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 TRANSACTIONS

The Board is pleased to announce that on 24 May 2012, CVie Therapeutics, a wholly-owned subsidiary of the Company, entered into (i) the Istaroxime Licensing Agreement with Sigma-Tau; (ii) the Rostaquo Licensing Agreement with Rostaquo; and (iii) the Sigma-Tau Licensing Agreement with Sigma-Tau. Pursuant to the Licensing Agreements, Sigma-Tau and Rostaquo respectively agree to grant exclusive licenses to CVie Therapeutics to use and exploit the Background Patents and/or Background Know-How in respect of the Products.

Sigma-Tau and Rostaquo are both controlled companies of STF, which directly and indirectly owns 100% equity interest in Defiante, a Substantial Shareholder, holding 28.15% of the total issued share capital of the Company as at the date of this announcement. Sigma-Tau and Rostaquo are both associates of Defiante and therefore are connected persons of the Company within the meaning of the Listing Rules.

The grant of the licenses to use and exploit the Background Patents and/or Background Know-How in respect of the Products under the Licensing Agreements on an ongoing basis shall constitute the continuing connected transactions under Chapter 14A 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 Products under the Licensing Agreements calculated on an annual basis by reference to the estimated aggregate annual amount payable to Sigma-Tau and Rostaquo under the 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 Agreements are 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 licenses to use and exploit the Background Patents and/or Background Know-How in respect of the Products, and with this respect, on 24 May 2012, CVie Therapeutics, a wholly-owned subsidiary of the Company, entered into (i) the Istaroxime Licensing Agreement with Sigma-Tau; (ii) the Rostaquo Licensing Agreement with Rostaquo; and (iii) the Sigma-Tau Licensing Agreement with Sigma-Tau.

PRINCIPAL TERMS OF THE ISTAROXIME LICENSING AGREEMENT

Date

24 May 2012

The Parties

(1) Sigma-Tau, as licensor; and

(2) CVie Therapeutics, as licensee.

Subject matter

Sigma-Tau has agreed to grant exclusive license to CVie Therapeutics to use and exploit the Background Patents and Background Know-How in respect of the Istaroxime Products and the SERCA2a Products in the Territory (if the Istaroxime Option is not exercised) and in the Extended Territory (if the Istaroxime Option is exercised). 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 Istaroxime Products and the SERCA2a Products.

CVie Therapeutics can, at its own discretion, exercise the Istaroxime Option, to extend the coverage of the Territory to the Extended Territory under the Istaroxime Licensing Agreement, and such option shall be exercised by 31 December 2013.

The consideration for the exercise of the Istaroxime Option comprises of the following:

(i) Option Exercise Payment of US$1,000,000 (equivalent to approximately HK$7,800,000), which shall be paid within 60 days after the exercise of the Istaroxime Option;

(ii) Option Milestone Payment of US$1,000,000 (equivalent to approximately HK$7,800,000) which shall be paid upon obtaining the first Marketing Authorization of the Istaroxime Products either in the USA or in the EU.

Term

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

Conditions precedent

The Istaroxime 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 Istaroxime Licensing Agreement;

(b) the obtaining of all necessary approval(s) from the shareholders of CVie Therapeutics 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 Istaroxime Licensing Agreement (including the Istaroxime Annual Cap); and

(c) the compliance by CVie Therapeutics and the Company with all applicable securities laws, rules and regulations (including the Listing Rules) relating to the transactions contemplated under the Istaroxime Licensing Agreement.

Consideration

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

(i) License Milestone Payments: a non-refundable sum of US$500,000 (equivalent to approximately HK$3,900,000) shall be paid within 60 days after the approval from the SFDA of the first Marketing Authorization for the Istaroxime Products is obtained; and

(ii) Royalties:

(a) a royalty of 1.5% to 12% on the net sales of the Istaroxime Products and SERCA2a Products, which shall be paid annually on a country-by-country basis and product-by-product basis. The royalties for the Istaroxime Products shall be paid for a period of 10 years (if such products do not involve Background Patents) or the life of the relevant Background Patents (if such products involve Background Patents). The royalties for the SERCA2a Products shall be paid for a period of 12 years (if such products do not involve Background Patents of SERCA2a Compounds) or the life of the relevant Background Patents (if such products involve Background Patents of SERCA2a Compounds); and

(b) if the license rights to use and exploit the Background Patents and Background Know-How is sublicensed by CVie Therapeutics, a royalty of 3.75% to 30% (50% under given circumstances) of any and all royalties and other payments actually collected by CVie Therapeutics and its Affiliates from the sublicensees, which shall be paid annually to Sigma-Tau.

