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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

BUSINESS REVIEW

For the Group, 2010 is a groundbreaking year in many different fronts. The transfer of listing from Growth Enterprise Market to the Main Board of Hong Kong Stock Exchange marked the new beginning for the Group. In May 2010, for the first time, the Group was recognized as 2010 Best Small-Cap Company in China (Ranked 2nd) for its stellar performance by leading financial magazine, FinanceAsia. The selection is the result of annual poll made by FinanceAsia from more than 300 investors and analyst across the region. The breakthrough was also achieved not only in turnover and profit, but also in sales and marketing, manufacturing and research and development.

Turnover and Profit

The growth of turnover accelerated in the fourth quarter of 2010 with 27% increase over the third quarter which has been the best quarter to quarter sequential growth in Group's young history. As a result, the turnover for the year 2010 jumped 47% to HK\$255,810,000, whereas profit attributable to shareholders increased 25% to HK\$58,026,000. The increase in turnover was spearheaded by three existing drugs *Carnitene*[®], *Livaracine*[®] and *Slounase*[®] with sales better by 46.6%, 50.7% and 33.3% respectively for the year 2010. Other newer products also contributed to the fast growth with *Ferplex*[®] leading the way with a leap of 47% over last year and newly launched *Zanidip*[®], also making the mark with satisfactory progress in 2010. The growth in net profit lagged behind the growth in turnover in 2010 as the Group made substantial investment in building the direct sales force which resulted in a decrease in net profit margin. The Group considers that the short term drop in net profit is manageable and the investment in expanding the sales and marketing infrastructure is paramount to the future growth of the Group and will reap significant benefit in the long run.

* For identification purposes only

Manufacturing facility

In 2010, the Group had spent HK\$5 million in renovating and expanding its manufacturing facility in Hefei. The renovation was timely as China SFDA has introduced new GMP guidelines modeled after European Union's GMP requirements. Further investment is expected this year to ensure the facility hardware is fully in compliance with the new requirements. In addition, to cope with the increasing market demand, manufacturing capacity for the Group's key product *Livaracine*[®] has been tripled by installing a state-of-art lyophilizer. The Group plans to further upgrade its manufacturing capability and capacity by erecting new facility in Nansha, Guangzhou. The new facility will allow the Group to broaden its product offering to different dosage form such as oral solution and inhale formulation.

Drug development

The Group continued to deploy significant resources on drug development in order to speed up the launch of new products and maintain the growth in revenue and profit of the Group. Significant milestone for drugs development has been achieved.

Declotana[®], the first in class anti-platelet drug discovered and developed by the Group, has successfully completed the single dosing part of the ongoing phase I study and has since started the maintenance dosing phase. *Declotana*[®] so far has exhibited excellent safety profile and predicable anti-platelet activity in phase I study. It is expected that phase II study will be initiated in the second half of 2011. Progress had also been made in the Group's other proprietary anti-angiogenesis drug. Further to demonstration of efficacy in cancer animal model, it showed promising effect for treatment of Aged Related Macular Degeneration (ARMD) in preclinical study. The Group will carry on additional studies on this drug and move it toward clinical study in an expedite way. In total, the Group has over 10 proprietary development programs in different stages which will serve as catalyst to the future growth of the Group.

New submission for clinical approval was made to China SFDA in September for an in-house development product ZK006 for the treatment of liver fibrosis.

Approval also has been obtained during the year from China SFDA to initiate clinical study for the license-in product *Trittico*[®] (with active ingredient Trazodone Hydrochloride). The target indication for *Trittico*[®] is depression with or without anxiety, including sleep disorders in depressed patients. As general awareness of mental health continues to improve, the directors anticipate large unmet demand for the treatment of depression. This is the fifth clinical study approval obtained by the Group and again ascertains the Group's regulatory capability.

During 2010, the Group has initiated a new clinical study for *Yallaferon*[®] in treatment of cervicitis with HPV infection and its indications will be expanded if the intended clinical end point of the study is reached. A phase III study for *Carnitene*[®] on heart failure has also been kicked off during the period under review. The study is a randomized, multi-centers and placebo-controlled trial and its successful conclusion could further expand *Carnitene*[®]'s clinical application.

Primary endpoint and secondary endpoint had been met in the Group's Phase III clinical study of its in-licensed product *Dromos*[®] (Propionyl-L-Carnitine hydrochloride tablets "PLC"). It demonstrates that PLC is effective and safe in treatment of intermittent claudication. Application for Import Drug License will be submitted by end of March and product launch could be expected for 2012.

