	3,940,523	3,793,359 *(Note)*	n/a	n/a	n/a
Existing annual caps	2,533,160	6,037,827	9,875,641	n/a	n/a	n/a
The Annual Caps	n/a	n/a	n/a	**15,439,521**	**20,283,378**	**39,101,029**
HK$ equivalent *(HK$)*				154,395,210	202,833,780	391,010,290

Note: These figures represented the purchase up to 31 October 2012

As set out in the Letter from the Board, the basis of the Annual Cap for the three years ending 31 December 2015 is determined with reference to:

(i) historical purchase amounts of the Products by the Company from Sigma-Tau IFR;

(ii) market expectation in the coming years;

(iii) forecast growth rates based on the historical growth rate in past years and the expected continuous economic growth in the Territory;

(iv) the plan of the Company to expand marketing manpower and cooperation with new distributors to increase geographical coverage of sales of the Products; and

(v) approximate time required to obtain imported drug licenses and government approvals for the launch of the Products in the Territory.

In assessing the fairness and reasonableness of the Annual Caps, we have discussed with the management of the Company and understand that the Cap is determined based on (i) the general growth rate in sales; (ii) the economic environment in the PRC; (iii) the expected demand of the Products to be launched by the Company; and (iv) Director's experience of launching new products in previous years.

As stipulated in the Existing Distribution Agreement, all the purchase prices of the Products will remain unchanged throughout term period. The Annual Caps will be equal to the projected purchase amounts of the Products, which in turn will be dependent on the projected sales quantity of the Products for the three years ending 31 December 2015.

We were advised by the Company that the estimated growth rate of the sales of the existing launched products was determined with reference to the historical sales performance of the products.

In order to determine the stock level of the Products, the Company would normally keep stock which is equal to three months of the projected sales volume of the Products in the following year (the "**Normal Procurement Policy**") i.e. the projected purchase of a given year will be equal to:

Projected sales quantity of the year – opening stock of the year + 3 months projected sales of the following year

I. Carnitene injectables 1g & 2g

Carnitene injectables 1g and 2g are sold in the PRC and are used for secondary deficiencies, myocardial metabolic damage due to coronary heart disease angina, acute myocardial infarction, severe hypoperfusion conditions due to cardiogenic shock. They are administered in the hospital by doctors to treat in-patients with more serious symptoms. According to the information provided by the Company, the projected purchase amount of Carnitene injectables 1g and 2g together constitute 73%, 43% and 39% of the Products for the three financial years ending 31 December 2015 respectively.

We have obtained the historical sales record of Carnitene injectables 1g and 2g from the Company and we noted that the CAGR of the aggregate historical sales of Carnitene injectables 1g and 2g for the three years from 2008 to 2011 were approximately 32% and 300% respectively. For eliminating any seasonal factor, the Company used the actual sales of Carnitene injectables 1g and 2g for the first three quarters of 2012 to project the sales in the fourth quarter of 2012 by averaging the quarterly growth rates in actual sales for the

first three quarters of 2012 and arrived at a projected sales for the full year of 2012 (the "**2012 Projected Sales**"). We noted that the 2012 Projected Sales represents an increase of approximately 41.4% and 40.5% as compared with the actual sales of Carnitene injectables 1g and 2g in 2011 respectively.

The Company estimated that the sales of Carnitene injectables 1g and 2g for the period from 2013 to 2015 will increase by an annual growth rate of 38% and 20% respectively. Based on the historical trend of sales, we consider that the projected sales is reasonable.

For the projected purchase of Carnitene injectables 1g and 2g, we were advised by the management of the Company that the expiry date of the imported drug licenses for Carnitene injectables 1g and 2g will be in September 2013. Based on the Company's past experience, imported drug license will be issued a few months after its expiry date. The Company advised that, before the imported drug licence is renewed, no import of the drugs is allowed. As such, it is the Company's plan to purchase additional Carnitene injectables 1g and 2g in late 2013 before the expiry of relevant licence, which is equal to six months of the projected sales quantity of Carnitene injectables 1g and 2g in 2014, so that the sales of the relevant drugs is not affected before the imported drug licenses can be renewed. The management of the Company advised us that, although the Company will apply for renewal of imported license six months before license expiry date, it is not certain if SFDA can issue the license before the expiry date or even how long the license can be renewed after the expiry date. As such, a six-month additional stock based on the projected sales in 2014 will be purchased and imported in case SFDA can only grant a renewal licence as long as six months after its expiry date. That is reflected by a substantial increase in the purchase of Carnitene injectables 1g and 2g would increase substantially in 2013 but would experience in a decrease in 2014. Based on this situation, we have reviewed the projected purchase of Carnitene injectables 1g and 2g for 2013 with the following formula:

Projected sales quantity of 2013 – opening stock of 2013 + 6 months projected sales of 2014

We noted that projected purchase of the Carnitene injectables 1g and 2g in 2013 are in line with this policy. We have also reviewed the projected purchase of Carnitene injectables 1g and 2g in 2014 and 2015 and noted that it is in line with the Normal Procurement Policy as above-mentioned.

II. The Hong Kong Products

Of the Products, Carnitene® (L-Carnitine) 30% oral sol. of 20ml, Carnitor® (L-Carnitine) injectables of 1 gram, Carnitor® (L-Carnitine) 90 tablets of 330mg and Natulan® (Procarbazine HCI) 50 tablets of 50mg (the "**Hong Kong Products**") are sold in Hong Kong. Except Natulan® (Procarbazine HCI) which is used for treatment of Hodgkin's lymphoma and other malignant lymphomas, the others are for secondary deficiencies, myocardial metabolic damage due to coronary heart disease angina, acute myocardial infarction, severe hypoperfusion conditions due to cardiogenic shock. Due to low level base

in the purchase volume of the Hong Kong Products, we use the total purchase amount of the Hong Kong Products in monetary terms from 2008 to 2011 to analyse the aggregate purchase for the three years ending 31 December 2015.

According to the information provided by the Company, the historical purchase of the Hong Kong Products increased from approximately HK$420,000 in 2008 to approximately HK$841,000 in 2011, representing a CAGR of approximately 26% during this period. Based on the actual figures and the projected figures provided by the Company, we note that the purchase of the Hong Kong Products would grow at a CAGR of approximately 29% from 2008 to 2013.

The Company estimated that the projected purchase of the Hong Kong Products from 2013 to 2015 would be approximately HK$1,490,000, HK$1,560,000 and HK$1,990,000 respectively, representing a CAGR of approximately 15%. The projected increase in the purchase of the Hong Kong Products in monetary terms for 2014 and 2015 is based on the projected increase in sales of each of the Hong Kong Products of 25% for 2014 and 2015, taking into account the Normal Procurement Policy, as the unit purchase price for each of the Hong Kong Products varies from each other. We consider that the projected purchase of the Hong Kong Products from 2013 to 2015 is reasonable.

We have reviewed the projected purchases of the Hong Kong Products for the three years ending 31 December 2015 and noted that the projected purchases are in line with the Normal Procurement Policy.

III. Carnitene® (L-Carnitine) drinking vials of 1 gram and 2 grams

As advised by the Company, Carnitene® (L-Carnitine) drinking vials of 1 gram and 2 grams ("**Carnitene drinking 1g and 2g**") are used for secondary deficiencies, myocardial metabolic damage due to coronary heart disease angina, acute myocardial infarction, severe hypoperfusion conditions due to cardiogenic shock. They are being sold in the PRC but is a more convenient form as compared to the injection form and is to be consumed by patient after discharge from hospital.

As stated in the Letter, the imported drug license and government approvals for Carnitene drinking form in the PRC will be obtained in or around the first quarter of 2013 and such will be launched in the PRC in the second quarter of 2013. We were advised by the management of the Company that the expected sales quantity was estimated from the existing patient level and their normal consumption after discharge from hospital and the management expected that in the first year of launch.

Based on the Company's customer base of covering more than 5,000 hospitals in the PRC, the Directors expect gradual and exponential increase in the maximum aggregate annual value for purchase of the Carnitene drinking 1g and 2g after their first launch in the second quarter of 2013. The Company further projected that, based on the Group's existing customer base in Carnitene® (L-Carnitine) inject form, the sales of Carnitene drinking 1g and 2g for the two years from 2013 (on an annualised basis taking into account

Carnitene drinking 1g and 2g will only be launched in the second quarter of 2013) to 2015 would represent an annual increase of approximately 35% and 80% respectively. We have reviewed the historical sales records of the Company's newly launched products including the Carnitene injectables 1g & 2g during the past years as provided by the Company and noted the annual growth rates of the new products previously launched by the Company in the PRC in the first two to three years (the "Annual Growth Rates"). We noted that the estimated annual growth rate for the sales of Carnitene drinking 1g and 2g for the year ending 31 December 2015 is within the range of the Annual Growth Rates and consider that the projected sales of the Carnitene drinking 1g and 2g is consistent with the Group's growth trend in sales of its new products and is reasonable.