CVie Therapeutics 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 Istaroxime Products and/or SERCA2a Products by any third party or parties without a direct or indirect agreement with CVie Therapeutics, its Affiliates or their sub-licensees or distributors enter the market for the Istaroxime Products and/or the SERCA2a 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 Istaroxime Products and/or SERCA2a Products inadvisable or inexpedient or impracticable;

(c) depletion of the Istaroxime Products and/or SERCA2a Products as a result of the commercialization of new products which is similar to the Istaroxime Products/SERCA2a Products (as the case may be); or

(d) any reduction in reimbursement price on the Istaroxime Products and/or SERCA2a Products as imposed by the relevant governmental authorities in any country of the Territory (if the Istaroxime Option is not exercised) or the Extended Territory (if the Istaroxime Option is exercised) equal to or over 20%.

Duties of CVie Therapeutics

Under the Istaroxime Licensing Agreement, CVie Therapeutics shall, at its sole cost, be responsible for:

(i) conducting clinical and other trials necessary or advisable to register and commercialize the Istaroxime Products and the SERCA2a Products in the Territory (if the Istaroxime Option is not exercised) or the Extended Territory (if the Istaroxime Option is exercised). For this purpose, CVie have the right, at its sole option, to purchase stock of Istaroxime and/or SERCA2a Compounds and/or the experimental products kept by Sigma-Tau at the basis of cost plus 10% mark-up on cost, or to manufacture itself;

(ii) filing the application for obtaining the authorizations issued by the relevant agency in the Territory (if the Istaroxime Option is not exercised) or the Extended Territory (if the Istaroxime Option is exercised) which are necessary for the marketing, use, distribution and sale of the Istaroxime Products and the SERCA2a Products; and

(iii) manufacturing, promoting, marketing, using and distributing the Istaroxime Products and the SERCA2a Products in the Territory (if the Istaroxime Option is not exercised) or the Extended Territory (if the Istaroxime Option is exercised).

Manufacturing of the Product

CVie Therapeutics shall manufacture the Istaroxime Products and/or the SERCA2a Products directly or through its Affiliates or other third parties, and such 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, CVie Therapeutics may at its option decide whether to take such actions, and in such events, CVie Therapeutics 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 (if the Istaroxime Option is not exercised) and in the Extended Territory (if the Istaroxime Option is exercised). Where Sigma-Tau refuses or fails to do so, CVie Therapeutics 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 Istaroxime Licensing Agreement may be terminated in the following circumstances:–

(a) either party shall be in breach of any material obligation under the Istaroxime 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 CVie Therapeutics and the successor company does not undertake to comply with any and all terms and conditions of the Istaroxime Licensing Agreement.

Entitlement on the Background Patents and the Background Know-How in respect of the Istaroxime Products and the SERCA2a Products

If the Istaroxime Initial Term and the Istaroxime Extended Term cover the entire Relevant Period, CVie Therapeutics 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 Istaroxime Products and the SERCA2a Products in the Territory (if the Istaroxime Option is not exercised) or the Extended Territory (if the Istaroxime Option is exercised).

If the Istaroxime Licensing Agreement is terminated before the expiration of the Istaroxime Initial Term and the Istaroxime Extended Term as a result of Sigma-Tau's breach of any material obligation under the Istaroxime Licensing Agreement or Sigma-Tau's insolvency events trigged for termination as set out under the Istaroxime Licensing Agreement, CVie Therapeutics shall, upon the termination of the Istaroxime Licensing Agreement, have the rights (i) to seek for compensation, damages or other remedies available against Sigma-Tau; or (ii) to 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 Istaroxime Products and the SERCA2a Products in the Territory (if the Istaroxime Option is not exercised) or the Extended Territory (if the Istaroxime Option is exercised).

If the Istaroxime Licensing Agreement is terminated before the expiration of the Istaroxime Initial Term and the Istaroxime Extended Term as a result of factors other than Sigma-Tau's breach of any material obligation under the Istaroxime Licensing Agreement or Sigma-Tau's insolvency events triggered for termination as set out under the Istaroxime Licensing Agreement, CVie Therapeutics shall, upon the termination of the Istaroxime Licensing Agreement, 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 Istaroxime Products and the SERCA2a Products, and cease to carry on any business connected with Istaroxime, SERCA2a Compounds, the Istaroxime Products and/or the SERCA2a Products.

Entitlement on the Foreground Patents and Foreground Know-How in respect of the Istaroxime Products and the SERCA2a Products

Sigma-Tau and CVie Therapeutics may further develop the Foreground Patents and/or the Foreground Know-How during the Istaroxime Initial Term and the Istaroxime Extended Term, and any party who develops, creates or makes such Foreground Patents and/or the Foreground Know-How, such party shall own such Foreground Patents and/or the Foreground Know-How. Where any Foreground Patents and/or the Foreground Know-How is developed, created or made jointly, both Sigma-Tau and CVie Therapeutics shall own such Foreground Patents and/or the 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 Patents and/or the Foreground Know-How in accordance with the terms of the Istaroxime Licensing Agreement, which license shall continue until the Istaroxime Licensing Agreement expires or is terminated.

