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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)

CONTINUING CONNECTED TRANSACTION

On 23 November 2012, Lee's HK, a wholly-owned subsidiary of the Company, entered into the Licensing Agreement with Sigma-Tau, pursuant to which Sigma-Tau agreed to grant exclusive license to Lee's HK to use and exploit the Background Patents and/or Background Know-How in respect of the Gimatecan Products.

Sigma-Tau is a controlled company of STF, which directly and indirectly owns 100% equity interest in Defiante, a Substantial Shareholder, which holds 26.43% of the total issued share capital of the Company as at the date of this announcement. Sigma-Tau is an associate of Defiante and therefore is a connected person of the Company.

The grant of the license to use and exploit the Background Patents and/or Background Know-How in respect of the Gimatecan Products under the Licensing Agreement on an ongoing basis shall constitute a continuing connected transaction under Chapter 14A of the Listing Rules. As announced on 24 May 2012, CVie Therapeutics, a subsidiary of the Company, has entered into the Existing Licensing Agreements with Sigma-Tau and Rostaquo respectively. In view of the fact that both CVie Therapeutics and Lee's HK are subsidiaries of the Company and both Sigma-Tau and Rostaquo are associates of STF, and that the Licensing Agreement together with the Existing Licensing Agreements are all entered into with them, both of which are associated with STF, the annual caps for the Licensing Agreement and the Existing Licensing Agreements may be aggregated under rule 14A.25 of the Listing Rules.

As certain applicable percentage ratios for the grant of the license to use and exploit the patents and/or know-how in respect of the Gimatecan Products under the Licensing Agreement and the products under the Existing Licensing Agreements calculated on an annual basis by reference to the estimated aggregate annual amount payable to Sigma-Tau and Rostaquo under the Licensing Agreement and the Existing Licensing Agreements for each of the years ending 31 December 2015 on an annual basis is over 0.1% but less than 5%, the Licensing is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and exempted from the requirement of independent shareholders' approval.

Shareholders and potential investors should note that the Licensing Agreement is subject to conditions precedent. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

BACKGROUND

The Company, through its wholly-owned subsidiaries, intends to obtain the exclusive license to use and exploit the Background Patents and/or Background Know-How in respect of the Gimatecan Products, and with this respect, on 23 November 2012, Lee's HK, a wholly-owned subsidiary of the Company, entered into the Licensing Agreement with Sigma-Tau.

PRINCIPAL TERMS OF THE LICENSING AGREEMENT

Date

23 November 2012

The Parties

- (1) Sigma-Tau, as licensor; and
- (2) Lee's HK, as licensee.

Subject matter

Sigma-Tau has agreed to grant exclusive license to Lee's HK to use and exploit the Background Patents and Background Know-How in respect of the Gimatecan Products in the Territory. Such exclusive license includes but is not limited to the rights to develop, register, manufacture, import, export, make, have made, use, market, distribute, sell and otherwise deal with or in the Gimatecan Products.

Term

Subject to the fulfillment of the conditions precedent as set out in the Licensing Agreement, the Initial Term shall be 3 years commencing from the date when all the conditions precedent as set out in the Licensing Agreement are fulfilled. Subject to further independent shareholder approval and any other requirements under the Listing Rules, Lee's HK shall, at its sole discretion, have the right to exercise the Renewal Option(s) to renew the Licensing Agreement for another Extended Term. The Renewal Option(s) could be exercised by Lee's HK for not more than 6 times upon the expiry of the Initial Term or the Extended Term (as the case may be).

Conditions precedent

The Licensing Agreement shall be subject to the following conditions precedent:

- (a) the obtaining of all waivers, consents, approval, confirmation of the Stock Exchange or other governmental and regulatory bodies in Hong Kong or elsewhere which are required or appropriate to be obtained by the parties or their holding company for the purpose of entering into and the implementation of the Licensing Agreement;
- (b) the obtaining of all necessary approval(s) from the shareholders of Lee's HK and/or the Company as required under all applicable securities laws, rules and regulations (including the Listing Rules) or the respective memorandum and articles of association for the purpose of entering into and the performance of all transactions as contemplated under the Licensing Agreement (including the Annual Cap); and
- (c) the compliance by Lee's HK and the Company with all applicable securities laws, rules and regulations (including the Listing Rules) relating to the transactions contemplated under the Licensing Agreement.