We have reviewed the projected purchase of Carnitene drinking 1g and 2g for the three years ending 31 December 2015 and noted that the projected purchase is in line with the Normal Procurement Policy.

IV. Nicetile tablets

Nicetile tablets is used for chemotherapy induced peripheral neuropathy. As stated in the Letter, the Directors expect that the imported drug license and government approvals for Nicetile tablets in the PRC will be obtained in or around the first quarter of 2013 and such will be launched in the PRC in the second quarter of 2013. Upon obtaining the relevant imported drug license and government approvals, a broader variety of products may be sold by the Company in the PRC to satisfy different demands. We were advised by the management of the Company that the expected sales of Nicetile tablets depends on the number of hospitals using the Nicetile tablets provided by the Company, the average number of patients required for this treatment per year, a dosage period of two to three months per patient and three dosages per day. It is expected by the Company that in 2013, there would be around 80 hospitals using the Nicetile tablets provided by the Company and the average number of patients required for this treatment would be 300 per hospital per year.

The Company advised us that the actual dosage period should be 3 months in order to completely cure peripheral neuropathy disease. However, in the first year of launch, some patient may take medicine for one month only and some may take it for 3 months. As a result, the Company uses an average 2 months for sales projection for 2013. In 2014 and 2015, doctors and patients may have more knowledge and confidence on the medicine and they will tend to take the medicine for 3 months. The number of potential patients per hospital will increase, which represents the number of doctors who are willing to prescribe this medicine will increase as a consequent of the Company's marketing efforts.

Based on the Company's customer base of covering more than 5,000 hospitals in the PRC and the experience of the Company's sales team in selling new products, the Company estimated that the number of hospital using the Company's Nicetile tablets will be doubled in the first two years of launch. Together with the increase in dosage per patient of approximately 50% as aforesaid, the management of the Company expects that the sales of Nicetile tablets for the two years from 2013 (on an annualised basis taking into account Nicetile tablets will only be launched in the second quarter of 2013) to 2015 would represent an annual increase of approximately 200% and 180% respectively.

We have also reviewed the projected purchase of Nicetile tablets for the three years ending 31 December 2015 and noted that the projected purchases are in line with the Normal Procurement Policy.

As the Annual Caps for the three financial years ending 31 December 2015 are equal to the projected purchase of the Products in the respective period as abovementioned, we are of the view that the Annual Caps are fair and reasonable.

Shareholders should note that the Annual Caps should not be construed as an assurance or forecast made by the Group of its future revenues.

We were advised by the Company that Nicetile injectable will not be launched in the three years ending 31 December 2015 and thus it is not taken into consideration in reviewing the Annual Caps.

Carnitene is used to cure heart disease. According to World Health Organisation ("**WHO**"), cardiovascular diseases are the number one cause of death globally. More people die annually from the diseases than from any other cause. Coronary heart disease is a disease of the blood vessels supplying the heart muscle. Heart attacks and strokes are usually acute events and are mainly caused by a blockage that prevents blood from flowing to the heart or brain. According to the latest statistics published on the website of WHO (http://www.who.int/cardiovascular_diseases/en/) in September 2012, it was estimated that about 17.3 million people died from cardiovascular disease in 2008, representing 30% of all global deaths. Of these deaths, an estimated 7.3 million deaths were due to coronary heart disease and 6.2 million were due to stroke. WHO estimated in its fact sheet issued in September 2012 that over 80% of the deaths caused by cardiovascular diseases took place in low- to middle-income countries, including China. According to WHO's fact sheet, there will be almost 25 million people died from cardiovascular disease in the world by 2030, which are also projected to remain the single leading cause of death. According to《中國心血管病報告2011》(Report on Cardiovascular Disease in China (2011)) published by 衛生部心血管病防治研究中心 (National Center for Cardiovascular Diseases, China) in August 2012, there are some 230 million people in China in 2011 suffering from cardiovascular diseases, representing two out of ten adults in China suffering the diseases. It was estimated that about 3.5 million Chinese people died from cardiovascular disease per year and two out of five people died in China were caused by cardiovascular diseases. Cardiovascular diseases are among the top health problems of the Chinese people in recent years up to 2010. Taking into consideration of other factors including high blood pressure, cholesterol, diabetes and smoking, the report forecasted that an additional 23% Chinese people will suffer from cardiovascular disease in 2030. In consideration of the above, we consider that the growth in demand for Carnitene® will continue to increase.

