

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Three months ended			Six months ended		
	30 June			30 June		
	2018	2017	Change	2018	2017	Change
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Revenue	285,818	248,550	+15.0%	567,723	474,750	+19.6%
Gross profit	185,679	169,487	+9.6%	378,233	318,957	+18.6%
Profit attributable to the owners of the Company	55,593	78,690	-29.4%	125,771	125,070	+0.6%
	HK cents	HK cents		HK cents	HK cents	
Earnings per share						
Basic	9.39	13.33	-29.6%	21.26	21.19	+0.3%
Diluted	9.32	13.28	-29.8%	21.09	21.12	-0.1%

* For identification purpose only

INTERIM FINANCIAL STATEMENTS

The directors (the “**Directors**”) of Lee’s Pharmaceutical Holdings Limited (the “**Company**”) present herewith the unaudited consolidated interim financial results (the “**Interim Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017. The Interim Results are unaudited, but have been reviewed by the Company’s auditor, HLM CPA Limited (the “**Auditor**”) in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The Auditor’s report on their review of the Interim Results of the Group will be included in the interim report to be sent to the owners of the Company. The audit committee of the Company has also reviewed with the management and the Auditor the Interim Results before recommending it to the board of Directors for approval.

BUSINESS REVIEW

The Group has stayed on the course of revenue growth in the double digit realm for the fifth consecutive quarters with major products continued to achieve volume growth. The increase in revenue, coupled with continual efforts to monitor and control selling and distribution expenses and administrative expenses, has resulted in a significant increase in operation profits during the period under review. The healthy cash flow generated from operations allows the Group to pour much more resources into research and development (“**R&D**”) of new drugs during the period, taking the advantage of the most favourable regulatory environment for drug development in China that one has seen in recent years.

The Group has recorded revenue of HK\$567,723,000 during the first half of 2018, increased by 19.6% over the same period last year. Revenue for the second quarter of this year was HK\$285,818,000, increased by 15.0% over the same quarter last year. Sales of Remodulin[®], Ferplex[®] and Zandip[®] continued to be the key drivers of the revenue growth of licensed-in products which surged 31.5%, 23.0% and 46.4%, respectively, during the second quarter of 2018. Stagnated revenue growth of Carnitene[®] has been improving and a mild growth of 3.3% has been recorded during the second quarter of 2018. Sales of major proprietary products remained strong with revenues of Eyprotor[®], Yallaferon[®], Slounase[®] and Livaracine[®] in the second quarter increased by 85.5%, 31.3%, 5.9% and 9.6%, over the same quarter last year.

Sales of licensed-in products accounted for 53.0% (For the six months ended 30 June 2017: 53.3%) of the Group’s revenue while sales of proprietary products contributed 47.0% (For the six months ended 30 June 2017: 46.7%) of the Group’s revenue.

During the first half of 2018, the Group’s gross profit increased by HK\$59,276,000 or 18.6%. The Group’s gross profit for the second quarter of this year increased by HK\$16,192,000 or 9.6%. The Group’s gross profit margin for the second quarter of this year was 65.0%, decreased 3.2 percentage points as compared to 68.2% achieved during the first quarter of this year. The Group’s gross profit margin for the six months ended

30 June 2018 was 66.6%, slightly decreased by 0.6 percentage point as compared to the same period last year.

The Group maintained a healthy selling expense to revenue ratio of 18.0% for the first half of 2018, which continued the downward trends of last several quarters. During the first half of 2018, the Group had made concerted efforts to restructure and rejuvenate its direct sales team. New management team has been brought in and new system has been implemented with the aim to enhance effectiveness of sales performance. The streamlining of direct sales team has started to translate into better performance, evidenced by an increase of approximately 30% as compared to the same period last year. The share of total revenue by direct sales also increased 2 percentage points to approximately 20.6%.

The improvement in operation efficiency propelled a 30.5% jump in operation profits when compared to the first half of last year. The cash flow generated from operations has been redeployed to support the Group's investment in new drugs development.

During the first half of 2018, the Group's investment in R&D expenses has reached an all-time high of HK\$63,846,000, increased 72.6% as compared to the same period last year, and represented 11.2% of revenue during the six months ended 30 June 2018. In addition, the savings from selling expenses also supported the mildly increased administrative expenses in the quarter for its business expansion. As a result, net profit attributable to the owners of the Company for the first six months of 2018 was HK\$125,771,000, increased by 0.6% as compared to the same period last year despite gross profit margin erosion.

Further to the obtainment of manufacturing license of topical formulation in April 2018, Zhaoke (Guangzhou) Ophthalmology Pharmaceutical Limited expanded its manufacturing license to multi-dose eye drops in July 2018. Clinical batch of Levobetaxolol has since been successfully produced and delivered for study in July 2018. The mono-dose production line utilised blow-fill-seal technology is expected to be licensed by end of September 2018. Clinical and registration batches of various products will be made subsequently to accelerate the development. Meanwhile, Zhaoke (Hefei) Pharmaceutical Company Limited, the Group's aseptic facility has undergone successful renovation and expansion. New high speed filling line and additional lyophiliser have been installed which doubled the production capacity. These investments are important for the Group to providing products of the highest quality standard and facilitating the development of its core competence.