Consideration

The consideration to be paid by Lee's HK comprises the License Milestone Payments and the Royalties. No initial upfront payment is payable upon the grant of the license when the Licensing Agreement is entered into. The consideration is payable in the following manner:

- (a) License Milestone Payments: (i) a non-refundable sum of US\$500,000 (equivalent to approximately HK\$3,900,000) shall be paid within 60 days after the granting of an official authorization to initiation of phase III clinical study on the Gimatecan Products by the SFDA; (ii) a non-refundable sum of US\$1,000,000 (equivalent to approximately HK\$7,800,000) shall be paid within 60 days after the obtaining of approval from the SFDA of the ovarian cancer indication; and (iii) a non-refundable sum of US\$1,000,000 (equivalent to approximately HK\$7,800,000) shall be paid within 60 days after the obtaining of approval from the SFDA for each therapeutic indication other than the ovarian cancer indication. The relevant milestone payments shall not be paid if the relevant approvals are not obtained; and

(b) Royalties:

- (i) a royalty of 15% on the net sales of the Gimatecan Products made and actually collected, which shall be paid annually on a country-by-country basis and product-by-product basis. The royalties for the Gimatecan Products shall be paid during the Relevant Period; and
- (ii) if the license rights to use and exploit the Background Patents and Background Know-How is sublicensed by Lee's HK, a royalty of 30% of any and all royalties and other payments received and actually collected by Lee's HK and its Affiliates from the sublicensees.

Lee's HK and Sigma-Tau may further negotiate and agree in good faith upon a reduction of the above rates of Royalties upon the occurrence of any of the following Re-negotiation Events:

- (a) any generics or other unauthorized products of any Gimatecan Products by any third party or parties without a direct or indirect agreement with Lee's HK, its Affiliates or their sub-licensees or distributors enter the market for the Gimatecan Products and during the applicable calendar quarter, on a country-by-country basis and product-by-product basis, such generics/unauthorized products taken in the aggregate have a market share (measured in US dollars) in such country of at least 30%;
- (b) any change (whether or not permanent) in the drug industry which will make the development and marketing of the Gimatecan Products inadvisable or inexpedient or impracticable;
- (c) depletion of the Gimatecan Products as a result of the commercialization of new products which is similar to the Gimatecan Products; or
- (d) any reduction in reimbursement price on the Gimatecan Products as imposed by the relevant governmental authorities in any country of the Territory equal to or over 20%.

Basis of the Consideration

The consideration, including the License Milestone Payments and Royalties, under the Licensing Agreement was determined after arm's length negotiation by Lee's HK with Sigma-Tau, with reference to, among other things, the expected revenue and profit that can be generated by the Gimatecan Products. It should be noted that no initial upfront payment is payable by Lee's HK at the time of entering into the Licensing Agreement. The License Milestone Payment(s) in respect of the Licensing Agreement is only payable when Lee's HK achieves certain progress and milestone for the relevant products under the Licensing Agreement. Lee's HK will pay the License Milestone Payments and Royalties under the Licensing Agreement with the revenue generated from the sales of the Gimatecan Products and the internal resources of the Group.

Obligations of Lee's HK

Under the Licensing Agreement, Lee's HK shall, at its sole cost, be responsible for:

- (a) conducting clinical and other trials necessary or advisable to register and commercialize the Gimatecan Products in the Territory. For this purpose, Lee's HK have the right, at its sole option, to purchase stock of the Gimatecan substance and/or the experimental products kept by Sigma-Tau at the basis of cost plus 10% mark-up on cost, or to manufacture itself;
- (b) filing the application for obtaining the authorizations issued by the relevant agency in the Territory which are necessary for the marketing, use, distribution and sale of the Gimatecan Products; and
- (c) manufacturing, promoting, marketing, using and distributing the Gimatecan Products in the Territory.

Manufacturing of the Gimatecan Products

Lee's HK shall manufacture the Gimatecan Products directly or through its Affiliates or other third parties, and such Gimatecan Products shall meet, among other requirements, the specifications as approved by the regulatory authorities.

