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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)

ADOPTION OF SHARE OPTION SCHEME OF A SUBSIDIARY

A notice convening the extraordinary general meeting 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 12 November 2012 (Monday) at 3:00 p.m. (the “**EGM**”) is set out on page 14 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*

LETTER FROM THE BOARD OF DIRECTORS



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, Uglan 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

11 October 2012

To shareholders of the Company

Dear Sir or Madam,

ADOPTION OF SHARE OPTION SCHEME OF A SUBSIDIARY

INTRODUCTION

CVie Therapeutics Company Limited (“CVie”), incorporated in the Cayman Islands and is a subsidiary of the Company, intends to adopt a share option scheme (the “CVie Share Option Scheme”) for the issuance of a maximum number of 500,000 shares of CVie (the “CVie Shares”).

The purpose of this circular is to provide you with the information reasonably necessary to enable you to make a decision on whether to vote for or against the ordinary resolution to be proposed at the EGM which will be convened for the purpose of considering and if thought fit, approving, inter alia the adoption of the CVie Share Option Scheme. A notice of the EGM is set out on page 14 of this Circular.

* For identification purpose only

LETTER FROM THE BOARD OF DIRECTORS

ADOPTION OF CVIE SHARE OPTION SCHEME

CVie intends to adopt the CVie Share Option Scheme for the issuance of a maximum number of 500,000 CVie Shares. Based on the issued share capital of CVie as at 9 October 2012, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), the maximum number of 500,000 CVie Shares to be issued under the CVie Share Option Scheme represents approximately 5% of the issued share capital of CVie as enlarged by the option shares.

At the EGM, an ordinary resolution will be proposed for the Company to conditionally approve and adopt the CVie Share Option Scheme. The purpose of the CVie Share Option Scheme is to recognize and acknowledge the contribution of the employees and other selected grantees (i.e. the Eligible Persons (as defined in the Appendix to this Circular)) made or may have made to CVie and its subsidiaries (the “**CVie Group**”). The CVie Share Option Scheme will provide the Eligible Persons with an opportunity to have a personal stake in CVie with the view of achieving the objectives of motivating the Eligible Persons to optimise their performance efficiency for the benefit of CVie, and to attract and retain or otherwise maintain on-going relationships with the grantees whose contributions are or will be beneficial to the long-term growth of the CVie Group. With respect to the operation of the CVie Share Option Scheme, CVie and the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

The directors of the Company (the “**Directors**”) consider that it is not appropriate to state the value of all options that can be granted pursuant to the CVie Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, lock-up period (if any). The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to shareholders.

None of the Directors is trustee of the CVie Share Option Scheme or has a direct or indirect interest in the trustee.

The CVie Share Option Scheme is conditional upon (i) the passing of an ordinary resolution by the shareholders of the Company approving the CVie Share Option Scheme; and (ii) the passing of an ordinary resolution by the shareholders of CVie (a) to adopt the CVie Share Option Scheme; (b) to authorise the directors of CVie to grant the options thereunder; and (c) to allot, issue and deal with the CVie Shares pursuant to the exercise of any options granted under the CVie Share Option Scheme.

Subject to obtaining approval of shareholders of CVie and the Company with respect to the adoption of the CVie Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the CVie Share Option Scheme shall not exceed 500,000 CVie Shares, unless CVie and the Company obtains approval from their shareholders in general meetings to refresh such limit in accordance with the Listing Rules. Options lapsed in accordance with the terms of the CVie Share Option Scheme will not be counted for the purpose of calculating such 500,000 CVie Shares. The overall limit on the number of CVie Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the CVie Share Option Scheme and any other share option schemes of CVie must not exceed 30% of the CVie Shares in issue from time to time.