Aided by a favourable regulatory environment, the Group has experienced a most exciting and prolific period in drug development.

With respect to New Drug Application ("NDA"), one of the Group's licensing products has obtained the approval from the China National Drug Administration (the "CNDA") recently. In July 2018, Sancuso® (Granisetron Transdermal System), which the Group

obtained its exclusive license rights for commercialisation and promotion in China (excluding Beijing, Shanghai and Guangzhou), has been approved for launch by the CNDA. Sancuso® is the world's first and only transdermal patch of the 5-HT₃ receptor antagonist used for the prevention of nausea and vomiting in patients receiving moderately or highly emetogenic chemotherapy regimens. The launch of Sancuso® will further enhance the Group's position in the oncology space.

To date, the Group has submitted 4 applications for import drug license (“IDL”), namely Trazodone, Prulifloxacin, INOMax and Sodium Phenylbutyrate. Approvals for Trazodone and Prulifloxacin are expected to be received in the first quarter of 2019. In addition, the clinical study on Natulan and the bioequivalence study for Azilsartan have been completed and IDL submissions are expected by end of 2018.

Following the approval of the registration enabling global Phase III clinical trial for advanced liver cancer using its oncolytic immunotherapy called Pexa-Vec (formerly JX-594), the PHOCUS study, by the CNDA (Approval No. 2017L04441), the preparation work has been completed. This clinical study will globally enroll 600 patients (300 from China, 300 from the rest of the world) and over 300 of the patients from the rest of the world have been enrolled to date. The study in China is led by world-renowned oncologist Professor Qin Shukui and the trials will take place at 24 major cancer centers around China. The first patient China patient is expected to be enrolled by end of August 2018.

In July 2018, the first patient has been enrolled in a registration enabling Phase III study of the Group's in-house product, Adapalene and Clindamycin combination gel for acne. The study is led by Professor Gu Heng from the Hospital for Skin Diseases, Chinese Academy of Medical Sciences and involved 30 most important dermatology centers in China. The targeted enrollment is 1,650 patients and the study is expected to be completed by end of 2019. The study is one of the biggest studies ever conducted by acne in China, and for the first time involves pediatric patients.

In addition, the registration enabling study for Levobetaxolol will start enrollment in September 2018 and is expected to be completed in the first half of 2019.

The development of the two cardiovascular assets, namely Rostafuroxin and Istaroxime, under CVie Therapeutics Limited (“CVie TW”), an associate of the Group, has made significant progress during the period under review.

Phase IIb clinical study (Protocol No. CVTCV-001) in Taiwan for Rostafuroxin capsule 50, 500ug with antihypertensive effect has been completed and the analytics work to the data is currently in progress.

Istaroxime is a first-in-class luso-inotropic agent for the treatment of acute decompensated heart failure. Its Phase IIb clinical study in Italy (24 patients) and China (96 patients) has been completed and the analytics work to the data is currently in progress. The topline results are expected by end of September 2018.

The Phase IIb study for Anfibatide has been completed and the analytics work to the data is currently in progress.

In May 2018, the first patient has been enrolled in a Phase II study of the Group's in-house product, Cyclosporine A Eye Gel for the treatment of dry eye syndrome (the "DES") in China. This trial designed as a Phase II multi-center, randomised, single-blind, positive controlled and dose finding exploratory clinical trial to evaluate efficacy and safety of Cyclosporine A Eye Gel in treating patients with moderate to severe DES and to explore the optimal dose and frequency of Cyclosporine A Eye Gel in those patients. This trial is led by Professor Zhou Shiyong from Zhongshan Ophthalmic Centre, Sun Yat-sen University. The study plans to enroll a total of 240 patients assigned to four cohorts. The primary outcome measures of the change of eye dryness score from the baseline after the 12 weeks treatment in each cohort. The study is expected to last for one year.

Following the approval to proceed with the clinical trials for ZKAB001, an anti PD-L1 monoclonal antibody, in January 2018. The Group has decided to conduct the clinical trials in three separate cancer indications, namely cervical cancer, sarcoma and bladder cancer. The trials will be anticipated to use a 3+3 design with 5mg/kg, 10mg/kg and 15mg/kg dosing regimens. Once the Maximum Tolerated Dose ("MTD") has been established, additional patients are expected to be recruited in an expanded Phase I protocol. Clinical data from these studies is expected to be available by the end of 2019, and positive results could lead to conditional approval of the antibody prior to a confirmatory Phase III study.

The Group submitted three Investigational New Drugs ("IND") to the CNDA for Gimitecan, TG02 and Tecarfarnin in 2017 and have been approved during the quarter under review.

On 7 May 2018, the CNDA approved the clinical trials for Gimitecan, a novel oral lipophilic camptothecin for ovarian cancer and small lung cancer. The trials will be anticipated to use a 3+3 design with 0.4mg/kg, 0.6mg/kg and 0.8mg/kg dosing regimens to determine the MTD in Chinese population. Clinical data from these studies is expected to be available by the end of 2019, and positive results could lead to the following extensive Phase III clinical trial in China.