Cancer treatment requires a careful selection of one or more intervention, such as surgery, radiotherapy and chemotherapy. Peripheral neuropathy is a term used to describe damage to nerves of the peripheral nervous system, which can be caused by a variety of precipitating factors including cancer chemotherapy. The main purpose of chemotherapy is to kill tumour or cancer cells. According to WHO, cancer is a leading cause of death

worldwide, accounting for 7.6 million deaths, or around 13% of all deaths, in 2008. About 70% of all cancer deaths in 2008 occurred in low- and middle-income countries. Deaths from cancer worldwide are projected to continue rising, with an estimated 13.1 million deaths in 2030. As Nicetile® is used for chemotherapy induced peripheral neuropathy, the projected increase in cancer chemotherapy will lead to an increase in peripheral neuropathy, which will lead to the growth in demand for Nicetile®.

In view of the above, we consider that the growth in sales in the Group's Carnitene® and Nicetile® is consistent with the growth in demand for these products.

4. Reporting requirements and conditions of the Transactions

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Transactions are subject to the following annual review requirements:

(a) Each year the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties; and

(iii) in accordance with the Existing Distribution Agreement and the Renewal governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

(b) Each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report), confirming that the Transactions:

(i) have received the approval of the Board;

(ii) are in accordance with the pricing policies of the Group;

(iii) have been entered into in accordance with the Existing Distribution Agreement and the Renewal governing the Transactions; and

(iv) have not exceeded the Annual Caps;

(c) The Company shall allow, and shall procure that the counterparty to the Transactions to allow, the Company's auditors sufficient access to their records for the purpose of reporting on the Transactions as set out in paragraph (b) above; and

(d) The Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the Independent Board Committee and/or the auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and/or (b) above respectively.

In light of the reporting requirements attached to the Transactions, in particular, (a) the restriction of the values of the Transactions by way of the Annual Caps; and (b) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the Annual Caps, we are of the view that appropriate measures is in place to govern the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Transactions would be conducted on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. We also consider the terms of the Transactions and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the relevant resolution at the EGM to approve the Transactions and the Annual Caps.

Yours faithfully,
For and on behalf of
Cinda International Capital Limited
Adrian Tsang
Managing Director and
Head of Investment Banking Division

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

2. DISCLOSURE OF INTEREST

(a) Directors' and Chief Executive's Interests

As at the Latest Practicable Date, the interests and short positions, if any, of the directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name	Capacity and nature	*Notes*	Number of Shares	Total	% of issued share capital
Lee Siu Fong	Beneficial owner		1,774,375		
	Interest in corporation	(i)	120,690,625	122,465,000	23.50
Leelalertsuphakun Wanee	Beneficial owner		446,000		
	Interest in corporation	(i)	120,690,625	121,136,625	23.25
Li Xiaoyi	Beneficial owner		35,105,000		
	Interest of spouse	(ii)	16,000,000	51,105,000	9.81
Chan Yau Ching, Bob	Beneficial owner		1,190,000	1,190,000	0.23
Tsim Wah Keung, Karl	Beneficial owner		300,000	300,000	0.06
Lam Tat Cheong	Beneficial owner		300,000	300,000	0.06

Notes:

(i) 120,690,625 Shares are held through Huby Technology Limited ("Huby Technology") and Dynamic Achieve Investments Limited ("Dynamic Achieve"). Each of Huby Technology and Dynamic Achieve is an investment holding company jointly owned by Ms. Lee Siu Fong and Ms. Leelalertsuphakun Wanee.

(ii) These Shares are held by High Knowledge Investments Limited ("High Knowledge") which is wholly owned by Dr. Li's spouse, Ms. Lue Shuk Ping, Vicky ("Ms. Lue"). The interest held by Ms. Lue is deemed to be part of the interest of Dr. Li.

