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## **Lee's Pharmaceutical Holdings Limited**

**李氏大藥廠控股有限公司\***

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

**(Stock Code: 950)**

### **CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE**

#### **PROVISION OF FINANCIAL ASSISTANCE**

On 1 February 2021, Lee's International, a wholly owned subsidiary of the Company, and COF entered into the Shareholder Loan Agreement, pursuant to which Lee's International and COF agree that Lee's International (by itself or through Zhaoke Hefei) shall advance to COF a loan in the aggregate principal amount of US\$6,000,000 and RMB5,000,000 at an interest rate of 4% per annum. The term of the Shareholder Loans shall be one year commencing from the Advance Date.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 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 approximately 62.85% of the issued ordinary and preferred shares 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.

As at the date of this announcement, COF is a non-wholly owned subsidiary of the Company which was owned as to 65% by Lee's International (a wholly owned subsidiary of the Company) 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, the Shareholder Loans advanced by Lee's International to COF will constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

\* For identification purposes only

The highest applicable percentage ratio for the provision of the Shareholder Loans by Lee's International and Previous Financial Assistance made by the Company (by itself or through Lee's International), on a standalone and on an aggregated basis, does not exceed 5%. Therefore, in accordance with Rule 14A.76(2) of the Listing Rules, the provision of the Shareholder Loans by Lee's International is only subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and shareholders' approval requirements of the Listing Rules.

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Details of the Shareholder Loan Agreement are as follows:

### **SHAREHOLDER LOAN AGREEMENT**

Date 1 February 2021

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

#### **Subject matter**

Lee's International and COF agree that Lee's International (by itself or through Zhaoke Hefei) shall advance to COF the Shareholder Loans in the aggregate principal amount of US\$6,000,000 and RMB5,000,000 at an interest rate of 4% per annum. The term of the Shareholder Loans shall be one year commencing from the Advance Date. COF may elect by prior written notice to the Lender to remit any of the Shareholder Loans to Zhaoke Guangzhou, its subsidiary.

#### **Principal amount of the Shareholder Loans**

US\$6,000,000 and RMB5,000,000

## **Interest rate**

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

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

## **Term**

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

## **Repayment schedule**

COF shall repay the Shareholder Loans together with all interests accrued, on the expiry date of the Shareholder Loan Term.

COF shall have the right to make early repayment on the Shareholder Loans, together with the interests accrued, at any time during the Shareholder Loan Term by giving 7 days' written notice to Lee's International, and repayment shall then be made on this earlier date as specified in such written notice.

## **REASONS FOR AND BENEFITS OF THE SHAREHOLDER LOANS**

COF is held by the Company (through Lee's International) and is treated as an indirect non-wholly owned subsidiary of the Company and is the development arm of oncology products of the Group. The intended use of the Shareholder Loans will be the general working capital of COF Group for the development of new drugs in oncology therapeutic area and the provision of financial assistance will provide more financial resources to COF and be beneficial to both COF and the Company. As such, the Directors (including the independent non-executive Directors) are of the view that the provision of the financial assistance given by Lee's International for the benefit of COF will in turn benefit the Group. Therefore, after arm's length negotiation between COF and Lee's International (which is a shareholder of COF), Lee's International agrees to advance (by itself or through Zhaoke Hefei) shareholder loans in the aggregate principal amount of US\$6,000,000 and RMB5,000,000 at a market interest rate to COF for the Shareholder Loan Term. Accordingly, on 1 February 2021, Lee's International and COF entered into the Shareholder Loan Agreement on the terms set out above. The Shareholder Loans were generated from the internal resources of the Group.

The Directors (including the independent non-executive Directors) considered that the Shareholder Loan Agreement, which has been entered into after arm's length negotiation between Lee's International and COF is not in the ordinary and usual course of business of the Group but is on normal commercial terms and the terms therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi, all are executive Directors and substantial Shareholders, are indirectly (through PCH) interested in the issued share capital of COF. As a result, all of Ms. Leelalertsuphakun Wanee, Ms. Lee Siu Fong and Dr. Li Xiaoyi are considered to have a material interest in the transaction contemplated under the Shareholder Loan Agreement and are required to abstain, and have abstained, from voting on the relevant Board resolutions to approve the Shareholder Loan Agreement. Save for the above, no Director has a material interest in the transaction contemplated under the Shareholder Loan Agreement and none of them is required to abstain or has abstained from, voting on the relevant Board resolutions to approve the Shareholder Loan Agreement.

#### **INFORMATION OF LEE’S INTERNATIONAL, PCH AND COF**

Lee’s International was incorporated in the British Virgin Islands and its principal business activity is investment holding.