On 25 May 2018, the CNDA approved the clinical trials for TG02, a novel oral pyrimidine-based multi-kinase inhibitor. The coming phase I clinical trial in China will be a 3+3 design with the starting dose of 200 mg regimens to determine the Maximum Tolerated Dose ("MTD") in Chinese Glioblastoma ("GBM") patients. Clinical data from this study could be available by the end of the year 2019, and the positive results could lead to the following phase II and III clinical trial in China.

On 14 June 2018, the CNDA approved the clinical trials for Tecarfarnin, a novel Vitamin K Antagonist for use as an anticoagulant for patients with mechanical heart valves. An open-label, Phase I, sequential cohort, single-dose escalation study will be

initiated by the end of 2018 to access the safety and tolerability of Tecarfarin in healthy Chinese volunteers. Following the Phase I study in China, the Group will initiate a Phase III registration enabling study. Moreover, the Group has successfully completed the technology transfer for drug substance and product in China, and Tecarfarin will be manufactured in the Group's manufacturing site in Nansha.

The Group has also achieved another milestone in the field of medical device development. On 30 May 2018, the CNDA, for the first time in the last 25 years, approved the Group to conduct R&D on Staccato® Fentanyl for Inhalation in China for treatment of cancer breakthrough pain. Staccato® Fentanyl for Inhalation is a combination drug-device delivery product designed for rapid, systemic delivery of aerosolised fentanyl via the lung.

The Group has also made progress in corporate development recently. In May 2018, the Stock Exchange of Hong Kong Limited has introduced a new Chapter 18A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to allow the listing of biotech companies that do not meet the financial eligibility tests. This creates an additional option to raise money for the development of the Group's pipeline assets. In order to better capture such an opportunity for the Group's oncology pipeline, and to improve the operating efficiency to manage the assets thereof, in July 2018, the Group has restructured all its oncology pipeline products into China Oncology Focus Limited (“**COFL**”), a 65% owned subsidiary of the Group. With all oncology pipeline products aligned, the Group will seek additional funds for investing in clinical development and building teams.

With nearly 60 projects in the pipeline, the Group has placed top priority on the near term projects to establish a more solid foundation for future growth.

PROSPECTS

In view of the official data points to a steady GDP growth of 6.8% in China for the first half of 2018, the Group is cautiously optimistic to keep the sales growth momentum going in the coming quarter.

Persistent changes and challenges will continue to be in place. The protectionist trade measures imposed by the US Government has already created global currency uncertainties. Recent vaccine scandal in China has also led to extensive changes to the senior officers of the CNDA, which in turn a more price-sensitive environment and demanding rules and regulations are expected to follow. Potential raw material inflation and selling pressure will remain the headwind in the coming quarters. Nevertheless, the Group is confident that it has turned the corner with a bright future ahead. The reinvention and rejuvenation of the Group's direct sales force creates new momentum in sales that is expected to accelerate during second half of 2018 and beyond. The imminent launch of two major products, namely Sancuso® and Rasilez® respectively generate a great deal of excitement with potentially another six products to be launched in 12-month span, the development of the Group could be transformative in the near future.

The Group firmly believe its solid foundation in R&D and global vision shall enhance its competitive edge and sustainability, and to enhance shareholders' value and to provide the best return for the shareholders.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 June 2018

		For the three months ended 30 June		For the six months ended 30 June	
	Notes	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	(3)	285,818	248,550	567,723	474,750
Cost of sales		(100,139)	(79,063)	(189,490)	(155,793)
Gross profit		185,679	169,487	378,233	318,957
Other income	(4)	(2,809)	(7)	29,841	10,463
Gain on deemed disposal of a subsidiary		–	58,066	–	58,066
Impairment of intangible assets		–	(50,112)	–	(50,623)
Selling and distribution expenses		(39,570)	(51,694)	(102,167)	(94,416)
Administrative expenses		(35,929)	(40,003)	(80,002)	(81,271)
Research and development expenses		(32,397)	(16,090)	(63,846)	(36,993)
Profit from operations		74,974	69,647	162,059	124,183
Finance costs		(1,295)	(1,265)	(1,950)	(2,527)
Share of results of associates		(3,420)	(2,777)	(7,885)	(5,441)
Profit before taxation	(5)	70,259	65,605	152,224	116,215
Taxation	(6)	(15,791)	(10,568)	(34,575)	(19,223)
Profit for the period		54,468	55,037	117,649	96,992
Attributable to:					
Owners of the Company		55,593	78,690	125,771	125,070
Non-controlling interests		(1,125)	(23,653)	(8,122)	(28,078)
		54,468	55,037	117,649	96,992
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share					
Basic	(8)	9.39	13.33	21.26	21.19
Diluted	(8)	9.32	13.28	21.09	21.12

