



李 氏 大 藥 廠

## Lee's Pharmaceutical Holdings Limited

李 氏 大 藥 廠 控 股 有 限 公 司 \*

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

### RESULTS ANNOUNCEMENT FOR FIRST QUARTER 2003

#### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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*This announcement, for which the directors (the “Directors”) of LEE’S PHARMACEUTICAL HOLDINGS LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* For identification purposes only

## **CHAIRPERSON’S STATEMENT**

I am pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2003.

### **Financial performance**

The Group’s unaudited consolidated turnover for the three months ended 31 March 2003 amounted to approximately HK\$3.22 million, representing an increase of 22.6% as compared with the corresponding period of 2002.

In the first quarter of 2003, the turnover of the Group’s flagship product, Livaracine, has increased by 28% over the corresponding period of last year and was still in its growing path. Despite the reduced selling price of Livaracine, the sales growth was derived from the 69% increment of sales volume from 129,000 vials to 218,000 vials.

Selling and distribution expenses to turnover ratio continued to improve and reduced substantially from 44.1% (for the three months ended 31 March 2002) to 28.8% (for the three months ended 31 March 2003) as a result of the successful implementation of sales and marketing strategy.

Loss from operations in the three months ended 31 March 2003 recorded only a slight increase of approximately HK\$0.48 million year-on-year despite a substantially higher administrative cost incurred in the quarter since the Company’s listing on the GEM in 15 July 2002.

### **Quarter highlights**

During the three months ended 31 March 2003, the Group has achieved the following objectives:

- New drug application has been filed with the Department of Health, Hong Kong for its first license-in drug from Italy for treatment of diabetes.
- Patent application for the development and production of its proprietary interferon gel, Yallaferon®, has been approved by the Intellectual Property Bureau of the People’s Republic of China (“PRC”).
- New drug application has been submitted to the Department of Health, Hong Kong for its license-in azithromycin from Croatia.
- Approval has been obtained from the State Food and Drug Administration (the “SFDA”) of the PRC to initiate clinical study on herpes zoster for Yallaferon®.
- A new drug application for its anti-fungus peptide has obtained the endorsement from a review committee meeting organised by Anhui Provincial Drug Administration.
- Upgrade of a key component of production process has been completed.

## Prospects

In the coming months, the Group will continue to focus its efforts and resources on the following areas:

- Pursuing innovative and proprietary for licensing products from United States of America (“US”) and Europe.
- Cooperating with an university in Hong Kong to conduct clinical study on OraFlu Plus, a US license-in drug for treatment of severe acute respiratory syndrome (“SARS”).
- Obtaining the approval for and initiating clinical studies on Gliconorm®, a license-in drug from Italy for treatment of diabetes.
- Submitting applications to the SFDA for approval of clinical trial on prevention of SARS for Yallaferon®.
- Initiating clinical studies on nephritic syndrome for Livaracine.

In addition, the Group is committed to the discovery and development of products for fighting against SARS. With two potential products on hand, it is highly expected that there will be a tremendous improvement in the Group’s financial performance in the coming quarter.

# UNAUDITED CONSOLIDATED RESULTS

For the three months ended 31 March 2003

	<i>Notes</i>	<b>2003</b> <b><i>HK\$'000</i></b>	2002 <i>HK\$'000</i>
Turnover	(2)	<b>3,222</b>	2,627
Cost of sales		<b>(1,009)</b>	(736)
Gross profit		<b>2,213</b>	1,891
Other revenue		<b>59</b>	46
Selling and distribution expenses		<b>(928)</b>	(1,158)
Administrative expenses		<b>(2,852)</b>	(1,832)
Loss from operations		<b>(1,508)</b>	(1,053)
Finance costs		<b>(176)</b>	(149)
Loss before taxation		<b>(1,684)</b>	(1,202)
Taxation	(4)	<b>–</b>	–
Loss before minority interest		<b>(1,684)</b>	(1,202)
Minority interest		<b>–</b>	–
Net loss for the period		<b><u>(1,684)</u></b>	<b><u>(1,202)</u></b>
Dividends	(5)	<b><u>–</u></b>	<b><u>–</u></b>
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
Loss per Share			
Basic	(6)	<b><u>(0.58)</u></b>	<b><u>(0.60)</u></b>
Diluted	(6)	<b><u>(0.58)</u></b>	<b><u>–</u></b>

**1. Basis of preparation**

The principal accounting policies adopted in preparing the unaudited consolidated results conform with accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Society of Accountants and the disclosure requirements of GEM Listing Rules.