Protection and further Registration

Sigma-Tau shall be responsible for the prosecution and maintenance of the Background Patents at its own expense. Where Sigma-Tau refuses or fails to take such actions, Lee's HK may at its option decide whether to take such actions, and in such events, Lee's HK may (i) invite Sigma-Tau to contribute to the expenses incurred in taking such actions and share the compensation recovered (after deducting the administrative fee) in the same proportion of their contribution; (ii) bear all expenses itself and retain all compensation recovered from such action; or (iii) apply up to 50% of any royalties due to Sigma-Tau to pay for the expenses.

Sigma-Tau shall, at its own costs, obtain further registration or protection of the Background Patents in the Territory. Where Sigma-Tau refuses or fails to do so, Lee's HK may file and register such Background Patents in the name of Sigma-Tau and shall be entitled to deduct up to 100% of such expenses from the royalty due to Sigma-Tau.

Termination

The Licensing Agreement may be terminated in the following circumstances:–

- (a) either party shall be in breach of any material obligation under the Licensing Agreement;
- (b) either party becomes insolvent, makes an assignment for the benefit of creditors, which is the subject of proceedings in voluntary or involuntary bankruptcy instituted on behalf of or against such party (except for involuntary bankruptcies which are dismissed within 90 days), or has a receiver or trustee appointed for substantially all of its property; or
- (c) a Change in Control at Lee's HK and the successor company does not undertake to comply with any and all terms and conditions of the Licensing Agreement.

Entitlement on the Background Patents and the Background Know-How in respect of the Gimatecan Products

If the Initial Term and the Extended Term cover the entire Relevant Period, Lee's HK shall, upon the expiration of the Relevant Period, have a royalty-free, fully paid up, perpetual and irrevocable license, with the right to sublicense, for the use of the Background Know-How and the Background Patents in respect of the Gimatecan Products in the Territory.

If the Licensing Agreement is terminated before the expiration of the Initial Term and the Extended Term as a result of Sigma-Tau's breach of any material obligation under the Licensing Agreement or Sigma-Tau's insolvency events triggered for termination as set out under the Licensing Agreement, Lee's HK shall, upon the termination of the Licensing Agreement, be deemed to have a royalty free, fully paid up, perpetual and irrevocable license, with the right to sublicense, for the use of the Background Know-How and the Background Patents in respect of the Gimatecan Products in the Territory.

In the event that the Licensing Agreement is terminated before the expiration of the Relevant Period as a result of factors other than Sigma-Tau's breach of any material obligation under the Licensing Agreement or Sigma-Tau's insolvency events triggered for termination as set out under the Licensing Agreement, Lee's HK shall, inter alia, immediately cease to use any of the Background Know-How and the Background Patents, as well as the Foreground Patents and Foreground Know-How in respect of the Gimatecan Products, and cease to carry on any business connected with Gimatecan Products and/or the Gimatecan substance.

Entitlement on the Foreground Patents and Foreground Know-How in respect of the Gimatecan Products

Sigma-Tau and Lee's HK may further develop the Foreground Know-How during the Initial Term and the Extended Term, and any party who develops, creates or makes such Foreground Know-How, such party shall have the exclusive right to deal with the same at its will, including the right to protect such Foreground Know-How. Upon request by the other party, the relevant owner(s) shall grant a non-exclusive and royalty-free license to the other party to use the Foreground Know-How in accordance with the terms of the Licensing Agreement, which license shall continue until the Licensing Agreement expires or is terminated. Where any Foreground Know-How is developed, created or made jointly by Sigma-Tau and Lee's HK, then the parties shall own such Foreground Know-How jointly.

Upon the expiration of the Initial Term and the Extended Term and with respect to countries outside the Territory, Sigma-Tau shall have the right to use free of charge all the Foreground Know-How owned and controlled by Lee's HK and have the right to retain its royalty free rights and license under the Foreground Patents owned or controlled by Lee's HK.

If the Initial Term and the Extended Term cover the entire Relevant Period, Lee's HK shall, upon the expiration of the Relevant Period and with respect to countries in the Territory, have the right to use free of charge all the Foreground Know-How owned or controlled by Sigma-Tau and retain its royalty free rights and license under the Foreground Patents owned or controlled by Sigma-Tau.