If the Istaroxime Initial Term and the Istaroxime Extended Term cover the entire Relevant Period, CVie Therapeutics shall, upon the expiration of the Relevant Period, have the right to use free of charge all the Foreground Patents and the Foreground Know-How in respect of the Istaroxime Products and the SERCA2a Products owned or controlled by Sigma-Tau.

Upon the expiration of the Istaroxime Initial Term and the Istaroxime Extended Term, Sigma-Tau shall have the right to use free of charge all the Foreground Patents and the Foreground Know-How in respect of the Istaroxime Products and the SERCA2a Products owned or controlled by CVie Therapeutics.

If the Istaroxime Licensing Agreement is terminated before the expiration of the Istaroxime Initial Term and the Istaroxime Extended Term as a result of Sigma-Tau's breach of any material obligation under the Istaroxime Licensing Agreement or Sigma-Tau's insolvency events triggered for termination as set out under the Istaroxime Licensing Agreement, CVie Therapeutics shall, upon the termination of the Istaroxime Licensing Agreement, have the right to use free of charge all the Foreground Patents and the Foreground Know-How in respect of the Istaroxime Products and the SERCA2a Products owned or controlled by Sigma-Tau.

Upon the early termination of the Istaroxime Initial Term and the Istaroxime Extended Term as a result of the factors other than Sigma-Tau's breach of any material obligation under the Istaroxime Licensing Agreement or Sigma-Tau's insolvency events trigged for termination as set out under the Istaroxime Licensing Agreement, Sigma-Tau shall, with respect to countries of the Territory (if the Istaroxime Option is not exercised) and for countries of the Extended Territory where it retains semi-exclusive rights (if the Istaroxime Option is exercised), have the right to use free of charge all the Foreground Patents and the Foreground Know-How in respect of the Istaroxime Products and the SERCA2a Products owned or controlled by CVie Therapeutics.

Warranties

In consideration of the entering into the Istaroxime Licensing Agreement by CVie Therapeutics, 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 Istaroxime Products and the SERCA2a Products.

Annual Cap for the Istaroxime 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 Istaroxime Licensing Agreement. The following table sets out the Annual Cap for the Istaroxime Licensing Agreement for the years ending 31 December 2015:

	2012 *(HK$)*	**2013** *(HK$)*	**2014** *(HK$)*	**2015** *(HK$)*
Purchase of Istaroxime stock and/or SERCA2a Compounds and/or the experimental products	HK$1,560,000	–	–	–
Annual Cap	HK$1,560,000	–	–	–

The Istaroxime Annual Caps for the years 2012, 2013, 2014 and 2015 are determined by reference to the development plan of the Istaroxime Products and the SERCA2a Products and the consideration payable under the Istaroxime Licensing Agreement for the years ending 31 December 2015. The Marketing Authorization for the Istaroxime Products is not expected to be obtained during the initial term of 3 years. Thus, no License Milestone Payments and Royalties is payable during the Istaroxime Initial Term.

PRINCIPAL TERMS OF THE ROSTAQUO LICENSING AGREEMENT

Date

24 May 2012

The Parties

(1) Rostaquo, as licensor; and

(2) CVie Therapeutics, as licensee.

Subject matter

Rostaquo has agreed to grant exclusive license to CVie Therapeutics to use and exploit the Background Patents and Background Know-How in respect of the Rostafuroxin Products in the Territory (if the Rostaquo Rostafuroxin Option is not exercised) and in the Extended Territory (if the Rostaquo Rostafuroxin Option is exercised) which are owned, licensed to or controlled by Rostaquo. 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 Rostafuroxin Products.

CVie Therapeutics can, at its own discretion, exercise the Rostaquo Rostafuroxin Option, to extend the coverage of the Territory to the Extended Territory under the Rostaquo Licensing Agreement, and such option shall be exercised by 31 December 2013.

The consideration for the exercise of the Rostaquo Rostafuroxin Option comprises of the following:

(i) Option Exercise Payment of US$1,000,000 (equivalent to approximately HK$7,800,000), which shall be paid within 60 days after the exercise of the Rostaquo Rostafuroxin Option;

(ii) Option Milestone Payments of US$1,000,000 (equivalent to approximately HK$7,800,000), which shall be paid upon obtaining the first Marketing Authorization of the Rostafuroxin Products either in the USA or in the EU.

Term

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

Conditions precedent

The Rostaquo Licensing Agreement is subject to the same conditions precedent for the Istaroxime Licensing Agreement and references to Istaroxime Licensing Agreement shall be to Rostafuroxin Licensing Agreement.