LETTER FROM THE BOARD OF DIRECTORS

Under the rules of the CVie Share Option Scheme, the board of directors of CVie (the “**Board of CVie**”) has discretion to provide restrictions on how and when an option during the period an option may be exercised, and the amount of the exercise price in exercising the options, including, if appropriate, a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised. Such discretion allow the Board of CVie to provide incentives to Eligible Persons to remain employed with the CVie Group during the minimum period and thereby enabling the CVie Group to benefit from the continued services of such Eligible Persons during such period. This discretion, coupled with the power of the Board of CVie to impose any performance target as it considers appropriate before any option can be exercised, enables the CVie Group to incentivise the Eligible Persons. Although the CVie Share Option Scheme does not specify any performance target that must be achieved before an option can be exercised, the Directors are of the view that the rules of the CVie Share Option Scheme provides appropriate flexibility to the Board of CVie in granting options to the Eligible Persons and in particular, imposing minimum holding period, performance targets before an option can be exercised and fixing the exercise price of the options, will place the CVie Group in a better position to attract and retain valuable human resources.

A summary of the principal terms of the CVie Share Option Scheme which is proposed to be approved and adopted by the Company at the EGM is set out in the Appendix to this Circular on pages 5 to 13. A copy of the proposed CVie Share Option Scheme will be available for inspection at the Company’s principal place of business in Hong Kong at Units 110-111, Bio-Informatics Centre, No. 2 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong during normal business hours from the date hereof up to and including the date of the EGM.

EGM

A notice of the EGM is set out on page 14 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, all the resolutions put to vote at the EGM shall be taken by poll.

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.

No shareholder is required to abstain from voting with respect to each of the resolutions put to vote at the EGM.

LETTER FROM THE BOARD OF DIRECTORS

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.

RECOMMENDATION

The Directors believe that the adoption of the CVie Share Option Scheme is in the best interests and for the benefit of CVie and the Company and their shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of these resolutions to be proposed at the EGM.

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

APPENDIX SUMMARY OF THE PRINCIPAL TERMS OF CVIE SHARE OPTION SCHEME

The following is a summary of the principal terms of the CVie Share Option Scheme proposed to be approved at the EGM. This summary does not form part of, nor is it intended to affect the interpretation of, the rules of the CVie Share Option Scheme:

(a) *Purpose of the CVie Share Option Scheme*

The purpose of the CVie Share Option Scheme is to advance the interests of CVie and its shareholders by providing to Eligible Persons (as defined below) a performance incentive for continued and improved service with the CVie Group and by enhancing such persons' contribution to increase profits by encouraging capital accumulation and share ownership.

(b) *Who may join*

The Board of CVie may, at its discretion, invite the following persons (the “**Eligible Persons**”) to participate in the CVie Share Option Scheme:

Eligible Persons	Basis for determining eligibility
Employees	Persons who are employed by CVie or any of its subsidiaries, and who remain employed
Directors	Subject to the same requirement as employees and additionally, any grants of options to directors, chief executive or a substantial shareholder of CVie or the Company or any of their associates (as defined under the Listing Rules) require the approval of all of the independent non-executive directors of the Company (excluding the independent non-executive directors who is the proposed grantee of the option), as well as compliance with Rule 17.04 of the Listing Rules
Advisers and consultants	Advisers or consultants to the CVie Group

Upon acceptance of the option, the grantee of an option must pay HK\$1 to CVie by way of consideration for the grant thereof.

(c) *Grant of Option*

The Board of CVie shall, during the life of the CVie Share Option Scheme, at its absolute discretion and on and subject to such terms and conditions as it may think fit, offer to grant on one or more occasions to any Eligible Persons as the Board of CVie may in its absolute discretion think fit. No option shall be granted to any Eligible Person after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until an announcement of such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the board of Directors of the Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any financial year or half-year under the Listing Rules or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option may be granted.

Any grant of an option to a director, chief executive or a substantial shareholder of CVie or the Company or any of their respective associates shall be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of such options). Where options are proposed to be granted to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director of the Company or any of their respective associates and the proposed grant of options, when aggregated with the options (whether exercised, cancelled, outstanding or granted (whether or not cancelled) under the CVie Share Option Schemes) already granted and to be granted to such person in the preceding 12-month period, would entitle them to receive more than 0.1% of the total CVie Shares in issue for the time being, then the proposed grant must be subject to the approval of the shareholders of CVie and the Company. For the purpose of the general meeting, all connected persons (as defined in the Listing Rules) of such grantee must abstain from voting in such general meeting. For this purpose, the circular containing the following shall be despatched to the shareholders of CVie and the Company no later than the date on which CVie and the Company gives notice of the general meeting to approve the proposed grant of options:

- (i) details of the number and terms of the options (including the exercise price) to be granted to each grantee and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price;
- (ii) a recommendation from the independent non-executive Directors (excluding one who is the grantee of the relevant options) on whether or not to vote in favour of the proposed grant; and
- (iii) any other information as may be required under the Listing Rules.

