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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)

POSITIVE PROFIT ALERT

This announcement is made by Lee's Pharmaceutical Holdings Limited (the "**Company**"), together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors of the Company that, based on the preliminary assessment of the Group's unaudited financial information currently available, it is anticipated that the unaudited net profit attributable to the Shareholders for the six months ended 30 June 2020 will increase by about 150%, as compared to that of for the six months ended 30 June 2019.

The Board considers that the improvement of the Group's interim results was mainly attributable to (i) an one-off compensation income recognised by the Company upon the early termination of the product license of Zanidip® during the period under review; and (ii) the absence of considerable intangible assets impairment during the period under review, as compared to the non-recurring loss of approximately HK\$108 million incurred in the same period last year by China Oncology Focus Limited, a 65%-owned subsidiary of the Group, which arose from the impairment of its intangible asset after the discontinuation of a Phase 3 clinical trial of Pexa-Vec for advanced liver cancer.

During the period under review, a termination and transition agreement (the "**Termination and Transition Agreement**") has been made between the Company and the licensor of Zanidip® such that the license and supply agreement of Zanidip® (the "**License Agreement**"), which would be originally expired on 31 December 2021, has been early terminated with effect from 30 June 2020. The Group's revenue derived from the sales of Zanidip® is not significant and represented approximately 8.8% in year 2019 and approximately 8.7% in the first quarter of 2020 of the Group's revenue. Under the Termination and Transition

* For identification purposes only

Agreement, an one-off compensation has been paid by the licensor of Zanicidip® and a sell-off period has also been granted which allows the Group to sell the unsold inventories on hand. Therefore, it is expected that the early termination of the License Agreement shall not have significant impact on the Group's revenue for the year ending 31 December 2020. In recent years, the Group has made it a strategy to enhance in-house development capability and control over its assets, evidenced by the approval of generic Treprostinil in March 2020 to replace original product Remodulin® for sales and marketing in China in which the switch has proved to be beneficial to both pulmonary arterial hypertension (PAH) patients in China and the Group. Given the availability of several generic lercanidipines in China, the Group believes that divesture of this product at this juncture not only brings short term financial benefit but also paves the way for the Group to launch its generic version in the near future for long term prosperity.

The Company is still in the process of finalising the results for the six months ended 30 June 2020. The information contained in this announcement is only a preliminary assessment by the Board based on information currently available including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, which have not been confirmed, reviewed or audited by the auditors of the Company.

The interim results announcement of the Company for the six months ended 30 June 2020 is expected to be published by the end of August 2020 in full compliance with the requirements under the Listing Rules.

Shareholders and potential investors are advised to exercise cautions when dealing in the shares of the Company.

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

Hong Kong, 13 August 2020

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.