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2018

	For the three months ended 30 June		For the six months ended 30 June	
	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)
Profit for the period	54,468	55,037	117,649	96,992
Other comprehensive income (expense):				
Items that may be reclassified				
subsequently to profit or loss:				
Exchange differences on translation of				
financial statements of				
overseas subsidiaries	(48,520)	24,766	(24,375)	38,020
Fair value changes of available-for-sale				
financial assets	–	(14,555)	–	(19,888)
Reclassification of other reserves upon				
deemed disposal of a subsidiary	–	(19,576)	–	(19,576)
Reclassification of exchange reserve upon				
deemed disposal of a subsidiary	–	(94)	–	(94)
Share of associate's exchange reserve	(2,461)	(64)	(1,106)	(64)
Items that will not be reclassified subsequently				
to profit or loss				
Fair value changes of financial assets at fair				
value through other comprehensive income	14,986	–	3,497	–
Other comprehensive expense				
for the period, net of tax	(35,995)	(9,523)	(21,984)	(1,602)
Total comprehensive income for the period	<u>18,473</u>	<u>45,514</u>	<u>95,665</u>	<u>95,390</u>
Total comprehensive income (expense)				
for the period attributable to:				
Owners of the Company	17,229	69,093	101,434	122,590
Non-controlling interests	1,244	(23,579)	(5,769)	(27,200)
	<u>18,473</u>	<u>45,514</u>	<u>95,665</u>	<u>95,390</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		At 30 June 2018	At 31 December 2017
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current Assets			
Property, plant and equipment	(9)	576,780	565,662
Intangible assets		523,377	448,638
Lease premium for land		138,637	142,520
Goodwill		3,900	3,900
Interests in associates	(10)	78,400	87,363
Deposit paid for a life insurance policy		5,913	–
Available-for-sale financial assets		–	203,123
Financial asset at fair value through other comprehensive income		226,781	–
		1,553,788	1,451,206
Current Assets			
Lease premium for land		3,026	3,077
Inventories		150,619	160,637
Trade receivables	(11)	141,127	85,801
Other receivables, deposits and prepayments		133,665	101,320
Loan receivables		19,385	–
Convertible instruments		6,889	3,165
Advance to associates		45,479	24,639
Tax recoverable		11,434	11,532
Held-to maturity financial assets		–	5,826
Pledged bank deposits		46,524	27,915
Time deposits		215,019	175,416
Cash and bank balances		312,836	273,990
		1,086,003	873,318

		At 30 June 2018 <i>HK\$'000</i> (unaudited)	At 31 December 2017 <i>HK\$'000</i> (audited)
Current Liabilities			
Trade payables	(12)	27,498	26,148
Other payables		445,491	281,150
Obligations under license contract		4,427	4,441
Bank borrowings	(13)	154,244	99,004
Obligations under finance leases		494	485
Tax payables		14,555	19,857
		<u>646,709</u>	<u>431,085</u>
Net Current Assets		<u>439,294</u>	<u>442,233</u>
Total Assets less Current Liabilities		<u><u>1,993,082</u></u>	<u><u>1,893,439</u></u>
Capital and Reserves			
Share capital	(14)	29,601	29,547
Reserves		1,866,743	1,774,799
		<u>1,896,344</u>	<u>1,804,346</u>
Equity Attributable to the Owners of the Company		<u>1,896,344</u>	<u>1,804,346</u>
Non-controlling interests	(15)	<u>(15,244)</u>	<u>(7,414)</u>
Total Equity		<u>1,881,100</u>	<u>1,796,932</u>
Non-current Liabilities			
Deferred tax liabilities		49,205	39,981
Retirement benefits		62,510	56,010
Obligations under finance leases		267	516
		<u>111,982</u>	<u>96,507</u>
		<u><u>1,993,082</u></u>	<u><u>1,893,439</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2018

	Attributable to the Owners of the Company								Attributable to non-controlling interests		Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger difference HK\$'000	Share-based compensation reserve HK\$'000	Other reserves HK\$'000	Investments revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Attributable to non-controlling interests HK\$'000	
At 1 January 2018 (audited)	29,547	724,868	9,200	15,368	41,407	(30,421)	(31,809)	1,046,186	1,804,346	(7,414)	1,796,932
Employee share option benefits	-	-	-	2,404	-	-	-	-	2,404	-	2,404
Exercise of share options	54	6,903	-	(1,582)	-	-	-	-	5,375	-	5,375
Share of share-based compensation reserve of a subsidiary	-	-	-	11	-	-	-	-	11	9	20
Share of reserve of an associate	-	-	-	-	28	-	-	-	28	-	28
Share options lapsed in associate	-	-	-	-	(3)	-	-	3	-	-	-
Partial disposal of a subsidiary (Note 16)	-	-	-	-	24,185	-	-	-	24,185	(4,024)	20,161
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	1,954	1,954
Profit (loss) for the period	-	-	-	-	-	-	-	125,771	125,771	(8,122)	117,649
Other comprehensive (expense) income for the period											
- Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	-	-	(24,398)	-	(24,398)	23	(24,375)
- Share of associate's exchange reserve	-	-	-	-	(1,106)	-	-	-	(1,106)	-	(1,106)
- Fair value changes of financial assets at fair value through other comprehensive income	-	-	-	-	-	1,167	-	-	1,167	2,330	3,497
Total comprehensive (expense) income for the period	-	-	-	-	(1,106)	1,167	(24,398)	125,771	101,434	(5,769)	95,665
2017 final dividend paid	-	-	-	-	-	-	-	(41,439)	(41,439)	-	(41,439)
At 30 June 2018 (unaudited)	<u>29,601</u>	<u>731,771</u>	<u>9,200</u>	<u>16,201</u>	<u>64,511</u>	<u>(29,254)</u>	<u>(56,207)</u>	<u>1,130,521</u>	<u>1,896,344</u>	<u>(15,244)</u>	<u>1,881,100</u>