Any change in the terms of the options granted to an Eligible Person who is a director, chief executive or a substantial shareholder of CVie or the Company or their respective associates shall be approved by the shareholders of CVie and the Company in such manner as set out above.

(d) *Exercise price of options granted*

The exercise price for CVie Shares under the CVie Share Option Scheme will be determined by the Board of CVie on a fair and reasonable basis with reference to the performance of CVie and the past or potential contribution of the Eligible Person to the business and operation of CVie, and notified to each grantee but in any event will be no less than the nominal value of the Shares.

The exercise price of options granted after the Company or CVie has resolved to seek a separate listing on the Stock Exchange or an overseas stock exchange and up to the listing date of CVie shall not be lower than the new issue price (if any). In particular, any options granted during the period commencing six months before the lodgement of Form A1 (or its equivalent) up to the listing date of CVie are subject to this requirement. The exercise price of options granted during such period shall be subject to adjustment to a price not lower than the new issue price.

(e) *Total number of securities that may be issued upon exercise of all options*

- (i) As at the Latest Practicable Date, there were 9,500,000 CVie Shares in issue. The total number of CVie Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with terms of the CVie Share Option Scheme) to be granted under the CVie Share Option Scheme must not in aggregate exceed 500,000 CVie Shares (the “**Scheme Mandate Limit**”), unless CVie obtains a fresh approval from the shareholders of CVie and the Company pursuant to sub-paragraph e(iii) below. Options lapsed in accordance with the terms of the CVie Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The overall limit on the number of CVie Shares, which may be issued upon exercise of all outstanding options, granted and yet to be exercised under the CVie Share Option Scheme and any other share option schemes of CVie must not exceed 30% (or such higher percentage as may from time to time be permitted under the Listing Rules and the Stock Exchange) of the CVie Shares in issue from time to time (the “**Scheme Limit**”).
- (iii) The Scheme Mandate Limit may be renewed at any time subject to the approval of the shareholders of CVie and the Company. The Scheme Mandate Limit as “refreshed” must not exceed 10% of the total number of CVie Shares in issue at the date of the approval of the Scheme Mandate Limit (the “**Refreshed Limit**”). Options previously granted under the CVie Share Option Scheme and any other share option schemes of CVie (including those outstanding, cancelled, lapsed in accordance with the CVie Share Option Scheme or exercised options) will not be counted for the purpose of calculating the Refreshed Limit. A circular for the purpose of seeking the approval of the shareholders of CVie and the Company on the renewal of the Scheme Mandate Limit, which contains the information as required under the Listing Rules, shall be sent to the shareholders of CVie and the Company.

(f) *Maximum entitlement of each participant under the CVie Share Option Scheme*

- (i) The total number of the CVie Shares issued and to be issued upon exercise of the options granted (including those granted (whether or not cancelled) under the CVie Share Option Scheme) and to be granted to any Eligible Persons (including exercised, cancelled and outstanding options) in any 12-month period up to the date of the grant to such Eligible Person shall not exceed 1% of the issued CVie Shares from time to time (the “**1 percent Limit**”). Any further grant of options in excess of this 1 percent Limit must be subject to (i) the approval of the shareholders of CVie and the Company with that Eligible Persons and his or her associates abstaining from voting and (ii) the issue of a circular. The circular must disclose the identity of the participants, the number and the terms of the options granted and to be granted, and such other information as required under the Listing Rules. The number and terms (including the exercise price) of the options to be granted to such participants must be fixed before the approval of the shareholders of CVie and the Company and the date of the meeting of the Board of CVie for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price.
- (ii) CVie may also seek separate approval of the shareholders of CVie and the Company and issue a circular to all of the shareholders of CVie and the Company for granting options beyond the Scheme Mandate Limit to Eligible Persons specifically identified by CVie before such approval is sought. The circular must contain, amongst other things, a generic description of the identified participants, the number and terms of the options to be granted, the purpose of granting options to the identified participants, an explanation as to how the terms of such options serve the intended purpose and such other information as the shareholders of CVie and the Company consider applicable or as required under the Listing Rules.
- (iii) If and so long as CVie is a subsidiary of the Company, the Company shall make additional disclosures in the annual and interim reports of the Company including details of the options granted and value of the options granted or a negative statement, if such disclosure of value is not appropriate (in the manner as required under the Listing Rules) to:
- each connected person (including the directors, chief executive or substantial shareholders of CVie and the Company, or their respective associates);
 - each Eligible Person with options granted in excess of the 1 percent Limit;
 - aggregate figures for full time employees working under employment contracts; and
 - other participants in aggregate.