Consideration

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

(i) License Milestone Payments: (a) a non-refundable sum of US$150,000 (equivalent to approximately HK$1,170,000) shall be paid when an official authorization to initiation of phase III clinical study on the Rostafuroxin Products by the SFDA is granted, and (b) a non-refundable sum of US$500,000 shall be paid when the approval from the SFDA of a first Marketing Authorization is obtained; and

(ii) Royalties:

  (a) a royalty of 8% on the net sales of the Rostafuroxin Products, which shall be paid annually on a country-by-country basis and product-by-product basis for a period of 10 years (if such products do not involve Background Patents) or the life of the relevant Background Patents (if such products involve Background Patents);

  (b) if the license rights to use and exploit the Background Patents and Background Know-How is sublicensed by CVie Therapeutics, a royalty of 20% of any and all royalties and other payments actually collected by CVie Therapeutics and its Affiliates from sublicensees and/or distributors, which shall be paid annually to Rostaquo.

The Rostaquo Licensing Agreement is subject to the same Re-negotiation Events for the Istaroxime Licensing Agreement and references to Istaroxime shall be to Rostafuroxin.

Duties of CVie Therapeutics

Under the Rostaquo Licensing Agreement, CVie Therapeutics shall, at its sole cost, be responsible for:

(i) conducting clinical and other trials necessary or advisable to register and commercialize the Rostafuroxin Products in the Territory (if the Rostaquo Rostafuroxin Option is not exercised) and the Extended Territory (if the Rostaquo Rostafuroxin Option is exercised);

(ii) filing the application for obtaining the authorizations issued by the relevant agency in the Territory (if the Rostaquo Rostafuroxin Option is not exercised) and the Extended Territory (if the Rostaquo Rostafuroxin Option is exercised) which are necessary for the marketing, use, distribution and sale of the Rostafuroxin Products; and

(iii) manufacturing, promoting, marketing, using and distributing the Rostafuroxin Products in the Territory (if the Rostaquo Rostafuroxin Option is not exercised) and in the Extended Territory (if the Rostaquo Rostafuroxin Option is exercised).

Manufacturing of the Product

CVie Therapeutics shall manufacture the Rostafuroxin Products directly or through its Affiliates or other third parties, and such Products shall meet, among other requirements, the specifications as approved by the regulatory authorities.

Protection and further Registration

Rostaquo shall be responsible for the prosecution and maintenance of the Background Patents at its own expense. Where Rostaquo refuses or fails to take such actions, CVie Therapeutics may (i) invite Rostaquo 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 Rostaquo to pay for the expenses.

Rostaquo shall, at its own costs, obtain further registration or protection of the Background Patents in the Territory (if the Rostaquo Rostafuroxin Option is not exercised) and in the Extended Territory (if the Rostaquo Rostafuroxin Option is exercised). Where Rostaquo refuses or fails to do so, CVie Therapeutics may file and register such Background Patents in the name of Rostaquo and shall be entitled to deduct up to 100% of such expenses from the royalty due to Rostaquo.

Termination

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

(a) either party shall be in breach of any material obligation under the Rostaquo 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;

(c) a Change in Control at CVie Therapeutics and the successor company does not undertake to comply with any and all terms and conditions of the Rostaquo Licensing Agreement; or

(d) the termination of the Sigma-Tau Licensing Agreement.

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

The Rostaquo Licensing Agreement is subject to the same Background Patents and Background Know-How entitlement rights under the Istaroxime Licensing Agreement, references to Istaroxime/SERCA2a shall be to Rostafuroxin and references to Sigma-Tau shall be to Rostaquo.

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

The Rostaquo Licensing Agreement is subject to the same Foreground Patents and Foreground Know-How entitlement rights under the Istaroxime Licensing Agreement, references to Istaroxime/SERCA2a shall be to Rostafuroxin and references to Sigma-Tau shall be to Rostaquo.

Warranties

In consideration of the entering into the Rostaquo Licensing Agreement by CVie Therapeutics, Rostaquo 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 Rostafuroxin Products.

Annual Cap for the Rostaquo 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 Rostaquo Licensing Agreement. The following table sets out the Annual Cap for the Rostaquo Licensing Agreement for the years ending 31 December 2015:

	2012 *(HK$)*	**2013** *(HK$)*	**2014** *(HK$)*	**2015** *(HK$)*
License Milestone Payments	–	US$150,000	–	–
Total Annual Cap	–	US$150,000 (equivalent to approximately HK$1,170,000)	–	–

The Rostaquo Rostafuroxin Annual Caps for the years 2012, 2013, 2014 and 2015 are determined by reference to the development plan of the Rostafuroxin Products and the consideration payable under the Rostaquo Licensing Agreement for the years ending 31 December 2015. The Marketing Authorization for Rostafuroxin Products is not expected to be obtained during the initial term of 3 years. Thus, no License Milestone Payments and Royalties is payable during the Rostaquo Rostafuroxin Initial Term.