**2. Turnover**

Turnover represents the net amount received and receivable for goods sold by the Group to outside customers during the period.

**3. Business and geographical segments**

As the Group is only engaged in the development, manufacturing and sales of pharmaceutical products solely in the PRC for the three months ended 31 March 2003, no segmental information is presented accordingly.

**4. Taxation**

No provision for Hong Kong, PRC and overseas profits tax has been made as the Group had no estimated assessable profit for the three months ended 31 March 2003 (2002: Nil).

Deferred tax asset has not been recognised in the financial statements in respect of tax losses available to offset future assessable profits as it is not certain that the tax losses will be utilised in the foreseeable future.

**5. Dividends**

The Board does not recommend the payment of quarterly dividend for the period (2002: Nil).

**6. Loss per share**

The calculation of basic loss per share for the three months ended 31 March 2003 is based on the net loss of approximately HK\$1.68 million (2002: HK\$1.20 million), and the weighted average number of 289,225,000 (2002: 201,483,333) Shares in issue during the periods.

For the purpose of calculating basic loss per share for the three months ended 31 March 2002, the weighted average number of shares is determined based on completion of the Group's Reorganisation and its initial public offering of its Shares in July 2002.

The calculation of diluted loss per share for the three months ended 31 March 2003 is based on the net loss of approximately HK\$1.68 million, and the weighted average number of 289,558,333 Shares in issue and issuable, calculated on the assumption that the Company's outstanding share options had been exercised.

## 7. Reserves

	Unaudited					
	Share premium HK\$'000	Merger difference HK\$'000	Revaluation reserve HK\$'000	Exchange reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2002	–	–	–	(15)	(14,322)	(14,337)
Issue of Shares in exchange for shares in Lee's Pharmaceutical (HK) Limited	–	9,200	–	–	–	9,200
Issue of Shares to Zengen Inc. as consideration for acquisition of intangible asset	3,360	–	–	–	–	3,360
Issue of Shares in exchange for assignment of loan made by Huby Technology Limited	3,082	–	–	–	–	3,082
Issue of Shares in exchange for assignment of loan made by Ms. Lee Siu Fong	631	–	–	–	–	631
Issue of Shares to Huby Technology Limited for cash	1,856	–	–	–	–	1,856
Issue of new Shares to public	26,250	–	–	–	–	26,250
Share issue expenses	(10,292)	–	–	–	–	(10,292)
Surplus on revaluation of property, plant and equipment not recognised in consolidated income statement	–	–	4,613	–	–	4,613
Exchange rate adjustment not recognised in consolidated income statement	–	–	–	16	–	16
Net loss for the year	–	–	–	–	(3,467)	(3,467)
At 31 December 2002	24,887	9,200	4,613	1	(17,789)	20,912
Exchange rate adjustment not recognised in consolidated income statement	–	–	–	–	–	–
Net loss for the period	–	–	–	–	(1,684)	(1,684)
At 31 March 2003	<u>24,887</u>	<u>9,200</u>	<u>4,613</u>	<u>1</u>	<u>(19,473)</u>	<u>19,228</u>

## **BOARD PRACTICES AND PROCEDURES**

The Company has complied with board practices and procedures as set out in Rule 5.28 to 5.39 of the GEM Listing Rules during the period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company listed securities during the three months ended 31 March 2003.

**Lee Siu Fong**  
*Chairperson*

Hong Kong, 14 May 2003

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at [www.leespharm.com](http://www.leespharm.com).*