(g) *Time of exercise of options*

An option may be exercised in accordance with the terms of the CVie Share Option Scheme at any time during a period (the “**Option Period**”) as specified by the Board of CVie in relation to each such option in its terms of grant provided that the period within which the option must be exercised (that is, the final expiration date) shall not be more than 10 years from its date of grant (subject to earlier termination in accordance with the rules of the CVie Share Option Scheme). The Board of CVie may provide restrictions on how and when an option during the period for which an option may be exercised, including, if appropriate, a minimum period for which an option must be held or a performance target, if any, which must be achieved before an option can be exercised. The CVie Share Option Scheme has not specified any performance target that must be achieved before an option can be exercised.

(h) *Terms of the CVie Share Option Scheme*

As the CVie Share Option Scheme shall remain valid for a period of 10 years (the “**Scheme Period**”) commencing on the date on which the CVie Share Option Scheme is conditionally adopted and approved by the shareholders of CVie and the Company at general meetings (the “**Adoption Date**”), all options to be granted pursuant to the CVie Share Option Scheme must be granted within the Scheme Period but the provision of the CVie Share Option Scheme shall, subject to the provisions of the CVie Share Option Scheme, in all other respects remain in full force and effect during the Scheme Period and the Options which are granted during the Scheme Period may continue to be exercisable in accordance with their terms of issue.

(i) *Lapse of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period (subject to sub-paragraphs (g) and (o));
- (ii) the expiry of the periods referred to in sub-paragraphs (l) and (q) respectively;
- (iii) subject to the scheme or amalgamation becoming effective, the expiry of the period referred to in sub-paragraph (m);
- (iv) the date on which the grantee of an option ceases to be an Eligible Person by reason of the termination of his or her employment, directorship, office or appointment on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence involving his or her integrity or honesty;
- (v) the close of the two business days prior to the general meeting of CVie held for the purpose of approving the voluntary winding-up of CVie or, if no such general meeting is held, the date of the commencement of the winding-up of CVie; or
- (vi) the date on which the option is cancelled by the Board of CVie in accordance with the shareholders’ approval in general meeting as provided in sub-paragraph (n).

(j) *Effects of alterations to capital*

In the event of an alteration in the share structure of CVie whilst any option remains exercisable by way of capitalisation issue, rights issue, consolidation or sub-division of CVie Shares, or reduction of the share capital of CVie in accordance with legal requirements and requirements of the Stock Exchange (excluding any alteration in the capital structure of CVie as a result of an issue of CVie Shares as consideration in respect of a transaction to which CVie is a party); or any distribution of CVie's capital assets to its shareholders pro-rata, whether in cash or specie, except dividend paid out of the net profits attributable to its shareholders for each financial year of CVie, such corresponding alterations (if any) certified and confirmed by the auditors to the directors of CVie in writing for the time being of CVie as fair and reasonable will be made in the subject matter of the option so far as unexercised the exercise price and/or the method of the exercise of the option, provided that no such alteration shall be made so that a CVie Share would be issued at less than its nominal value or which would give a grantee a different proportion of the issued share capital of CVie as that to which he or she was previously entitled and no alteration shall be made if any alteration in the capital structure of CVie is the result of an issue of CVie Shares in the capital of CVie as consideration in a transaction.

(k) *Assignment, ranking and rights of CVie Shares*

An option granted under the CVie Share Option Scheme is personal to the respective grantee and thus may not be transferred or assigned by the grantee.

