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李 氏 大 藥 廠

Lee's Pharmaceutical Holdings Limited

李氏大藥廠控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 950)

CONNECTED TRANSACTIONS SERVICE AGREEMENTS

Reference is made to the announcements of the Company dated 24 May 2012, 23 November 2012, 26 February 2013 and 15 October 2013 in relation to (i) the Istaroxime Licensing Agreement, (ii) the Rostaquo Licensing Agreement, (iii) the Sigma-Tau Licensing Agreement and (iv) the Gimatecan Licensing Agreement.

On 11 December 2013 (after trading hours of the Stock Exchange), (a) CVie Therapeutics, a subsidiary of the Company, entered into the Istaroxime Service Agreement with Sigma-Tau; and (b) Lee's HK, a wholly-owned subsidiary of the Company, entered into the Gimatecan Service Agreement with Sigma-Tau.

Sigma-Tau is a Substantial Shareholder, holding 25.60% of the total issued share capital of the Company as at the date of this announcement and therefore is a connected person of the Company within the meaning of the Listing Rules.

In view of the fact that both CVie Therapeutics and Lee's HK are subsidiaries of the Company and that they have already entered into the Existing Licensing Agreements with Sigma-Tau and Rostaquo, that Rostaquo is a subsidiary of Sigma-Tau, and that the Existing Licensing Agreements together with the Service Agreements are all entered into with them, the annual cap for the Existing Licensing Agreements for the year ended 31 December 2014 may be aggregated with the consideration for the Service Agreements under rule 14A.25 of the Listing Rules.

As certain applicable percentage ratios for the consideration under the Existing Licensing Agreements calculated on an annual basis for the year ended 31 December 2014 and the consideration payable to Sigma-Tau under the Service Agreements is more than 0.1% but less than 5%, the entering into of the Service Agreements are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and exempted from the requirement of independent shareholders' approval.

Reference is made to the announcements of the Company dated 24 May 2012, 23 November 2012, 26 February 2013 and 15 October 2013 in relation to (i) the Istaroxime Licensing Agreement, (ii) the Rostaquo Licensing Agreement, (iii) the Sigma-Tau Licensing Agreement and (iv) the Gimatecan Licensing Agreement.

On 11 December 2013 (after trading hours of the Stock Exchange), (a) CVie Therapeutics, a subsidiary of the Company, entered into the Istaroxime Service Agreement with Sigma-Tau; and (b) Lee's HK, a wholly-owned subsidiary of the Company, entered into the Gimatecan Service Agreement with Sigma-Tau.

ISTAROXIME SERVICE AGREEMENT

Date

11 December 2013

Parties

- (1) Sigma-Tau, as service provider; and
- (2) CVie Therapeutics, as customer.

Subject matter

CVie Therapeutics engages Sigma-Tau to provide certain support services on chemistry, manufacturing, and controls matter in relation to the Istaroxime substances during the period from 1 January to 31 December 2014.

Consideration

The consideration for the support services is Euro 80,000 (equivalent to approximately HK\$840,000) payable upon delivery of the final report which is expected to be in December 2014.

GIMATECAN SERVICE AGREEMENT

Date

11 December 2013

Parties

- (1) Sigma-Tau, as service provider; and
- (2) Lee's HK, as customer.

Subject matter

Lee's HK engages Sigma-Tau to provide certain support services in the manufacturing and development of the Gimatecan substances during the period from 1 January to 31 December 2014.

Consideration

The consideration for the support services is Euro 240,000 (equivalent to approximately HK\$2,520,000), 50% of which is payable upon delivery of the interim report which is expected to be in June 2014 and the remaining 50% is payable upon delivery of the final report which is expected to be in December 2014.

REASONS FOR AND BENEFITS OF THE SERVICE AGREEMENTS

As Sigma-Tau has developed and possesses certain rights to the Istaroxime and Gimatecan substances, the Directors consider that the provision of support services by Sigma-Tau in the manufacturing and development of Istaroxime and Gimatecan products could enhance the efficiency, lower the overhead expenses and maximize the revenue to be generated from the Istaroxime Licensing Agreement and Gimatecan Licensing Agreement.

The consideration under the Service Agreements was determined after arm's length negotiation respectively by CVie Therapeutics and Lee's HK with Sigma-Tau, with reference to, among other things, (a) the scope of services to be provided by Sigma-Tau; (b) the experience and expertise of Sigma-Tau; and (c) the fees charged by other pharmaceutical companies on similar services. CVie Therapeutics and Lee's HK will respectively pay the consideration under the Service Agreements with its paid-up capital and its internal resources.