Imported Products registration

2010 was also a busy year for imported product registration in China. Throughout the year, the Group made 8 submission to China SFDA, ranging from application for Import Drug License to application for changing secondary packaging site.

After successful completion of the required studies, the Group has filed the application for Import Drug License for oral *Carnitene*[®] in December 2010. The anticipated approval will supplement to the current marketed injection formulation and boost the competitiveness of the Group's *Carnitene*[®] franchise.

Four submissions were made for clinical study approval for four different products, namely *Unidrox*[®], *Dropaxin*[®], *Zanipress*[®] and *Gliatilin*[®] in 2010. Those products target a wide range of areas with highly unmet medical needs and will broaden the Group's product reach.

In 2010, the Group has also applied to change the secondary packaging site of *Gaslon N*[®] to the Group's wholly owned subsidiary Zhaoke Pharmaceutical (Hefei) Co. Limited in Hefei and has since obtained the approval for that. The Group is now preparing to relaunch *Gaslon N*[®] in China in the second half of 2011.

International Partnerships

The incessant pursuit of "Growth Through Partnership" strategy had paid handsome dividend for the Group in 2010 during which three new partnerships were established, bring the total number of partner company to 18 for 20 products. Those three partnerships also illustrate the strategy of the Group to focus on key areas such as cardiovascular and to balance its product portfolio with market ready product and long term development program.

During the year, the Group entered into an exclusive agreement with Carbostent & Implantable Devices S.r.l. (CID) for the distribution of PTCA Balloon Catheters and Carbostent aimed at treating coronary artery disease in China. PTCA has been adopted as a major treatment strategy for patients with cardiovascular disease in China and the use of stent implementation has grown rapidly. CID's balloon has already been approved for marketing in China and the Group now is preparing for the launch of the product.

The Group also concluded an agreement with Untied Therapeutics, an US pharmaceutical company listed on the New York Stock Exchange, for marketing *Remodulin*® in China. The introduction of *Remodulin*® could fulfill significant unmet medical need for pulmonary hypertension patients in China. The registration of *Remodulin*® is underway and approval could be expected as early as next year.

The Group also executed a licensing agreement with US National Institute of Health (NIH) under which the Group has secured the right to develop a peptide drug for topical treatment of Psoriasis in the territories of China and certain southeast Asia countries. This is the second peptide that the Group has licensed from NIH, a premium medical research institute in US, for dermatological indications. The product is in early preclinical study and it displays the Group's devotion to long term development.

Sales and marketing

During the year, the Group had also achieved considerable progress in expanding its sales and marketing infrastructure in China. In conjunction with the relaunch of Znidip in June 2010, the Group has managed to build a 250 people strong direct sales force, covering 26 major cities in China in less than nine months. To ensure its direct sales force well equipped in meeting the market challenge, the Group has implemented a professional management program "Sales Force" to the direct sales organization. The goal is to establish a well managed professional team that will deliver results for the Group. The creation of the Group direct sales organization would be complementary to the Group's well established distributor network, giving more flexibility and efficiency to the Group's product in the market place. It paves the way for more sustainable and more rapid sales growth in the future.

The Group had strived to improve the quality of its distribution network during 2010 by working closer with distributors in the areas of product knowledge education and concerted marketing efforts. The Group had held seminar to provide both product knowledge and selling technique training to the medical representatives of its distributors. Workshop had been put in place to share successful experiences among distributors. In addition, several speaking tours by foreign and China key opinion leaders had been organized to bring up-to-date medical progress and product information to healthcare providers in China.

In order to better position the Group in China's ever changing pharmaceutical industry environment, the Group has invested in a company licensed for distribution of pharmaceutical products in China. The Group has 67% stake in the subsidiary and the company had passed the required GSP inspection. The Directors expect that the subsidiary will allow the Group to handle the importation, warehousing and distribution of its license-in products with greater flexibility and better efficiency. As the sales of license-in products are expected to increase significantly in the future, the cost saving aspect could also be significant for the Group.

PROSPECTS

Going forward, we remain buoyant on the prospect of the Group in the future. The successful transfer of the Group's listing from Growth Enterprise Market to the Main Board of Hong Kong Stock Exchange has notably enhanced the profile of the company in the investor community as well as in the international pharmaceutical industry community, presenting the Group with many partnering and other opportunities. With Chinese government's commitment to expand the insurance coverage to more people with more pharmaceutical products, the Group expects to see sizeable growth in its three newly admitted NDRL products in 2011 and beyond which will fuel the growth of the Group to reach new level in the future.