Shares options

Name	Capacity and nature	Number of options held	Number of underlying Shares
Lee Siu Fong	Beneficial owner	467,000	467,000
Leelalertsuphakun Wanee	Beneficial owner	979,000	979,000
Li Xiaoyi	Beneficial owner	1,382,000	1,382,000
Mauro Bove	Beneficial owner	1,300,000	1,300,000

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of the Company or their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interests

So far as is known to each director or the chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a director or the chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares

Name	Capacity and nature	*Notes*	Number of Shares	% of issued share capital
Huby Technology Limited	Beneficial owner	(i)	120,290,625	23.09
Defiante Farmaceutica, S.A.	Beneficial owner		137,720,000	26.43
GL Trade Investment Limited	Beneficial owner		48,485,000	9.31
FIL Limited	Beneficial owner		30,305,000	5.82
High Knowledge Investments Limited	Beneficial owner	(ii)	16,000,000	3.07
Lue Shuk Ping, Vicky	Interest in corporation	(ii)	16,000,000	3.07
	Interest of spouse	(iii)	35,105,000	6.74

Underlying Shares

Name	Capacity and nature	*Notes*	Nature of underlying Shares	Number of underlying Shares
Lue Shuk Ping, Vicky	Interest of spouse	(iii)	Share Options	1,382,000

Notes:

(i) Ms. Lee Siu Fong and Ms. Leelalertsuphakun Wanee, both are directors of the Company, are directors of Huby Technology Limited.

(ii) These Shares are legally owned by High Knowledge Investments Limited, which is entirely and beneficially owned by Dr. Li Xiaoyi's spouse, Ms. Lue.

(iii) The Shares and share option are owned by Ms. Lue Shuk Ping, Vicky's spouse, Dr. Li Xiaoyi.

Save as disclosed above, as at the Latest Practicable Date, none of the directors of the Company is also a director or employee of a company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and none of the directors or the chief executive of the Company was aware of any other person, other than a director or the chief executive of the Company, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and the Directors are not aware of any litigation, arbitration or claims of material importance pending or threatened against any member of the Group.

4. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Cinda International	A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities.

As at the Latest Practicable Date, Cinda International did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Cinda International did not have any interest, direct or indirect, in any assets which have been, since 31 December 2011 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Cinda International have given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name included herein in the form and context in which it appears.

5. SERVICE CONTRACTS

Each of Ms. Lee Siu Fong ("**Ms. Lee**") and Ms. Leelalertsuphakun Wanee ("**Ms. Leelalertsuphakun**") has entered into a service contract both dated 14 January 2002 with the Company under which each of them 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. In accordance with the supplemental agreements dated 1 January 2012, monthly salaries and allowance for Ms. Lee and Ms. Leelalertsuphakun have been revised to HK$144,837 and HK$199,300 respectively.

Dr. Li Xiaoyi ("**Dr. Li**") has service contract with the Company since 1 September 2003 and after that the contract has been renewed. In accordance with the fifth supplemental agreement dated 1 January 2012, monthly salaries and allowance has been revised to HK$275,290. Both parties shall be entitled to terminate the contract by giving three months' prior written notice. If both of the substantial shareholders, namely Ms. Lee and Ms. Leelalertsuphakun and Dr. Li together, holding less than 30% of the issued share capital of the Company, Dr. Li shall in his absolute discretion terminate the contract and shall be entitled to the payment equivalent to the aggregate of his monthly salary for the remaining term as compensation or damages for or in respect of such termination.

Executive directors of the Company are Ms. Lee, Ms. Leelalertsuphakun and Dr. Li. In accordance with supplementary agreement dated 1 January 2012 signed between the Company and each of the executive directors, employment terms of executive directors have been revised as follows:–

1. Executive directors are entitled to annual management bonus 1.5% to 3.5% (determined based on the growth in net profits of the Group) on the net profit of the Group for the preceding financial year. Such sum of the management bonus will be shared between all the executive directors in such proportion with reference to their monthly salary in the final month of the complete financial year.

2. The annual salary increment shall be equal to official inflation rate if the growth in net profits of the Group is equal to or less than 15%, or should the growth exceed 15%, the sum of the official inflation rate and half of the positive difference between the growth in net profits and the 15% threshold.

3. Each of executive directors will be entitled to lump sum payment upon retirement and monthly pension payment after retirement if he/she has engaged in continuous service with the Company for certain years.