If the Licensing Agreement is terminated before the expiration of the Initial Term and the Extended Term as a result of Sigma-Tau's breach of any material obligation under the Licensing Agreement or Sigma-Tau's insolvency events triggered for termination as set out under the Licensing Agreement, Lee's HK shall, upon the termination of the Licensing Agreement, have the right to use free of charge all the Foreground Know-How and the Foreground Patents owned or controlled by Sigma-Tau.

Upon the early termination of the Initial Term and the Extended Term as a result of the factors other than Sigma-Tau's breach of any material obligation under the Licensing Agreement or Sigma-Tau's insolvency events triggered for termination as set out under the Licensing Agreement, Sigma-Tau shall be entitled to use free of charge for countries in the Territory all the Foreground Know-How and the Foreground Patents owned or controlled by Lee's HK.

Warranties

In consideration of the entering into the Licensing Agreement by Lee's HK, Sigma-Tau provides a number of customary warranties on the ownership and other related matters of the Background Patents and the Background Know-How in respect of the Gimatecan Products.

Annual Cap for the Licensing Agreement

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 Licensing Agreement. The following table sets out the Annual Cap for the Licensing Agreement for the years ending 31 December 2015 (up to expiration of the Initial Term):

	2012 (HK\$)	2013 (HK\$)	2014 (HK\$)	2015 (up to expiration of the Initial Term) (HK\$)
Purchase of Gimatecan stock and/or the experimental products	-	HK\$1,000,000	HK\$1,000,000	HK\$1,000,000
First License Milestone Payment	-	-	-	US\$500,000 (equivalent to approximately HK\$3,900,000)
Annual Cap	-	HK\$1,000,000	HK\$1,000,000	HK\$4,900,000

The Annual Caps for the years 2012, 2013, 2014 and 2015 are determined by reference to the development plan of the Gimatecan Products and the consideration payable under the Licensing Agreement for the years ending 31 December 2015. The approval from the SFDA of the ovarian cancer indication and the approval from the SFDA for each therapeutic indication other than the ovarian cancer indication are not expected to be obtained during the Initial Term, and the Gimatecan Products will not be launched for sale during the Initial Term. Thus, no second and third License Milestone Payments and Royalties is payable during the Initial Term.

INFORMATION ON SIGMA-TAU

Sigma-Tau 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 LICENSING AGREEMENT

The Group is in the course of expanding its business diversity in the manufacture and sales of pharmaceutical products. Further to the licensing obtained by the Group as announced by its announcement dated 24 May 2012, the Licensing would expand the variety of the type of products the Group offers. The pharmaceutical research and development level of the Group would be enhanced through acquiring the capability and technology to manufacture the Gimatecan Products and from exploiting the patents and/or know-how in respect of the Gimatecan Products. The manufacture and sales of advanced products such as the Gimatecan Products in the Territory would further boost the image of the Group. In addition, the Directors have considered the generally positive feedback for the Gimatecan Products in the medical industry and the prospective marketability of the Gimatecan Products in the Territory. The Licensing Agreement is entered into by Lee's HK after arm's length negotiation with Sigma-Tau.

The Directors (including the independent non-executive Directors) considered that the Licensing Agreement, which has been entered into after arm's length negotiation with Sigma-Tau, are on normal commercial terms, and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

AGGREGATION OF THE ANNUAL CAPS

As announced by the Company in its announcement dated 24 May 2012, CVie Therapeutics, a subsidiary of the Company, has entered into the Existing Licensing Agreements with Sigma-Tau and Rostaquo respectively. In view that both CVie Therapeutics and Lee's HK are subsidiaries of the Company and both Sigma-Tau and Rostaquo are associates of STF, and that the Licensing Agreement together with the Existing Licensing Agreements are all entered into with them, both of which are associated with STF, the annual caps for the Licensing Agreement and the Existing Licensing Agreements may be aggregated under rule 14A.25 of the Listing Rules. The following table sets out the aggregated annual caps for the Licensing Agreement and Existing Licensing Agreements for the years ending 31 December 2015 (up to expiration of the Initial Term):

	2012 (HK\$)	2013 (HK\$)	2014 (HK\$)	2015 (up to expiration of the Initial Term) (HK\$)
3 Existing Licensing Agreements	HK\$3,120,000	HK\$1,170,000	–	–
Licensing Agreement	–	HK\$1,000,000	HK\$1,000,000	HK\$4,900,000
Total aggregated Annual Caps	HK\$3,120,000	HK\$2,170,000	HK\$1,000,000	HK\$4,900,000

LISTING RULES IMPLICATIONS

Sigma-Tau and Rostaquo are both controlled companies by STF, which directly and indirectly owns 100% equity interest in Defiante, a Substantial Shareholder of the Company holding 26.43% of the Company's shareholding as at the date hereof. Sigma-Tau and Rostaquo are associate of STF and therefore are connected persons of the Company within the meaning of the Listing Rules.