The establishment of the direct sales organization that covers 26 major cities has greatly enhanced the Group's capability and capacity in the market place, permitting flexibility while improving the efficiency and effectiveness. It complements to the Group's well established distributor network and provides full strength to the Group's sales and marketing efforts. It puts the Group in superb position to benefit from the healthcare reform in China.

With the new NDRL has started to be implemented in province by province base across the country since the fourth quarter of 2010, the Group expects to see accelerated sales growth for the newly admitted products *Carnitene*[®], *Slounase*[®] and *Eyprotor*[®] in the coming year. The other existing products such as *Livaracine*[®] and *Zanidip*[®], are also expected to maintain its growth momentum and contribute significantly to the overall growth of the Group.

At least two new products, namely Brio PTCA balloon and *Gaslon N*[®] will be launched in the second quarter of 2011. Two or three products are also expected for approval in latter part of this year. Those new launches could generate excitement in the market place and facilitate the overall marketing efforts of the Group.

With continual growth in pipeline products, expansion in sales and marketing organization and more products available to the market place, it is envisaged that the Group will keep up with its growth momentum and continue to deliver satisfactory return to its shareholders.

AUDITED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>Notes</i>	2010 HK\$'000	2009 <i>HK\$'000</i>
Turnover	2	255,810	173,837
Cost of sales		(77,320)	(49,262)
Gross profit		178,490	124,575
Other revenue		5,536	4,911
Gain on deemed disposal of a subsidiary		234	–
Selling and distribution expenses		(79,193)	(47,842)
Research and development expenses		(5,590)	(5,686)
Administrative expenses		(29,299)	(22,486)
Profit from operations		70,178	53,472
Share of results of associates		(1,159)	–
Finance costs		(1,058)	(689)
Profit before taxation		67,961	52,783
Taxation	3	(10,039)	(6,414)
Profit for the year		57,922	46,369
Attributable to:			
Shareholders of the Company		58,026	46,369
Non-controlling interests		(104)	–
		57,922	46,369
Dividend	4	13,825	10,788
		<i>HK cents</i>	<i>HK cents</i>
Earnings per Share			
Basic	5	12.80	10.85
Diluted	5	12.43	10.64

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	HK\$'000	HK\$'000
Profit for the year	57,922	46,369
Other comprehensive income:		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	2,832	346
– revaluation of overseas buildings	129	32
– share of other comprehensive income of associates	5,855	–
	<hr/>	<hr/>
Other comprehensive income for the year, net of tax	8,816	378
	<hr/>	<hr/>
Total comprehensive income for the year	66,738	46,747
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:		
Shareholders of the Company	66,834	46,747
Non-controlling interests	(96)	–
	<hr/>	<hr/>
	66,738	46,747
	<hr/> <hr/>	<hr/> <hr/>

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2010

		(Restated)
	<i>Notes</i>	2009
		<i>HK\$'000</i>
		<i>HK\$'000</i>
Non-current Assets		
Property, plant and equipment		25,085
Intangible assets		59,305
Lease premium for land		1,225
Goodwill		3,900
Investment in associates		–
		<u>105,343</u>
		<u>89,515</u>
Current Assets		
Lease premium for land		33
Inventories		26,814
Trade receivables	6	13,392
Other receivables, deposits and prepayments		16,318
Pledged bank deposits		2,012
Time deposits		–
Cash and bank balances		60,482
		<u>206,370</u>
		<u>119,051</u>
Current Liabilities		
Trade payables	7	1,642
Bills payable		–
Other payables		39,434
Bank borrowings		16,671
Obligations under finance lease		129
Tax payable		1,299
		<u>61,021</u>
		<u>59,175</u>
Net Current Assets		<u>59,876</u>
Total Assets less Current Liabilities		<u><u>149,391</u></u>

	2010	(Restated) 2009
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and Reserves		
Share capital	23,292	22,506
Reserves	217,772	122,224
	<hr/>	<hr/>
Equity attributable to shareholders of the Company	241,064	144,730
Non-controlling interests	284	–
	<hr/>	<hr/>
Total equity	241,348	144,730
	<hr/>	<hr/>
Non-current Liabilities		
Deferred tax liabilities	8,984	4,161
Obligations under finance lease	360	500
	<hr/>	<hr/>
	9,344	4,661
	<hr/>	<hr/>
	250,692	149,391
	<hr/> <hr/>	<hr/> <hr/>