The CVie Shares to be allotted upon the exercise of an option will be subject to CVie's articles of association for the time being in force and will rank pari-passu with the fully paid CVie Shares in issue on the date of exercise of the option.

The CVie Share to be allotted upon the exercise of an option shall not carry voting rights until the registration of the grantee of an option as the holder of the CVie Share in the register of members of CVie. If under the terms of a resolution passed or a press announcement made by CVie prior to the date of exercise of an option becoming effective in the manner referred to in the CVie Share Option Scheme, a dividend or distribution is to be or is proposed to be paid or made to the shareholders of CVie by reference to a record date prior to the date of exercise, the CVie Shares to be issued upon the exercise will not rank for such dividend or distribution. Subject as aforesaid, CVie Shares allotted upon the exercise of an option shall rank pari passu in all respects with the CVie Shares in issue on the date of the exercise including in respect of those rights arising on liquidation of CVie.

(l) *Rights on take-over*

If an offer is made to the holders of CVie Shares or otherwise, the Board of CVie shall as soon as practicable thereafter notify every option holder accordingly and the directors of CVie shall within 14 days thereafter notify every option holder as to which of the following provision shall apply provided always that in the case of any adjustment proposed to be made to the number of CVie Shares or amount of the exercise price, the relevant requirements in the CVie Share Option Scheme on adjustments to the number of CVie Shares or amount of exercise price subject to options already granted shall be complied with:

- (i) each option holder shall be entitled at any time to exercise all or any of his or her options in whole or in part; or
- (ii) the directors of CVie may grant a cash bonus award to the option holder for an amount equal to the exercise price in consideration of such option holder surrendering the relevant options for cancellation; or
- (iii) the directors of CVie may grant a cash sum equal to the difference between (1) the exercise price and (2) the greater of the offer price for the CVie Shares or the fair market value of the CVie Shares, as determined by the directors of CVie, in consideration of such option holders surrendering the relevant options for cancellation; or
- (iv) the directors of CVie may determine that any or all outstanding options will not vest or become exercisable immediately in the event of a tender offer or exchange offer to acquire the CVie Shares if provision is made to substitute new options that are, in the opinion of the directors of CVie, equivalent to the outstanding options.

(m) Rights on a compromise or arrangement

If a compromise or arrangement between CVie and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of CVie or its amalgamation with any other company or companies, CVie shall give notice thereof to all option holders (together with a notice of the existence of the provisions of this sub-paragraph) on the same date as it dispatches to each member or creditor of CVie a notice summoning the meeting to consider such a compromise or arrangement, and thereupon and subject to the directors of CVie having complied with relevant requirements in the CVie Share Option Scheme on adjustments to the number of CVie Shares or amount of exercise price subject to options already granted, each option holder shall be entitled to exercise all or any of his or her option in whole or in any part or any time prior to 12 noon on the business day immediately preceding the date of the meeting directed to be convened by the Court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all option holders to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall to the extent that they have not been exercised thereupon lapse and determine.

(n) Provision for cancellation of options granted but not exercised

Any options granted but not exercised may be cancelled if the option holder so agrees with or without new options being granted to the option holder provided that any new options granted shall fall within the Scheme Mandate Limit or Refreshed Limited (excluding the cancelled options) as the case may be, and are otherwise granted in accordance with the terms of the CVie Share Option Scheme.

(o) Alteration to the CVie Share Option Scheme

The CVie Share Option Scheme may be altered in any respect by resolution of the Board of CVie except that the provisions of the CVie Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees; and that alternations to the terms and conditions of the CVie Share Option Scheme, which are of a material nature cannot be made, unless in both case, the prior approval of the shareholders of CVie and the Company in general meeting (with participants and their associates abstaining from voting) is obtained. No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such number of grantees of options as shall together hold options in respect of not less than three-fourths in nominal value of all CVie Shares then subject to options granted under the CVie Share Option Scheme.