As certain applicable percentage ratios for the grant of the license to use and exploit the patents and/or know-how in respect of the Gimatecan Products under the Licensing Agreement and the products under the Existing Licensing Agreements calculated on an annual basis by reference to the estimated aggregate annual amount payable to Sigma-Tau and Rostaquo under the Licensing Agreement and the Existing Licensing Agreements for each of the years ending 31 December 2015 on an annual basis is over 0.1% but less than 5%, the Licensing is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and exempted from the requirement of independent shareholders' approval.

Save that Mr. Mauro Bove, a non-executive Director, is a senior officer of STF, none of the Directors have material interest in the transactions as contemplated under the Licensing Agreement. Mr. Mauro Bove is required to abstain, or has abstained, from voting on the board resolution for approving the Licensing Agreement and the transactions as contemplated thereunder.

DEFINITIONS

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

“3 Existing Licensing Agreements”	(i) the licensing agreement entered into between CVie Therapeutics and Sigma-Tau on 24 May 2012 in relation to Istaroxime products and SERCA2a products; (ii) the licensing agreement entered into between CVie Therapeutics and Rostaquo on 24 May 2012 in relation to Rostafuroxin products; and (iii) the licensing agreement entered into between CVie Therapeutics and Sigma-Tau on 24 May 2012 in relation to Rostafuroxin products
“Affiliates”	(i) an organization more than fifty percent (50%) of the voting rights of which is owned and/or controlled directly or indirectly by either party in respect of the Licensing Agreement; (ii) an organization which directly or indirectly owns and/or controls more than fifty percent (50%) of the voting rights of either party in respect of the Licensing Agreement; (iii) an organization which is directly or indirectly under common control of either party through common shareholding or which is directly or indirectly under common control of the respective shareholders of either party in respect of the Licensing Agreement
“Annual Cap”	the maximum aggregate annual value payable to Sigma-Tau for the obtaining of the licenses to use and exploit the Background Patents and/or Background Know-How in respect of the Gimatecan Products pursuant to the Licensing Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Background Know-How”	any and all Sigma-Tau’s technical information, test, assay and development, preclinical and clinical data and results, formulations, processes, ideas, protocols, regulatory files and other similar know-how (in whatsoever format) relating to the Gimatecan substance and Gimatecan Products, which is secret but non-patented and is available to Sigma-Tau or its Affiliates as at the date of entering into the Licensing Agreement

“Background Patents”	patents and patent applications relating to the Gimatecan substance and Gimatecan Products owned, licensed to or controlled by Sigma-Tau as at the date of entering into the Licensing Agreement, as well as any and all continuations, continuations-in-part or divisions thereof, any granted patent resulting from such applications and any supplementary protection certification thereof
“Board”	board of Directors
“Change in Control”	with respect to Lee’s HK: (i) a merger, reorganization or consolidation which results in the voting securities of such party outstanding immediately prior to such transaction ceasing to represent more than fifty-percent (50%) of the combined voting power of the surviving entity immediately after such transaction; or (ii) any third party (other than any trustee or other fiduciary holding securities under an employee benefit plan, or any corporation or other entity owned directly or indirectly by the stockholders of such party in substantially the same proportion as their ownership of stock of such party) becoming the beneficial owner of more than fifty-percent (50%) of the combined voting power of the outstanding securities of such party
“Company”	Lee’s Pharmaceutical Holdings Limited
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules
“CVie Therapeutics”	CVie Therapeutics Company Limited, a company incorporated with limited liability in the Cayman Islands and a subsidiary of the Company
“Defiante”	Defiante Farmaceutica S.A., a company with limited liability and incorporated under the laws of Portugal, a Substantial Shareholder holding 26.43% of the Company’s shareholding as at the date hereof
“Director(s)”	director(s) of the Company