SIGMA-TAU LICENSING AGREEMENT

Date

24 May 2012

The Parties

(1) Sigma-Tau, as licensor; and

(2) CVie Therapeutics, as licensee.

Subject matter

In addition to the Background Patents and the Background Know-How in respect of the Rostafuroxin Products which are owned, licensed to or controlled by Rostaquo, certain Background Patents in respect of the Rostafuroxin Products are owned by or registered in the name of Sigma-Tau. In this respect, Sigma-Tau has agreed to grant exclusive license to CVie Therapeutics to use and exploit the Background Patents in respect of the Rostafuroxin Products in the Territory (if the Sigma-Tau Rostafuroxin Option is not exercised) and in the Extended Territory (if the Sigma-Tau Rostafuroxin Option is exercised) which are owned, licensed to or controlled by Sigma-Tau. 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 Rostafuroxin Products.

CVie Therapeutics can, at its own discretion, exercise the Sigma-Tau Rostafuroxin Option, to extend the coverage of the Territory to the Extended Territory under the Sigma-Tau Licensing Agreement, and such option shall be exercised by 31 December 2013.

No consideration is required to be paid for the exercise of the Sigma-Tau Rostafuroxin Option.

Term

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

Conditions precedent

The Sigma-Tau Licensing Agreement is subject to the same conditions precedent for the Istaroxime Licensing Agreement and references to Istaroxime Licensing Agreement shall be to Sigma-Tau Licensing Agreement.

Consideration

The consideration to be paid by CVie Therapeutics comprises of Royalties only. No License Milestone Payment and no initial upfront payment is payable upon the grant of the license when the Sigma-Tau Licensing Agreement is entered into. The details of the Royalties payable in respect of the Sigma-Tau Licensing Agreement are as follows:

(i) a royalty of 4% on the net sales of the Rostafuroxin Products, which shall be paid annually on a country-by-country basis and product-by-product basis for a period of 10 years (if such products do not involve Background Patents) or the life of the relevant Background Patents (if such products involve Background Patents); and

(ii) if the license rights to use and exploit the Background Patents is sublicensed by CVie Therapeutics, a royalty of 10% of any and all royalties and other payments actually collected by CVie Therapeutics and its Affiliates from sublicensees and/or distributors, which shall be paid annually to Sigma-Tau.

The Sigma-Tau Licensing Agreement is subject to the same Re-negotiation Events as set out in the Istaroxime Licensing Agreement and references to Istaroxime shall be to Rostafuroxin.

Duties of CVie Therapeutics

Under the Sigma-Tau Licensing Agreement, CVie Therapeutics shall, at its sole cost, be responsible for:

(i) conducting clinical and other trials necessary or advisable to register and commercialize the Rostafuroxin Products in the Territory (if the Sigma-Tau Rostafuroxin Option is not exercised) and the Extended Territory (if the Sigma-Tau Rostafuroxin Option is exercised)). For this purpose, CVie have the right, at its sole option, to purchase stock of Rostafuroxin and/or the experimental products kept by Sigma-Tau at the basis of cost plus 10% mark-up on cost, or to manufacture itself;

(ii) filing the application for obtaining the authorizations issued by the relevant agency in the Territory (if the Sigma-Tau Rostafuroxin Option is not exercised) and in the Extended Territory (if the Sigma-Tau Rostafuroxin Option is exercised) which are necessary for the marketing, use, distribution and sale of the Rostafuroxin Products; and

(iii) manufacturing, promoting, marketing, using and distributing the Rostafuroxin Products in the Territory (if the Sigma-Tau Rostafuroxin Option is not exercised) or the Extended Territory (if the Sigma-Tau Rostafuroxin Option is exercised).

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, CVie Therapeutics may (i) invite Sigma-Tau to contribute to the expenses incurred in taking such actions and share the compensation recovered (as 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 (if the Sigma-Tau Rostafuroxin Option is not exercised) and in the Extended Territory (if the Sigma-Tau Rostafuroxin Option is exercised). Where Sigma-Tau refuses or fails to do so, CVie Therapeutics 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 Sigma-Tau Licensing Agreement may be terminated in the following circumstances:–

(a) either party shall be in breach of any material obligation under the Sigma-Tau 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;

(c) a Change in Control at CVie Therapeutics and the successor company does not undertake to comply with any and all terms and conditions of the Sigma-Tau Licensing Agreement; or

(d) the termination of the Rostaquo Licensing Agreement.

Entitlement on the Background Patents in respect of the Rostafuroxin Products

The Rostaquo Licensing Agreement is subject to the same Background Patents entitlement rights under the Istaroxime Licensing Agreement and references to Istaroxime/SERCA2a shall be to Rostafuroxin.

Entitlement on the Foreground Patents in respect of the Rostafuroxin Products

The Rostaquo Licensing Agreement is subject to the same Foreground Patents entitlement rights under the Istaroxime Licensing Agreement and references to Istaroxime/SERCA2a shall be to Rostafuroxin.