Any alteration to the terms and conditions of the CVie Share Option Scheme must comply with Chapter 17 of the Listing Rules. Any alternations to the terms and conditions of the CVie Share Option Scheme which are of a material nature or any change to the terms of the options granted, must be approved by the shareholders of CVie and the Company (if and for so long as CVie is a subsidiary of the Company), except where the alterations take effect automatically under the existing terms of the CVie Share Option Scheme. Any change to the authority of the directors of CVie in relation to any alteration to the terms of the CVie Share Option Scheme must be approved by the shareholders in general meeting.

CVie may by ordinary resolution in general meeting at any time terminate the operation of the CVie Share Option Scheme and in such event no further options shall be offered but the provisions of the CVie Share Option Scheme shall remain in all other respects in full force and effect in respect of any options granted prior thereto but not yet exercised at the time of termination. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the CVie Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the CVie Share Option Scheme shall continue to be exercisable in accordance with their terms of issue within one month after the termination of the operation of the CVie Share Option Scheme. Any options not exercised within this prescribed period shall lapse.

(p) Conditions of the CVie Share Option Scheme

The CVie Share Option Scheme and the grant of any option under the CVie Share Option Scheme is conditional upon (i) passing of an ordinary resolution by the shareholders of the Company approving the CVie Share Option Scheme; and (ii) the passing of an ordinary resolution by the shareholders of CVie (1) to adopt the CVie Share Option Scheme; (2) to authorise the directors of CVie to grant the options thereunder; and (3) to allot, issue and deal with the CVie Shares pursuant to the exercise of any options granted under the CVie Share Option Scheme.

(q) *Rights when the grantees of the option ceases to be an Eligible Person*

If a grantee of the option ceases to be an Eligible Person during any relevant Option Period:

- (i) by reason of death (evidenced to the satisfaction of the Board of CVie), then any outstanding offer of an option to him shall lapse and his or her personal representative(s) may exercise all his or her options (to the extent not already exercised) within a period of 3 months from the date of such death (or for such a longer period as the Board of CVie may determine), failing which they shall lapse and determine at the end of the relevant period;
- (ii) by reason of ill-health, injury or disability (all evidenced to the satisfaction of the Board of CVie), or because his or her employing company ceases to be a member of the CVie Group, then any outstanding offer of an option to him shall lapse and he or she may exercise all his or her options (to the extent not already exercised) within a period of 3 months of such ill-health, injury, disability or cessation, failing which they shall lapse and determine at the end of the relevant period;
- (iii) by reason of voluntary resignation, retirement in accordance with his or her contract of employment or upon expiration of his or her employment contract or termination of employment on grounds other than those set out in sub-paragraph i(iv) above, this sub-paragraph q(i) to q(ii), q(iv) or otherwise agree with CVie, then any outstanding offer of an option to him shall lapse and he or she may exercise all his or her options within 3 months of such resignation, retirement, expiration or termination, failing which they shall lapse and determine at the end of the relevant period; and
- (iv) due to any other reasons whatsoever, including termination of his or her employment for serious misconduct or in accordance with the termination provisions of his or her contract of employment by his or her employing company otherwise than by reason of redundancy or on the ground that the grantee of the options commits an act of bankruptcy or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty (and for such purpose, a resolution of the Board of CVie to the effect that the employment of such a person has or has not been terminated on one or more of the grounds specified in the CVie Share Option Scheme shall be conclusive and binding on the relevant grantee of the option), then any outstanding offer of an option to him shall lapse and all his or her options shall lapse and determine on the date of the cessation or termination.

(r) *Administration*

The Board of CVie will have the responsibility for administering all matters arising in relation to the CVie Share Option Scheme and its decision shall be final and binding on all parties. The Board of CVie shall have power from time to time to make or vary regulations for the administration and operation of the CVie Share Option Scheme, provided that the same are not inconsistent with the CVie Share Option Scheme.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN THAT the 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, 12 November 2012 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 resolutions of the Company:

"THAT (i) the rules of the proposed share option scheme of CVie Therapeutics Company Limited ("**CVie Share Option Scheme**", a copy of which has been produced to this meeting marked "A" and initialled by the chairman of the meeting for the purpose of identification); and (ii) the grant of options and issue of shares in CVie Therapeutics Company Limited pursuant to the CVie Share Option Scheme be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate for the foregoing purpose."

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

Hong Kong, 10 October 2012

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) 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.

* *For identification purpose only*