Attributable to the Owners of the Company

	Share capital	Share premium	Merger difference	Share-based compensation reserve	Other reserves	Investments revaluation reserve	Exchange reserve	Retained profits	Sub-total	Attributable to non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017 (audited)	29,503	721,154	9,200	11,671	59,512	(12,716)	(96,842)	880,244	1,601,726	32,990	1,634,716
Employee share option benefits	-	-	-	2,089	-	-	-	-	2,089	-	2,089
Exercise of share options	13	1,628	-	(301)	-	-	-	-	1,340	-	1,340
Share of share-based compensation reserve of a subsidiary	-	-	-	11	-	-	-	-	11	9	20
Share of reserve of associate	-	-	-	-	29	-	-	-	29	-	29
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(12,577)	(12,577)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	1,564	1,564
Profit (loss) for the period	-	-	-	-	-	-	-	125,070	125,070	(28,078)	96,992
Other comprehensive (expense) income for the period											
- Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	-	-	37,142	-	37,142	878	38,020
- Fair value changes of available-for-sale financial assets	-	-	-	-	-	(19,888)	-	-	(19,888)	-	(19,888)
- Reclassification of other reserves upon deemed disposal of a subsidiary	-	-	-	-	(19,576)	-	-	-	(19,576)	-	(19,576)
- Reclassification of exchange reserves upon deemed disposal of a subsidiary	-	-	-	-	-	-	(94)	-	(94)	-	(94)
- Share of associate's exchange reserve	-	-	-	-	(64)	-	-	-	(64)	-	(64)
Total comprehensive (expense) income for the period	-	-	-	-	(19,640)	(19,888)	37,048	125,070	122,590	(27,200)	95,390
2016 final dividend paid	-	-	-	-	-	-	-	(46,635)	(46,635)	-	(46,635)
At 30 June 2017 (unaudited)	<u>29,516</u>	<u>722,782</u>	<u>9,200</u>	<u>13,470</u>	<u>39,901</u>	<u>(32,604)</u>	<u>(59,794)</u>	<u>958,679</u>	<u>1,681,150</u>	<u>(5,214)</u>	<u>1,675,936</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	30 June 2018 HK\$'000 (unaudited)	30 June 2017 HK\$'000 (unaudited)
Net cash generated from operating activities	204,196	122,621
Net cash used in investing activities	(318,602)	(91,050)
Net cash generated from (used) in financing activities	18,667	(40,729)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(95,739)	(9,158)
Cash and cash equivalents at 1 January	396,144	347,967
Effect of foreign exchange rate changes	12,431	5,375
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	312,836	344,184
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balance of cash and cash equivalents:		
Cash and bank balances	312,836	327,873
Time deposits	215,019	132,855
	<hr/>	<hr/>
	527,855	460,728
Less: Time deposits with original maturity more than three months	(215,019)	(116,544)
	<hr/>	<hr/>
	312,836	344,184
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values as appropriate.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017.

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2017 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKASs and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRSs	Annual Improvement to HKFRSs 2014 – 2016 Cycle except Amendments to HKFRS 12

Available-for-sale financial assets were reclassified to financial assets at fair value through other comprehensive income upon adoption of HKFRS 9 on 1 January 2018. Except this, the application of the above new and amendments to HKASs and HKFRSs in the current period has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early applied the following new and amendments to HKASs and HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ²
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRSs	Annual Improvement to HKFRSs 2015–2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted

³ Effective for annual periods beginning on or after a date to be determined

The Group has already commenced an assessment of the impact of these new and amendments to HKASs and HKFRSs but is not yet in a position to state whether these new and amendments to HKASs and HKFRSs would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION

Information reported to the Chairman of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the types of good delivered. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Proprietary products	–	Manufacturing and sales of self-development pharmaceutical products
Licensed-in products	–	Trading of licensed-in pharmaceutical products

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period:

Six months ended 30 June

	Proprietary products		Licensed-in products		Consolidated	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Segment revenue	<u>267,004</u>	<u>221,625</u>	<u>300,719</u>	<u>253,125</u>	<u>567,723</u>	<u>474,750</u>
Segment operating results	116,994	97,098	52,643	43,788	169,637	140,886
Impairment of intangible assets	-	-	-	(50,623)	-	(50,623)
Gain on deemed disposal of a subsidiary	-	-	-	58,066	-	58,066
Segment results	116,994	97,098	52,643	51,231	169,637	148,329
Unallocated income					14,044	1,931
Unallocated expenses					(21,622)	(26,077)
Profit from operations					162,059	124,183
Finance costs					(1,950)	(2,527)
Profit before share of results of associates					160,109	121,656
Share of results of associates					(7,885)	(5,441)
Profit before taxation					152,224	116,215
Taxation					(34,575)	(19,223)
Profit for the period					117,649	96,992

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current interim period (six months ended 30 June 2017: nil).