**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Attributable to the shareholders of the Company								Attributable to non – controlling interests	Total	
	Share capital	Share premium	Merger difference	Share-based compensation reserve	Other reserves	Revaluation reserve	Exchange reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2010	22,506	63,491	9,200	1,190	-	3,689	2,950	41,704	144,730	-	144,730
Employee share option benefits	-	-	-	850	-	-	-	-	850	-	850
Exercise of share option	36	237	-	(71)	-	-	-	-	202	-	202
Issue of ordinary shares	750	39,415	-	-	-	-	-	-	40,165	-	40,165
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	380	380
Profit for the year	-	-	-	-	-	-	-	58,026	58,026	(104)	57,922
Other comprehensive income for the year	-	-	-	-	5,855	129	2,824	-	8,808	8	8,816
Total comprehensive income for the year	-	-	-	-	5,855	129	2,824	58,026	66,834	(96)	66,738
2009 final dividend	-	-	-	-	-	-	-	(7,209)	(7,209)	-	(7,209)
2010 interim dividend	-	-	-	-	-	-	-	(4,508)	(4,508)	-	(4,508)
At 31 December 2010	<u>23,292</u>	<u>103,143</u>	<u>9,200</u>	<u>1,969</u>	<u>5,855</u>	<u>3,818</u>	<u>5,774</u>	<u>88,013</u>	<u>241,064</u>	<u>284</u>	<u>241,348</u>
At 1 January 2009	20,764	44,533	9,200	1,088	-	3,657	2,604	3,489	85,335	-	85,335
Employee share option benefits	-	-	-	325	-	-	-	-	325	-	325
Exercise of share options	228	1,235	-	(223)	-	-	-	-	1,240	-	1,240
Issue of ordinary shares	1,514	17,723	-	-	-	-	-	-	19,237	-	19,237
Profit for the year	-	-	-	-	-	-	-	46,369	46,369	-	46,369
Other comprehensive income for the year	-	-	-	-	-	32	346	-	378	-	378
Total comprehensive income for the year	-	-	-	-	-	32	346	46,369	46,747	-	46,747
2008 final dividend paid	-	-	-	-	-	-	-	(4,568)	(4,568)	-	(4,568)
2009 interim dividend paid	-	-	-	-	-	-	-	(3,586)	(3,586)	-	(3,586)
At 31 December 2009	<u>22,506</u>	<u>63,491</u>	<u>9,200</u>	<u>1,190</u>	<u>-</u>	<u>3,689</u>	<u>2,950</u>	<u>41,704</u>	<u>144,730</u>	<u>-</u>	<u>144,730</u>

Other reserves represents the share of an associate's share premium and it is arising from the allotment of issued shares of an associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of leasehold buildings. Historical cost is generally based on the fair value of the consolidation given in exchange for assets.

The consolidated financial statements have been prepared in accordance with the new HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. SEGMENT INFORMATION

Application of HKFRS 8 Operating Segments

HKFRS 8 is a disclosure Standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance.

Principal activities are as follows:

Proprietary products	–	manufacture and sale of self-developed pharmaceutical products
Licensed products	–	trading of license-in pharmaceutical products

The following is an analysis of the Group's revenue and results by reportable segment:

	Proprietary products		Licensed products		Consolidated	
	2010	2009	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment turnover	148,726	106,275	107,084	67,562	255,810	173,837
Segment results	48,979	40,017	28,988	19,631	77,967	59,648
Interest income					164	79
Gain on deemed disposal of a subsidiary					234	–
Unallocated expenses					(8,187)	(6,255)
Profit from operations					70,178	53,472
Finance costs					(1,058)	(689)
Profit before share of results of associates					69,120	52,783
Share of results of associates					(1,159)	–
Profit before taxation					67,961	52,783
Taxation					(10,039)	(6,414)
Profit for the year					57,922	46,369

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2009: Nil).

Segment results represent the profit earned by each segment without allocation of central administration costs, interest income, finance costs, results of associates, and income tax expense. This is measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

	Proprietary products		Licensed products		Consolidated	
	2010	2009	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	92,689	61,753	91,065	84,318	183,754	146,071
Unallocated assets					127,959	62,495
Total assets					311,713	208,566
Segment liabilities	34,801	15,423	23,670	26,282	58,471	41,705
Unallocated liabilities					11,894	22,131
Total liabilities					70,365	63,836

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than cash and bank balances, pledged bank deposits and deferred tax assets. Goodwill is allocated to proprietary products segments.
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, and short term borrowings.