Each of Mr. Lam Yat Cheong ("**Mr. Lam**") and Dr. Tsim Wah Keung, Karl ("**Dr. Tsim**") has been appointed on 1 July 2004 and 20 September 2004 respectively as an independent non-executive Director. Contract with Mr. Lam and Dr. Tsim has been renewed for three years from 1 July 2010 and 20 September 2010 respectively. Director's fee is HK$60,000 per annum and bonus will not be paid for each of the directors.

Dr. Chan Yau Ching, Bob has a three-year service contract with the Company from 12 October 2007 and the contract has been renewed for three years from 12 October 2010. Director's fee is HK$60,000 per annum and bonus will not be paid.

Dr. Mauro Bove has a three-year service contract with the Company from 3 January 2009 and the contract has been renewed for three years from 3 January 2012. Director's fee is HK$100,000 per annum and bonus will not be paid.

Apart from the foregoing, none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. INTEREST IN CONTRACT AND ASSETS

There is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group. None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any members of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Group was made up.

7. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the compliance officer of the Company or her associates, and the Directors or their respective associates had any business or interest that competes or may compete with the business of the Group, or any other conflicts of interest which any of them has or may have which the Group must be disclosed pursuant to Listing Rules.

8. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest audited financial statements of the Group were made up.

9. GENERAL

(a) As at the Latest Practicable Date, the authorized share capital of the Company is HK$50,000,000 divided into 1,000,000,000 shares of HK$0.05 each of which 521,044,437 Shares have been issued and fully paid up.

(b) The company secretary and qualified accountant of the Company is Miss Luen Yee Ha, Susanne. Miss Luen is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

(c) The share registrar and transfer office of the Company in Hong Kong is located at Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's office, Unit 110-111, Bio-Informatics Centre, No. 2 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong during normal business hours as from the date of this circular up to and including the date of the EGM:

(a) the Existing Distribution Agreement;

(b) the Amendment Agreement;

(c) the service contract of each of the Directors referred to in the paragraph headed "Service Contracts" in this appendix;

(d) the letter from the Independent Board Committee, the text of which is set out in this circular;

(e) the letter from Cinda International, the text of which is set out in this circular; and

(f) the written consent referred to in the paragraph headed "Qualification and Consent of Expert" in this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Lee's Pharmaceutical Holdings Limited (the "Company") will be held at Unit 102, Bio-Informatics Centre, No.2 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on Monday, 21 January 2013 at 3:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolutions as an ordinary resolution of the Company:

"**THAT**

(a) the renewal of the term of the existing distribution agreement entered into between Sigma-Tau Industrie Farmaceutiche Riunite SpA and the Company dated 24 November 2009, as amended by an amendment agreement dated 4 July 2012, in relation to the supply of products for three years from 1 January 2013 to 31 December 2015 (the "**Renewal**", a copy of the existing distribution agreement and the amendment agreement are tabled at the meeting and marked "A" and signed by the chairman of the meeting for identification purpose") and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the maximum aggregate annual value arising from the Renewal for each of the three years ending 31 December 2013, 2014 and 2015, which is estimated to be EUR15,439,521 (approximately HK$154,395,210), EUR20,283,378 (approximately HK$202,833,780) and EUR39,101,029 (approximately HK$391,010,290), respectively (the "**Annual Caps**"), be and are hereby approved, confirmed and ratified; and

(c) any one of the directors of the Company be and are hereby authorised to execute all such documents, instruments and agreements, including under seal where applicable, and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in, completion of and/or give effect to the Renewal, the Annual Caps and the transactions contemplated thereunder."

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

Hong Kong, 20 December 2012

* *For identification purpose only*

Principal place of business in Hong Kong:
Units 110-111, Bio-Informatics Centre
No. 2 Science Park West Avenue
Hong Kong Science Park, Shatin
New Territories, Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) A form of proxy is enclosed. In order to be valid, the form of proxy together with any 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, must be deposited with 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 not less than 48 hours before the time for holding the meeting or any adjournment thereof. In the case of a joint share holding, the form of proxy may be signed by any one joint holder.

(3) Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjournment thereof if he so desires. If a member attends the meeting after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.

As at the date of hereof, Ms. Lee Siu Fong, Ms. Leelalertsuphakun Wanee and Dr. Li Xiaoyi are executive Directors; Mr. Mauro Bove is non-executive Director; Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl are independent non-executive Directors.