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments for the period/year:

	Proprietary products		Licensed-in products		Consolidated	
	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
Segment assets	414,678	358,678	1,354,556	1,232,755	1,769,234	1,591,433
Unallocated assets					870,557	733,091
Total assets					2,639,791	2,324,524
Segment liabilities	159,352	135,039	473,069	276,705	632,421	411,744
Unallocated liabilities					126,270	115,848
Total liabilities					758,691	527,592

Geographical information

During the six months ended 30 June 2018 and 2017, more than 90% of the Group's revenue was derived from activities conducted in the People's Republic of China (the "PRC"), no geographical segmental information is presented.

The following is an analysis of the Group's assets and liabilities by geographical market for the period/year:

	The PRC		Hong Kong and others		Total	
	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
Segment assets	1,838,747	1,549,776	801,044	774,748	2,639,791	2,324,524
Segment liabilities	266,764	248,085	491,927	279,507	758,691	527,592

4. OTHER INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Interest income on:				
Bank deposits	1,949	716	3,701	1,530
Held-to-maturity financial assets	70	41	112	83
Advance to associates	263	201	463	401
Total interest income	2,282	958	4,276	2,014
Sales of research materials	70	–	70	1,862
Development grants	905	212	5,510	1,369
Service income	4,864	–	10,201	–
Compensation on termination of product license	–	2,815	–	2,815
Exchange (loss) gain	(11,336)	(5,961)	9,124	–
Sundry income	406	1,969	660	2,403
	(2,809)	(7)	29,841	10,463

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting) the following items:

	For the three months ended 30 June		For the six months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	13,336	11,090	26,699	21,470
Amortisation of lease premium for land	778	730	1,573	1,454
Amortisation of intangible assets	2,003	3,428	5,358	6,703
Total depreciation and amortisation	16,117	15,248	33,630	29,627
Provision for (reversal of) allowance for doubtful debts	(286)	50	295	(2)
Interest expenses on borrowings	989	1,155	1,569	2,278
Share-based payments	1,279	1,133	2,425	2,109
– Directors	639	478	1,136	796
– Employees	640	655	1,289	1,313

6. TAXATION

	For the three months ended 30 June		For the six months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Current tax				
Hong Kong Profits Tax	4,118	(1,782)	5,583	1,000
PRC Enterprise Income Tax	6,585	6,845	19,229	11,014
	<u>10,703</u>	<u>5,063</u>	<u>24,812</u>	<u>12,014</u>
Over-provision in prior years				
Hong Kong Profits Tax	–	(4)	–	(4)
PRC Enterprise Income Tax	(290)	(174)	(290)	(156)
	<u>(290)</u>	<u>(178)</u>	<u>(290)</u>	<u>(160)</u>
Deferred tax				
Origination and reversal of temporary differences	5,378	5,683	10,053	7,369
	<u>15,791</u>	<u>10,568</u>	<u>34,575</u>	<u>19,223</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits. Tax arising in the PRC is calculated at the rates of tax prevailing in the PRC. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDENDS

	For the three months ended 30 June		For the six months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Interim dividend declared – HK\$0.034 (2017: HK\$0.034) per ordinary share based on issued share capital at the end of the reporting period	<u>20,129</u>	<u>20,071</u>	<u>20,129</u>	<u>20,071</u>

Interim dividend will be payable on 27 September 2018 to shareholders registered in the Company's Register of Members as at the close of business on 13 September 2018. This dividend was declared after the interim reporting date, and therefore has not been included as a liability in the condensed consolidated statement of financial position. 2017 final dividend of HK\$0.070 per share, totalling HK\$41,439,000 was paid on 13 June 2018.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Earnings:</i>				
Net profit attributable to the owners of the Company for the purpose of basic and diluted earnings per share	<u>55,593</u>	<u>78,690</u>	<u>125,771</u>	<u>125,070</u>
	For the three months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	Share(s)	Share(s)	Share(s)	Share(s)
	'000	'000	'000	'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Number of shares:</i>				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>591,872</u>	<u>590,278</u>	<u>591,649</u>	<u>590,186</u>
Effect of dilutive potential ordinary shares:				
Options	<u>4,511</u>	<u>2,236</u>	<u>4,612</u>	<u>2,094</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per Share	<u>596,383</u>	<u>592,514</u>	<u>596,261</u>	<u>592,280</u>

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2018, additions to property, plant and equipment amount to HK\$48 million (six months ended 30 June 2017: HK\$63 million).