Warranties

In consideration of the entering into the Sigma-Tau Licensing Agreement by CVie Therapeutics, Sigma-Tau provides a number of customary warranties on the ownership and other related matters of the Background Patents in respect of the Rostafuroxin Products.

Annual Cap for the Sigma-Tau 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 Continuing Connected Transactions. The following table sets out the Annual Cap for the Sigma-Tau Licensing Agreement for the years ending 31 December 2015:

	2012 *(HK$)*	**2013** *(HK$)*	**2014** *(HK$)*	**2015** *(HK$)*
Purchase of Rostafuroxin stock and/or the experimental products	HK$1,560,000	–	–	–
Annual Cap	HK$1,560,000	–	–	–

The Sigma-Tau Rostafuroxin Annual Caps for the years 2012, 2013, 2014 and 2015 are determined by reference to the development plan of the Rostafuroxin Products and the consideration payable under the Sigma-Tau Licensing Agreement for the years ending 31 December 2015. The Rostafuroxin Products are not expected to be launched for commercial sales during the initial term of 3 years and thus, no royalty is payable during the Sigma-Tau Initial Term.

INFORMATION OF CVIE THERAPEUTICS

CVie Therapeutics, a company incorporated with limited liability in the Cayman Islands on 5 April 2012 and a wholly-owned subsidiary of the Company, is an investment holding company. Since the date of its incorporation to the date of this announcement, CVie Therapeutics has not conducted any business and the unaudited book value of CVie Therapeutics is net assets of US$1.

INFORMATION OF SIGMA-TAU AND ROSTAQUO

Sigma-Tau and Rostaquo are companies incorporated and existing under the laws of Italy. Both of Sigma-Tau and Rostaquo are 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 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 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 AGREEMENTS

The Group is in the course of expanding its business diversity in the manufacture and sales of pharmaceutical products. 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 Products and from exploiting the patents and/or know-how in respect of the Products. The manufacture and sales of advanced products such as the Products in the Territory and possibly the Extended Territory would further boost the image of the Group. In addition, the Directors have considered the generally positive feedback for the Products in the medical industry and the prospective marketability of each of the Products in the Territory and the Extended Territory. The Licensing Agreement(s) are entered into by CVie Therapeutics after arm's length negotiation with Rostaquo and Sigma-Tau.

The Directors (including the independent non-executive Directors) considered that each of the Licensing Agreements, which has been entered into after arm's length negotiation with Rostaquo and 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.

BASIS OF THE CONSIDERATION

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

AGGREGATION ON THE ANNUAL CAPS

In view that the both of Sigma-Tau and Rostaquo are all associates of STF, and that the Licensing Agreements are all entered into with them, both of which are associated with STF, the Annual Caps for the Licensing Agreement may be aggregated under rule 14A.25 of the Listing Rules. The following tables set out the aggregated Annual Caps for the Licensing Agreement for the years ending 31 December 2015:

	2012 *(HK$)*	**2013** *(HK$)*	**2014** *(HK$)*	**2015** *(HK$)*
Istaroxime Licensing Agreement	HK$1,560,000	–	–	–
Rostaquo Licensing Agreement	–	US$150,000	–	–
Sigma-Tau Licensing Agreement	HK$1,560,000	–	–	–
Total aggregated Annual Caps	HK$3,120,000	US$150,000 (equivalent to approximately HK$1,170,000)	–	–

LISTING RULES IMPLICATIONS

Sigma-Tau and Rostaquo are both wholly-owned subsidiaries of STF, which ultimately owns 100% equity interest in Defiante, a Substantial Shareholder of the Company holding 28.15% of the Company's shareholding as at the date hereof. Sigma-Tau and Rostaquo are associates 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 Products under the Licensing Agreements calculated on an annual basis by reference to the estimated aggregate annual amount payable to Sigma-Tau and Rostaquo under the 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 representative of STF, none of the Directors have material interest in the transactions as contemplated under the Licensing Agreements. Mr. Mauro Bove is required to abstain, or has abstained, from voting on the board resolution for approving the Licensing Agreements and the transactions as contemplated thereunder.