PCH is principally engaged in investment holding. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the shareholding structure of PCH is as follows:

<b>Shareholders of PCH</b>	<b>Shareholding</b>	<b>Remark</b>
Dr. Li Xiaoyi	43.91%	Dr. Li Xiaoyi is an executive Director.
Southern Creation Limited	15.15%	Southern Creation Limited, a company incorporated on 7 September 2015 under the laws of the British Virgin Islands and a special purpose vehicle managed and controlled by Shanghai Kuokun Asset Management Limited (“ <b>Shanghai Kuokun</b> ”). The Directors were informed by Southern Creation Limited that the shareholdings of each of Shanghai Kuokun’s investors is less than 10%.
GL Instrument Investment L.P.	15.15%	GL Instrument Investment L.P. is a fund (the “ <b>Fund</b> ”) managed by its general partner, namely GL Capital Management GP II B.C. 4 Limited, and the Fund is owned as to 69% by Assicurazioni Generali, S.p.A., a company with its shares listed on the Milan Stock Exchange, and 17% by BOC Hong Kong (Holdings) Limited, a company with its shares listed on the Stock Exchange. The Directors do not have information or knowledge on the ultimate beneficial owners of Assicurazioni Generali, S.p.A. and BOC Hong Kong (Holdings) Limited.

<b>Shareholders of PCH</b>	<b>Shareholding</b>	<b>Remark</b>
Ms. Leelalertsuphakun Wanee	7.96%	Ms. Leelalertsuphakun Wanee is an executive Director.
Ms. Lee Siu Fong	7.95%	Ms. Lee Siu Fong is an executive Director.
Swift Focus Limited	3.03%	Swift Focus Limited is wholly owned by Dr. Li Xiaoyi, who is an executive Director.
Other investors	6.85%	The shareholdings of each of the other investors is less than 10%.
Total	<u>100.00%</u>	

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

## **GENERAL INFORMATION OF THE GROUP**

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

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 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 approximately 62.85% of the issued ordinary and preferred shares 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.

As at the date of this announcement, COF is a non-wholly owned subsidiary of the Company which was owned as to 65% by Lee's International (a wholly owned subsidiary of the Company) 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, the Shareholder Loans advanced by Lee's International to COF will constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio for the provision of the Shareholder Loans by Lee's International and Previous Financial Assistance made by the Company (by itself or through Lee's International), on a standalone and on an aggregated basis, does not exceed 5%. Therefore, in accordance with Rule 14A.76(2) of the Listing Rules, the provision of the Shareholder Loans by Lee's International is only subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and shareholders' approval requirements of the Listing Rules.

## DEFINITIONS

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

“Advance Date”	the date when the Shareholder Loans are drawn down by COF within the Availability Period
“Availability Period”	a period of one month commencing from the date of the Shareholder Loan Agreement
“Board”	the board of Directors
“COF”	China Oncology Focus Limited, a company incorporated in the British Virgin Islands
“COF Group”	COF and its subsidiaries
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Lee's International”	Lee's Pharmaceutical International Limited, a company incorporated in the British Virgin Islands
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Loan Advance Date”	1 February 2021
“PCH”	Perfect Concept Holdings Limited, a company incorporated in Hong Kong
“percentage ratios”	has the meaning as ascribed under the Listing Rules
“PRC”	the People’s Republic of China
“Previous Financial Assistance”	the provision of the Previous Shareholder Loans by Lee’s International to COF
“Previous Shareholder Loans”	<p>the existing shareholder loans provided by Lee’s International to COF which comprises of:</p> <ul style="list-style-type: none"> <li>(a) the shareholder loan in the principal amount of US\$2,000,000 made by Lee’s International to COF under the shareholder loan agreement dated 27 March 2020 entered into between Lee’s International and COF, details of which are set out in the announcement made by the Company on 27 March 2020;</li> <li>(b) the shareholder loan in the principal amount of US\$3,000,000 made by Lee’s International to COF under the shareholder loan agreement dated 18 May 2020 entered into between Lee’s International and COF, details of which are set out in the announcement made by the Company on 18 May 2020; and</li> <li>(c) the shareholder loan in the principal amount of US\$5,000,000 made by Lee’s International to COF under the shareholder loan agreement dated 17 July 2020 entered into between Lee’s International and COF, details of which are set out in the announcement made by the Company on 17 July 2020</li> </ul>
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder Loan Agreement”	the shareholder loan agreement dated 1 February 2021 entered into between Lee’s International and COF
“Shareholder Loan Repayment Date”	the date on which the Shareholder Loans is repaid in accordance with the terms of the Shareholder Loan Agreement
“Shareholder Loan Term”	the term of the Shareholder Loans, which is one year commencing from the Advance Date

“Shareholder Loans”	the shareholder loans in the principal amount of US\$6,000,000 and RMB5,000,000 advanced by Lee’s International to COF under the Shareholder Loan Agreement
“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
“Zhaoke Guangzhou”	Zhaoke (Guangzhou) Oncology Pharmaceutical Limited, a company established in the PRC and a subsidiary of the Borrower
“Zhaoke Hefei”	Zhaoke Pharmaceutical (Hefei) Co. Ltd, a company established in the PRC and a subsidiary of the Lender
“%”	per cent

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

Hong Kong, 1 February 2021

*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.*