10. INTERESTS IN ASSOCIATES

Details of the Group's interests in associates are as follows:

	At 30 June 2018 HK\$'000 (unaudited)	At 31 December 2017 HK\$'000 (audited)
Cost of investment, unlisted	145,780	145,780
Share of post-acquisition loss and other comprehensive income, net of dividends received	(67,519)	(58,531)
Share of reserves of associates	139	114
	<u>78,400</u>	<u>87,363</u>

Details of the Group's associates at the end of the reporting period/year are as follows:

Name of associate	Place of incorporation/ operations	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
		30 June 2018	31 December 2017	30 June 2018	31 December 2017	
CVie Therapeutics Limited ("CVie TW")	Taiwan/Taiwan	49.58%	49.58%	49.58%	49.58%	Development of pharmaceutical products
Powder Pharmaceuticals Incorporated ("PPI")	British Virgin Islands/ Hong Kong	33.92%	33.92%	33.92%	33.92%	Manufacture and sale of pharmaceutical products
RIT Biotech (Holding) Company Limited	British Virgin Islands/ Hong Kong	33.33%	33.33%	33.33%	33.33%	Operate a central pharmacy for compounding radiopharmaceuticals

11. TRADE RECEIVABLES

The Group allows an average credit period of 30 – 120 days to its trade customers. The fair value of the Group's trade receivables at 30 June 2018 approximates to the corresponding carrying amount.

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximates the revenue recognition dates, and net of allowance for bad and doubtful debts at the end of the reporting period:

	At 30 June 2018 <i>HK\$'000</i> (unaudited)	At 31 December 2017 <i>HK\$'000</i> (audited)
0 – 30 days	75,634	41,782
31 – 120 days	62,468	41,234
121 – 180 days	2,301	2,544
181 – 365 days	724	223
Over 365 days and under 3 years	–	18
	<u>141,127</u>	<u>85,801</u>

12. TRADE PAYABLES

The average credit period on purchases of certain goods is 90 days. The fair value of the Group's trade payables as at 30 June 2018 approximates to the corresponding carrying amount.

The following is an analysis of trade payables by age, presented based on due date, at the end of the reporting period:

	At 30 June 2018 <i>HK\$'000</i> (unaudited)	At 31 December 2017 <i>HK\$'000</i> (audited)
0 – 90 days	26,252	26,090
91 – 180 days	299	–
181 – 365 days	912	–
Over 365 days	35	58
	<u>27,498</u>	<u>26,148</u>

13. BANK BORROWINGS

	At 30 June 2018 <i>HK\$'000</i> (unaudited)	At 31 December 2017 <i>HK\$'000</i> (audited)
Carrying amount of the borrowings are repayable:		
Within one year	47,137	58,291
More than one year but not exceeding two years	30,285	23,027
More than two year but not exceeding five years	76,822	17,686
	<u>154,244</u>	<u>99,004</u>

The carrying amounts of bank borrowings are denominated in Hong Kong dollars and Renminbi.

The effective interest rates of the bank borrowings range from 2.61% to 3.73% (31 December 2017: 2.05% to 4.79%) per annum.

14. SHARE CAPITAL

	Number of shares		Share Capital	
	At 30 June 2018 (unaudited)	At 31 December 2017 (audited)	At 30 June 2018 (unaudited)	At 31 December 2017 (audited)
<i>Authorised:</i>				
Ordinary shares of HK\$0.05 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>50,000</u>	<u>50,000</u>
<i>Issued and fully paid:</i>				
At beginning of the period/year	590,943,343	590,051,343	29,547	29,503
Exercise of share options	<u>1,086,000</u>	<u>892,000</u>	<u>54</u>	<u>44</u>
At end of the period/year	<u>592,029,343</u>	<u>590,943,343</u>	<u>29,601</u>	<u>29,547</u>

15. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries <i>HK\$'000</i>	Share-based compensation reserve of subsidiaries <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2018 (audited)	(7,498)	84	(7,414)
Capital contribution from non-controlling interests	1,954	–	1,954
Additional non-controlling interests arising from partial disposal of a subsidiary (<i>Note 16</i>)	(4,024)	–	(4,024)
Share of loss for the period	(8,122)	–	(8,122)
Share of other comprehensive income for the period			
– Exchange differences on translation of financial statement of overseas subsidiary	23	–	23
– Fair value changes of financial asset at fair value through other comprehensive income	2,330	–	2,330
Share of employee share options benefit	–	9	9
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2018 (unaudited)	<u>(15,337)</u>	<u>93</u>	<u>(15,244)</u>
At 1 January 2017 (audited)	32,923	67	32,990
Capital contribution from non-controlling interests	1,564	–	1,564
Share of loss for the year	(29,620)	–	(29,620)
Share of other comprehensive income for the year			
– Exchange differences on translation of financial statements of overseas subsidiaries	878	–	878
Share of employee share options benefit	–	17	17
Additional non-controlling interests arising from partial disposal of interests in a subsidiary	(666)	–	(666)
Deemed disposal of a subsidiary	(12,577)	–	(12,577)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2017 (audited)	<u>(7,498)</u>	<u>84</u>	<u>(7,414)</u>

The non-controlling interests represent 43.74% (31 December 2017: 43.74%), 35% (31 December 2017: 35%) and 26% (31 December 2017: nil) equity interests held by third parties in CVie Therapeutics Company Limited, China Oncology Focus Limited and LPH Investments Limited respectively.