“Extended Term”	the extended term of additional three years for the Licensing Agreement on the same terms and conditions without the need to sign any renewal agreement upon the exercise of the Renewal Option, which shall be exercised by Lee’s HK upon the expiry of the Initial Term or the extended term (as the case may be)
“Foreground Know-How”	any and all technical information, test, assay and development, preclinical and clinical data and results, formulations, processes, ideas, protocols, regulatory files and other similar know-how (in whatsoever format) relating to the Gimatecan substance and Gimatecan Products conceived and/or reduced to practice during the term of the Licensing Agreement, which is secret and non-patented
“Foreground Patents”	any patent or patent application relating to the Gimatecan substance and Gimatecan Products conceived and/or reduced to practice during the term of the Licensing Agreement together with any supplementary production certificate and any and all continuations, continuations-in-part or divisions thereof
“Gimatecan”	the chemical compound known as Gimatecan (INN), identified by the IUPAC name (4S)-4-ethyl-4-hydroxy-3,14-dioxo-3,4,12,14-tetrahydro-1H-pyrano[3’,4’:6,7]indolizino [1,2-b]quinoline-11-carbaldehyde O-(tert-butyl)(E)oxime and by the CAS (Chemical Abstract Service) registry number 292618-32-7
“Gimatecan Products”	all formulations of pharmaceutical products containing Gimatecan substance as one of the active ingredient
“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
“Initial Term”	the initial term of the Licensing Agreement, which shall be 3 years commencing from the date when all the conditions precedent set out in the Licensing Agreement are fulfilled

“Lee’s HK”	Lee’s Pharmaceutical (HK) Limited, a company incorporated with limited liability in Hong Kong and a wholly-owned subsidiary of the Company
“Licensing”	the grant of exclusive licenses to Lee’s HK to use and exploit the patents and/or know-how in respect of the Gimatecan Products as contemplated under the Licensing Agreement
“Licensing Agreement”	the licensing agreement entered into between Lee’s HK and Sigma-Tau on 23 November 2012, pursuant to which Sigma-Tau has agreed to grant exclusive license to Lee’s HK to use and exploit the Background Patents and Background Know-How in respect of the Gimatecan Products in the Territory
“License Milestone Payment”	the non-refundable milestone payment(s) payable under the Licensing Agreement when certain milestone(s) are achieved within the prescribed period
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Relevant Period”	<p>on a country-by-country basis and on a product-by-product basis, the period starting from the date the Licensing Agreement takes effect and ending:</p> <ul style="list-style-type: none"> (i) in countries where there is any Background Patents, upon the expiration of the last to expire of such Background Patents having at least one Valid Claim covering the relevant Products on the market, their use or manufacture; or (ii) in countries where there are no Background Patents, ten (10) years from the first commercial sale of the Gimatecan Products
“Re-negotiation Events”	the relevant events which trigger the parties to the Licensing Agreement for further negotiate on a reduction of the rates of Royalties

“Renewal Options”	the renewal option(s) granted to Lee’s HK under the Licensing Agreement, which shall be exercisable by Lee’s HK at its sole discretion, to renew the Licensing Agreement for another Extended Term on the same terms and conditions without the need to sign any renewal agreement
“Rostaquo”	ROSTAQUO S.p.A., a company incorporated and existing under the laws of Italy
“Royalties”	royalties payable under the Licensing Agreement
“SFDA”	State Food and Drug Administration of the PRC
“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”	Sigma-Tau Industrie Farmaceutiche Riunite S.p.A., a company incorporated and existing pursuant to the laws of Italy
“STF”	Sigma-Tau Finanziaria S.p.A., a company incorporated and existing under the laws of Italy
“Sigma-Tau Group”	STF 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”	PRC, Hong Kong and Macau Special Administrative Region of the PRC
“US\$”	United States dollars, the lawful currency of the USA
“USA”	United States of America

“Valid Claim”

on a country-by-country basis, a granted claim within the Background Patents, which has not been held invalid and/or unenforceable in a decision of a patent office, court or other government agency of competent jurisdiction, unappealable or unappealed within the time frame allowed for appeal

“%”

per cent

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

Hong Kong, 23 November 2012

* *For identification purpose only*

As at the date thereof, Ms. Lee Siu Fong (Chairman of the Company), 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.