DEFINITIONS

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

"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 respective Licensing Agreements; (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 respective Licensing Agreements; (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 respective Licensing Agreements
"Annual Caps"	Istaroxime Annual Cap, Rostaquo Rostafuroxin Annual Cap and Sigma-Tau Rostafuroxin Annual Cap collectively

"Background 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), which is secret but non-patented and is available to the licensor as at the date of entering into the relevant Licensing Agreements
"Background Patents"	patents and patent applications owned, licensed to or controlled by the relevant licensors as at the date of entering into the relevant 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"	the board of Directors
"Change in Control"	with respect to CVie Therapeutics: (a) 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; (b) 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 wholly-owned 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 28.15% of the Company's shareholding as at the date hereof
"Director(s)"	director(s) of the Company
"EU"	European Union
"Extended Territory"	all countries of the world
"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) which is conceived and/or reduced to practice during the term of the respective Licensing Agreements, which is secret and non-patented
"Foreground Patents"	any patent or patent application conceived and/or reduced to practice during the terms of the respective Licensing Agreements together with any supplementary production certificate and any and all continuations, continuations-in-part or divisions thereof
"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
"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 Annual Cap"	the maximum aggregate annual value payable to Sigma-Tau for the obtaining of the licenses to use and exploit the Patents and/or Know-How in respect of the Istaroxime Products and the SERCA2a Products pursuant to the Istaroxime Licensing Agreement

"Istaroxime Extended Term"	the extended term of additional three years for the Istaroxime Licensing Agreement on the same terms and conditions without the need to sign any renewal agreement upon the exercise of the Istaroxime Renewal Option, which shall be exercised by CVie Therapeutics upon the expiry of the Istaroxime Initial term or the extended term (as the case may be)
"Istaroxime Initial Term"	the initial term of the Istaroxime Licensing Agreement, which shall be 3 years commencing from the date when all the conditions precedent as set out in the Istaroxime Licensing Agreement are fulfilled
"Istaroxime Licensing Agreement"	the licensing agreement entered into between CVie Therapeutics and Sigma-Tau on 24 May 2012, pursuant to which, Sigma-Tau has agreed to grant exclusive license to CVie Therapeutics to use and exploit the Background Patents and Background Know-How in respect of the Istaroxime Products and the SERCA2a Products in the Territory (if the Istaroxime Option is not exercised) and in the Extended Territory (if the Istaroxime Option is exercised)
"Istaroxime Option"	the option granted to CVie Therapeutics under the Istaroxime Licensing Agreement, which shall be exercisable by CVie Therapeutics at its sole discretion, to extend the coverage of the Territory to the Extended Territory
"Istaroxime Products"	all formulations of pharmaceutical products containing Istaroxime as one of the active ingredient
"Istaroxime Renewal Options"	the renewal option(s) granted to CVie Therapeutics under the Istaroxime Licensing Agreement, which shall be exercisable by CVie Therapeutics at its sole discretion, to renew the Istaroxime Licensing Agreement for another Istaroxime Extended Term on the same terms and conditions without the need to sign any renewal agreement
"Licensing"	the grant of exclusive licenses to CVie Therapeutics to use and exploit the patents and/or know-how in respect of the respective type of the Products as contemplated under the Licensing Agreements

"Licensing Agreements"	the Istaroxime Licensing Agreement, the Rostaquo Rostafuroxin Licensing Agreement and the Sigma-Tau Rostafuroxin Licensing Agreement collectively
"License Milestone Payment"	the non-refundable milestone payment(s) payable under each of the Licensing Agreement when certain milestone(s) are achieved within the prescribed period
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Marketing Authorization"	the marketing authorization issued by any regulatory authorities for the marketing, use, distribution and sale of the relevant Products (as the case may be) in the Territory or the Extended Territory
"Option Exercise Payment"	the non-refundable payment payable upon the exercise of the Istaroxime Option (in the case of the Istaroxime Licensing Agreement); the exercise of the Rostaquo Rostafuroxin Option (in the case of the Rostaquo Licensing Agreement); and the exercise of the Sigma-Tau Rostafuroxin Option (in the case of the Sigma-Tau Licensing Agreement)
"Option Milestone Payments"	the non-refundable milestone payment(s) payable under the Istaroxime Licensing Agreement (in case of the exercise of the Istaroxime Option); the Rostaquo Licensing Agreement (in case of the exercise of the Rostaquo Rostafuroxin Option); and the Sigma-Tau Licensing Agreement (in case of the exercise of the Sigma-Tau Rostafuroxin Option) when certain milestone(s) as stated in each of such licensing agreements are achieved within the prescribe period after the exercise of the Istaroxime Option, the Rostaquo Rostafuroxin Option and the Sigma-Tau Rostafuroxin Option (as the case may be)
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Products"	the Istaroxime Products, the SERCA2a Products and the Rostafuroxin Products collectively