Geographical information

During the years ended 31 December 2010 and 2009, more than 90% of the Group's turnover was derived from activities conducted in the PRC, no geographical segmental information on turnover is presented. The Group's segment assets and liabilities for the year, analysed by geographical market, are as follows:

	The PRC		Hong Kong		Total	
	2010	2009	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	143,814	93,585	167,899	114,981	311,713	208,566
Segment liabilities	40,321	24,794	30,044	39,042	70,365	63,836

3. TAXATION

	THE GROUP	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong	1,368	–
PRC Enterprise Income Tax	3,945	4,388
Over-provision in prior year	(14)	(312)
	<hr/>	<hr/>
	5,299	4,076
	<hr/>	<hr/>
Deferred tax		
Hong Kong	3,216	–
PRC Enterprise Income Tax	1,524	2,338
	<hr/>	<hr/>
	4,740	2,338
	<hr/>	<hr/>
	10,039	6,414
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Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Hong Kong Profits Tax for the year 2009 has not been provided as the Group had no assessable profit in Hong Kong for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 15% (for both years).

4. DIVIDENDS

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid – HK\$0.01 (2009: HK\$0.008) per share	4,508	3,586
Final dividend proposed – HK\$0.02 (2009: HK\$0.016) per share	9,317	7,202
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	13,825	10,788
	<hr/> <hr/>	<hr/> <hr/>

The final dividend of HK\$0.02 (2009: HK\$0.016) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting. This proposed dividend is not included as a dividend payable in the consolidated statement of financial position as at 31 December 2010.

5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	THE GROUP	
	2010	2009
Net profit attributable to shareholders for the purpose of basic and diluted earnings per share	HK\$58,026,000	HK\$46,369,000
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	453,409,615	427,386,717
Effect of dilutive potential ordinary shares:		
Options	13,311,095	8,285,626
Weighted average number of ordinary shares for the purposes of diluted earnings per share	466,720,710	435,672,343

6. TRADE RECEIVABLES

The Group has a policy of allowing an average credit period of 30–180 days to its trade customers. The fair value of the Group's trade receivables at 31 December 2010 approximate to the corresponding carrying amount.

The following is an aging analysis of trade receivables at 31 December 2010.

	THE GROUP	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	39,642	12,882
91–180 days	1,133	284
181–365 days	580	453
Over 365 days and under 3 years	360	214
	41,715	13,833
Less: Allowance for bad and doubtful debts	(650)	(441)
	41,065	13,392

Movement in allowance for bad and doubtful debts

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Balance at beginning of the year	441	294
Exchange rate adjustments	7	2
Provision for doubtful debts	202	145
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Balance at the end of the year	650	441
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7. TRADE PAYABLES

The fair value of the Group's trade payables at 31 December 2010 approximate to the corresponding carrying amount.

The following is an aging analysis of trade payables at 31 December 2010.

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0–90 days	357	1,634
91–180 days	45	–
181–365 days	71	8
Over 365 days	–	–
	<hr/>	<hr/>
	473	1,642
	<hr/> <hr/>	<hr/> <hr/>

Bills payable amounting to HK\$1,402,000 is in European currency and due to be paid in February 2011.

DIVIDENDS

The Board of Directors recommended a final dividend of HK\$0.02 (2009: HK\$0.016) per share to shareholders registered in the Company's Register of Members as at the close of business on 12 May 2011. Upon approval by shareholders, the final dividend will be paid on or about 27 May 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 6 May 2011 to Thursday, 12 May 2011 (both days inclusive). In order to qualify for the right to attend and vote at the above meeting, and to qualify for the proposed final dividend for the year ended 31 December 2010, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 5 May 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010 (2009: Nil).

AUDIT COMMITTEE

The Group's audited results for the year ended 31 December 2010 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

CORPORATE GOVERNANCE PRACTICES

The Group has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Main Board Listing Rules throughout the financial year ended 31 December 2010, with deviations from provision B.1 of the Code.

Under provision B.1 of the Code, a remuneration committee should be established to make recommendations to the Board on the policy and structure for all remuneration of directors and senior management. The Board considers that the Company needs not set up a remuneration committee as remuneration of directors and senior management are determined by the Board in accordance with the Articles of Association of the Company.

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

Hong Kong, 21 March 2011

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.