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

**李氏大藥廠控股有限公司\***

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

**(Stock Code: 950)**

### **PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND PROPOSED ADOPTION OF AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

#### **PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

The Board proposes to adopt the New Share Option Scheme in accordance with Chapter 17 of the Listing Rules. The purpose of the Scheme is to recognise and acknowledge the contribution of the Eligible Persons made or may have made to the Group. The New Share Option Scheme is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options under the New Share Option Scheme; and (ii) the passing of an ordinary resolution by the Shareholders.

#### **PROPOSED ADOPTION OF AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, listed issuers to adopt the "Core Standards" for shareholder protections as provided in the amended Appendix 3 to the Listing Rules. The Board proposes to take this opportunity to update the memorandum and articles of association of the Company with regards to the updates in Listing Rules and the applicable laws, to allow general meetings of the Company to be held as a physical meeting, hybrid meeting or an electronic meeting, and to incorporate certain housekeeping amendments. The adoption of the Amended and Restated M&A is subject to the approval of the Shareholders by way of a special resolution.

## **ANNUAL GENERAL MEETING**

At the upcoming annual general meeting of the Company, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the proposed adoption of the New Share Option Scheme and a special resolution will be proposed for the Shareholders to consider and, if thought fit, approve the proposed adoption of the Amended and Restated M&A.

A circular of the Company containing, among other things, (i) further details of the New Share Option Scheme; and (ii) further details of the Amended and Restated M&A, together with the notice of the annual general meeting will be despatched to the Shareholders in due course.

## **PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

The existing share option scheme, which was adopted by the Company pursuant to an ordinary resolution passed by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting held on 10 May 2012, will expire on 9 May 2022. The board (the “**Board**”) of directors (the “**Directors**”) of Lee’s Pharmaceutical Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) proposes to adopt the new share option scheme (the “**New Share Option Scheme**”) in accordance with Chapter 17 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to enable the Company to continue to grant share options to Eligible Persons (as defined below) as incentives and/or rewards for their contribution and support to the Group and/or to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The purpose of the Scheme is to recognise and acknowledge the contribution of the Eligible Persons made or may have made to the Group.

The New Share Option Scheme is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) to be issued pursuant to the exercise of options under the New Share Option Scheme; and (ii) the passing of an ordinary resolution by the Shareholders (a) to adopt the New Share Option Scheme; (b) to authorise the Board to grant the options thereunder; and (c) to allot, issue and deal with the Shares pursuant to the exercise of any options granted under the New Share Option Scheme. Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the New Share Option Scheme. The New Share Option Scheme will be effective upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of options in accordance with the terms of the New Share Option Scheme.

## **PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME**

A summary of principal terms of the New Share Option Scheme is set out below. Further details of the terms of the New Share Option Scheme will be set out in a circular to be despatched to the Shareholders on or before 21 April 2022.

### **Purpose**

The purpose of the New Share Option Scheme is to advance the interests of the Company and its Shareholders by providing to Eligible Persons a performance incentive for continued and improved service with the Group and by enhancing such persons' contribution to increase profits by encouraging capital accumulation and share ownership.

### **Eligible persons**

The Board may at its discretion invite the employees, staff, advisers and Directors, (the "**Eligible Persons**") to participate in the New Share Option Scheme. The Board will assess the Eligible Persons based on factors such as their working experience, industry knowledge and their past and/or expected contribution to the development and success of the Group.

### **Exercise price**

The exercise price for Shares under the New Share Option Scheme will be determined by the Board and notified to each grantee and will be no less than the highest of:

- (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of such option, which must be a business day; and
- (ii) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of such option (subject to adjustments),

or (where applicable) such price as from time to time adjusted pursuant to the New Share Option Scheme and subject to the requirements under Chapter 17 of the Listing Rules.

### **Maximum number of Shares that may be issued upon exercise of all options**

The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with terms of the New Share Option Scheme and any other share option scheme of the Group) to be granted under the New Share Option Scheme and any other option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the adoption date (the "**Scheme Mandate Limit**"), unless the Company obtains a fresh approval from its Shareholders. Options lapsed in accordance with the terms of the New Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The overall limit on the number of Shares, which may be issued upon exercise of all outstanding options, granted and yet to be exercised under the New Share Option Scheme and any other share option schemes 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 Shares in issue from time to time.

### **Maximum entitlement of each participant under the New Share Option Scheme**

The total number of the Shares issued and to be issued upon exercise of the options granted (including those granted (whether or not cancelled) under the New Share Option Scheme) and to be granted to any Eligible Persons (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant to such Eligible Person shall not exceed 1% of the issued Shares from time to time (the “**1 per cent. Limit**”). Any further grant of options in excess of this 1 per cent. Limit must be subject to (i) separate Shareholders’ approval with that Eligible Persons and his close associates (or his associates if the Eligible Person is a connected person) abstaining from voting and (ii) the issue of a circular.

### **Time of exercise of options**

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period as specified by the Board 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 New Share Option Scheme).

### **Duration**

As the New Share Option Scheme shall remain valid for a period of 10 years commencing on the adoption date (the “**Scheme Period**”), all options to be granted pursuant to the New Share Option Scheme must be granted within the Scheme Period but the provision of the New Share Option Scheme shall, subject to the provisions of the New 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.

## **PROPOSED ADOPTION OF AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, listed issuers to adopt the “Core Standards” for shareholder protections as provided in the amended Appendix 3 to the Listing Rules. The Board proposes to take this opportunity to update the memorandum and articles of association of the Company and adopt an amended and restated memorandum and articles of association of the Company (the “**Amended and Restated M&A**”) with regards to the updates in Listing Rules and the applicable laws, and to allow general meetings of the Company to be held as a physical meeting, hybrid meeting or an electronic meeting. At the upcoming annual general meeting of the Company, a special resolution will be proposed for the Shareholders to consider and, if thought fit, approve the proposed adoption of the Amended and Restated M&A incorporating amendments made for the purposes of, among others, (i) bringing the Amended and Restated M&A in line with amendments to Listing Rules and applicable laws of the Cayman Islands; (ii) to allow general meetings of the Company to be held as a physical meeting, hybrid meeting or an electronic meeting; and (iii) making certain minor housekeeping amendments for the purpose of clarifying existing practice and making consequential amendments in line with the proposed amendments in the Amended and Restated M&A.

Details of the New Share Option Scheme and the Amended and Restated M&A, together with the notice of the annual general meeting will be set out in the circular for the upcoming annual general meeting of the Company to be despatched to the Shareholders.

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

Hong Kong, 6 April 2022

*As at the date thereof, Ms. Lee Siu Fong (Chairman) and Ms. Leelalertsuphakun Wanee are executive Directors; Dr. Li Xiaoyi and Mr. James Charles Gale are non-executive Directors; Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl are independent non-executive Directors.*

\* *For identification purpose only*