The Directors (including the independent non-executive Directors) considered that each of the Services Agreements, 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 ON ANNUAL CAP AND CONSIDERATION

In view of the fact that both CVie Therapeutics and Lee's HK are subsidiaries of the Company and that they have already entered into the Existing Licensing Agreements with Sigma-Tau and Rostaquo, that Rostaquo is a subsidiary of Sigma-Tau, and that the Existing Licensing Agreements together with the Service Agreements are all entered into with them, the annual cap for the Existing Licensing Agreements for the year ended 31 December 2014 may be aggregated with the consideration for the Service Agreements under rule 14A.25 of the Listing Rules.

The following table sets out the aggregated annual cap for the Existing Licensing Agreements for the year ending 31 December 2014 and the consideration under the Service Agreements:

	Annual cap/consideration
Aggregated annual cap for the Existing Licensing Agreements for the year ended 31 December 2014	HK\$9,000,000
Consideration under the Istaroxime Service Agreement	Euro 80,000 (equivalent to approximately HK\$840,000)
Consideration under the Gimatecan Service Agreement	Euro 240,000 (equivalent to approximately HK\$2,520,000)
Total:	HK\$12,360,000

LISTING RULES IMPLICATIONS

Sigma-Tau is a Substantial Shareholder of the Company holding 25.60% of the Company's shareholding as at the date of this announcement and therefore is a connected person of the Company within the meaning of the Listing Rules.

As certain applicable percentage ratios for the consideration under the Existing Licensing Agreements calculated on an annual basis for the year ended 31 December 2014 and the consideration payable to Sigma-Tau under the Service Agreements is more than 0.1% but less than 5%, the entering into of the Service Agreements are subject to the reporting and announcement 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 representative of Sigma-Tau, none of the Directors, has any material interest in the transactions as contemplated under the Service Agreements. Mr. Mauro Bove is required to abstain, or has abstained, from voting on the board resolution for approving the Service Agreements and the transactions as contemplated thereunder.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Company”	Lee’s Pharmaceutical Holdings Limited
“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
“Director(s)”	director(s) of the Company
“Euro”	Euro, the lawful currency of the European Union
“Existing Licensing Agreements”	the Istaroxime Licensing Agreement, the Rostaquo Licensing Agreement, the Sigma-Tau Licensing Agreement and the Gimatecan Licensing Agreement
“Group”	the Company and its subsidiaries
“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 Licensing Agreement”	the licensing agreement entered into between Lee’s HK and Sigma-Tau on 23 November 2012 in relation to Gimatecan products
“Gimatecan Service Agreement”	the service agreement entered into between Sigma-Tau and Lee’s HK on 11 December 2013 in relation to the support services of Gimatecan substances
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Istaroxime”	the active pharmaceutical ingredient having the chemical name (E,Z) – 3- ((2 – aminoethoxy) – imino) androstane – 6,1 – dione hydrochloride and the CAS Number 374559-48-5
“Istaroxime Licensing Agreement”	the licensing agreement entered into between CVie Therapeutics and Sigma-Tau on 24 May 2012 in relation to Istaroxime products and SERCA2a products, as amended by an amendment agreement entered into on 15 October 2013
“Istaroxime Service Agreement”	the service agreement entered into between Sigma-Tau and CVie Therapeutics on 11 December 2013 in relation to the support services of Istaroxime substances
“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
“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
“Rostafuroxin”	the active pharmaceutical ingredient having the CAS Number: 156722-18-8, the chemical name: 21,23-Epoxy-24-nor-14 β ,5 β -chola-20,22-dien-3 β ,14,17 α -triol or (3S,5R,8R,9S,10S,13R,14S,17R)-17-(3-Furyl)-10,13-Dimethyl-2,3,4,5,6,7,8,9,11,12,15,16-Dodecahydro-1H-Cyclopenta[A]Phenanthrene-3,14,17-Triol or 24-Norchola-20,22-diene-3,14,17-triol, 21,23-epoxy-, (3 β ,5 β ,14 β)
“Rostaquo”	ROSTAQUO S.p.A., a company incorporated and existing under the laws of Italy and is a subsidiary of Sigma-Tau

“Rostaquo Licensing Agreement”	the licensing agreement entered into between CVie Therapeutics and Rostaquo on 24 May 2012 in relation to Rostafuroxin products, as amended by an amendment agreement entered into on 15 October 2013
“Service Agreements”	the Istaroxime Service Agreement and the Gimatecan Service Agreement
“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
“Sigma-Tau Licensing Agreement”	the licensing agreement entered into between CVie Therapeutics and Sigma-Tau on 24 May 2012 in relation to Rostafuroxin products, as amended by an amendment agreement entered into on 15 October 2013
“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
“%”	per cent.

For the purpose of this announcement, the exchange rate of Euro 1.00 = HK\$10.50 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount have been, could have been or may be exchanged, at this or any other rates.

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

Hong Kong, 11 December 2013

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

** For identification purpose only*