16. PARTIAL DISPOSAL OF INTERESTS IN A SUBSIDIARY

In April 2018, the Company sold 26 shares in LPH Investments Limited (“LPH Investments”) to an independent third party at consideration of USD2,600,000 (approximately HK\$20,161,000). After the disposal of shares, the Group’s shareholding in LPH Investments reduced by 26% to 74%. As the Group retained control over LPH Investments, the Group recognised a gain on partial disposal of interests in LPH Investments of HK\$24,185,000 in the equity attributable to the shareholders of the Company, and an decrease in non-controlling interests of HK\$4,024,000 during the reporting period.

17. RELATED PARTY TRANSACTIONS

During the reporting period, the Group entered into the following transactions with related parties. In the opinion of the directors, the following transactions arose in the ordinary course of the Group’s business.

(a) Interest income from shareholder loans to PPI

During the six months ended 30 June 2018, the Group received approximate HK\$435,000 (six months ended 30 June 2017: HK\$401,000) interest income from loans to PPI.

(b) Interest income from shareholder loans to CVie TW

During the six months ended 30 June 2018, the Group received approximate HK\$28,000 (six months ended 30 June 2017: nil) interest income from loans to CVie TW.

(c) Compensation of key management personnel

	For the six months ended 30 June	
	2018	2017
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Short-term employee benefits	9,010	17,673
Share-based payments	1,136	796
Retirement and other post-employment benefits	6,527	5,127
– Defined contribution plan	27	27
– Retirement benefits	6,500	5,100
	<u>16,673</u>	<u>23,596</u>

(d) Donation to Lee’s Pharmaceutical – Kanya Lee Scholarship Limited (“Kanya Lee Scholarship”)

During the six months ended 30 June 2018, total HK\$200,000 (six months ended 30 June 2017: HK\$200,000) was donated to Lee’s Pharmaceutical – Kanya Lee Scholarship Limited (“Kanya Lee Scholarship”). Dr. Li Xiaoyi, director of the Company, is also a member of key management of Kanya Lee Scholarship and Kanya Lee Scholarship is considered as a related party to the Group.

(e) **Service income from CVie TW**

During the six months ended 30 June 2018, total HK\$10,201,000 (six months ended 30 June 2017: nil) was received from CVie TW, an associate to the Group, for providing research and development services.

18. CAPITAL COMMITMENTS

	30 June 2018	31 December 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Capital commitments contracted for in respect of:		
Investment in available-for-sale financial assets	55,177	16,552
Intangible assets – license fee and development cost	74,579	76,760
Property, plant and equipment	43,983	38,427
	173,739	131,739
Authorised but not contracted for:		
Intangible assets – license fee and development cost	19,891	28,653

19. PLEDGE OF ASSETS

At 30 June 2018, the Group has pledged bank deposits of HK\$46,524,000 to secure general banking facilities granted to an associate of the Group (31 December 2017: pledged bank deposits of HK\$27,915,000 to secure general banking facilities granted to the Group and service provided by supplier).

The Group's obligations under finance leases is secured by the lessor's title to the motor vehicles, which have an aggregate carrying amount of HK\$1,540,000 as at 30 June 2018 (31 December 2017: HK\$1,652,000).

INTERIM DIVIDEND

The Board of Directors recommended an interim dividend of HK\$0.034 (2017: HK\$0.034) per share to shareholders registered in the Company's Register of Members as at the close of business on Thursday, 13 September 2018.

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 period ended 30 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 12 September 2018 to Thursday, 13 September 2018 (both days inclusive). In order to establish entitlements to the interim dividend, all transfers accompany by the relevant share certificates must be lodged with Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1726, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 11 September 2018. Interim dividend will be paid on Thursday, 27 September 2018 to shareholders registered in the Company's Register of Members as at the close of business on Thursday, 13 September 2018.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of Main Board Listing Rules throughout the six months ended 30 June 2018, with deviations from provision A.5 of the Code. Under provision A.5 of the Code, a nomination committee should be established to make recommendations to the Board on the appointment and reappointment of directors. The Board as a whole is responsible for the appointment of its own members. The Board does not establish a Nomination Committee and is not considering to establish the same in view of the small size of the Board. The Chairman of the Board is responsible for identifying appropriate candidate and proposing qualified candidate to the Board for consideration. The Board will review profiles of the candidates recommended by the Chairman and make recommendation the appointment, re-election and retirement of the directors. Candidates are appointed to the Board on the basis of their skill, competence, experience and diversity of perspectives that they can contribute to the Company.

PUBLICATION OF FINANCIAL INFORMATION

The interim report for the six months ended 30 June 2018 containing all the detailed information will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange (<http://www.hkex.news.hk>) and the Company (<http://www.leespharm.com>) in due course.

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

Hong Kong, 30 August 2018

* *For identification purpose only*

As at the date of this announcement, Ms. Lee Siu Fong (Chairman), Ms. Leelalertsuphakun Wanee and Dr. Li Xiaoyi are executive directors of the Company, Mr. Simon Miles Ball is a non-executive director of the Company, Dr. Chan Yau Ching, Bob, Mr. Lam Yat Cheong and Dr. Tsim Wah Keung, Karl are independent non-executive directors of the Company.