"Relevant Period"	on a country-by-country basis and on a product-by-product basis, the period starting from the date the relevant Licensing Agreements take effect and ending: (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 relevant Products.
"Re-negotiation Events"	the relevant events which trigger the parties to each of the relevant Licensing Agreements for further negotiate on a reduction of the rates of Royalties
"Rostafuroxin"	the active pharmaceutical ingredient having the CAS Number: 156722-18-8, the chemical name: 21,23-Epoxy-24-nor-14β,5β-chola- 20,22-dien-3β,14,17α-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-CyclopentaAPhenanthrene-3,14,17-Triol or 24-Norchola-20,22-diene-3,14,17-triol, 21,23-epoxy-, (3β,5β,14β)
"Rostafuroxin Products"	the products containing Rostafuroxin for cardiovascular indications
"Rostaquo"	ROSTAQUO S.p.A., a company incorporated and existing pursuant to the laws of Italy
"Rostaquo Licensing Agreement"	the licensing agreement entered into between CVie Therapeutics and Rostaquo on 24 May 2012, pursuant to which, Rostaquo has agreed to grant exclusive license to CVie Therapeutics to use and exploit the Background Patents and Background Know-How in respect of the Rostafuroxin Products in the Territory (if the Rostaquo Rostafuroxin Option is not exercised) or in the Extended Territory (if the Rostaquo Rostafuroxin Option is exercised)

"Rostaquo Rostafuroxin Annual Cap"	the maximum aggregate annual value payable to Sigma-Tau for the obtaining of the licenses to use and exploit the Patents and Know-How in respect of the Rostafuroxin Products pursuant to the Rostafuroxin Licensing Agreement
"Rostaquo Rostafuroxin Extended Term"	the extended term of additional three years for the Rostaquo Licensing Agreement on the same terms and conditions without the need to sign any renewal agreement upon the exercise of the Rostaquo Rostafuroxin Renewal Options, which shall be exercised by CVie Therapeutics upon the expiry of the Rostaquo Rostafuroxin Initial term or the extended term (as the case may be)
"Rostaquo Rostafuroxin Initial Term"	the initial term of the Rostaquo Licensing Agreement, which shall be 3 years commencing from the date when all the conditions precedent as set out in the Rostafuroxin Licensing Agreement are fulfilled
"Rostaquo Rostafuroxin Option"	the option granted to CVie Therapeutics under the Rostaquo Licensing Agreement, which shall be exercisable by CVie Therapeutics at its sole discretion, to extend the coverage of the Territory to the Extended Territory
"Rostaquo Rostafuroxin Renewal Options"	the renewal option(s) granted to CVie Therapeutics under the Rostaquo Licensing Agreement, which shall be exercisable by CVie Therapeutics at its sole discretion, to renew the Rostaquo Licensing Agreement for another Rostaquo Rostafuroxin Extended Term on the same terms and conditions without the need to sign any renewal agreement
"Royalties"	royalties payable under each of the Licensing Agreement
"SERCA2a Compounds"	Small molecule sarcoplasmic reticulum Ca(2+) ATPase, isoform 2a (SERCA2a) modulators, including without limitation those falling within the scope of the Background Patents and any other compounds and/or products contemplated under Sigma-Tau and its Affiliates research and development and/or commercialization programs existing as of the effective date of the Istaroxime Licensing Agreement

"SERCA2a Products"	the pharmaceutical products containing SERCA2a Compound as one of the active ingredient
"SFDA"	the 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
"Sigma-Tau Licensing Agreement"	the licensing agreement entered into between CVie Therapeutics and Sigma-Tau on 24 May 2012, pursuant to which, Sigma-Tau has agreed to grant exclusive license to CVie Therapeutics to use and exploit the Background Patents in respect of the Rostafuroxin Products in the Territory (if the Sigma-Tau Rostafuroxin Option is not exercised) or in the Extended Territory (if the Sigma-Tau Rostafuroxin Option is exercised)
"Sigma-Tau Rostafuroxin Annual Cap"	The maximum aggregate annual value in respect of the Sigma-Tau Licensing Agreement
"Sigma-Tau Rostafuroxin Extended Term"	the extended term of additional three years for the Sigma-Tau Licensing Agreement on the same terms and conditions without the need to sign any renewal agreement upon the exercise of the Sigma-Tau Rostafuroxin Renewal Options, which shall be exercised by CVie Therapeutics upon the expiry of the Sigma-Tau Rostafuroxin Initial term or the extended term (as the case may be)
"Sigma-Tau Rostafuroxin Initial Term"	the initial term of the Sigma-Tau Licensing Agreement, which shall be 3 years commencing from the date when all the conditions precedent as set out in the Sigma-Tau Licensing Agreement are fulfilled
"Sigma-Tau Rostafuroxin Option"	the option granted to CVie Therapeutics under the Sigma-Tau Licensing Agreement, which shall be exercisable by CVie Therapeutics at its sole discretion, to extend the coverage of the Territory to the Extended Territory

"Sigma-Tau Rostafuroxin Renewal Options"	the renewal option(s) granted to CVie Therapeutics under the Sigma-Tau Licensing Agreement, which shall be exercisable by CVie Therapeutics at its sole discretion, to renew the Sigma-Tau Licensing Agreement for another Sigma-Tau Rostafuroxin Extended Term on the same terms and conditions without the need to sign any renewal agreement
"STF"	Sigma-Tau Finanziaria S.p.A., a company incorporated and existing pursuant to 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"	The 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, 24 May 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.