LEE'S PHARM.
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)

(Stock Code: 950)

First Quarterly Report 2012

* For identification purpose only

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2012

		For the three months ended 31 March	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Turnover	(2)	**109,889**	73,679
Cost of sales		**(31,824)**	(19,355)
Gross profit		**78,065**	54,324
Other revenue		**5,102**	1,203
Gain on deemed disposal of associates		**–**	6,441
Selling and distribution expenses		**(40,872)**	(31,153)
Research and development expenses		**(2,750)**	(3,617)
Administrative expenses		**(10,557)**	(7,856)
Profit from operations		**28,988**	19,342
Finance costs		**(249)**	(259)
Share of results of associates		**–**	(273)
Profit before taxation		**28,739**	18,810
Taxation	(3)	**(4,129)**	(1,834)
Profit for the period		**24,610**	16,976
Attributable to:			
Shareholders of the Company		**24,609**	16,894
Non-controlling interests		**1**	82
		24,610	16,976
		HK cents	*HK cents*
Earnings per share			
Basic	(4)	**5.24**	3.62
Diluted	(4)	**5.13**	3.52

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2012

	For the three months ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Profit for the period	**24,610**	16,976
Other comprehensive income:		
Exchange differences on translation of:		
– Financial statements of overseas subsidiaries	**712**	783
– Revaluation of overseas buildings	**(3)**	33
Release of share of other reserves of associates	**–**	(5,855)
Other comprehensive income (expenses) for the period, net of tax	**709**	(5,039)
Total comprehensive income for the period	**25,319**	11,937
Total comprehensive income attributable to:		
Shareholders of the Company	**25,317**	11,853
Non-controlling interests	**2**	84
	25,319	11,937

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2012

1. Basis of preparation and principal accounting policies

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong, Accounting Standards and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Listing Rules. They have been prepared under the historical cost convention, as modified by the revaluation of leasehold buildings.

The accounting policies and method of computation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 December 2011 except as described below.

In the current period, the Group has applied the following new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The effective day of HKFRS 9 is for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In June 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidated – Special Purpose Entities.* HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or right, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Ventures.* HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of HKFRS 10 and HKFRS 11 may have an impact on amounts reported in the consolidated financial statements.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to HKAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and the application of the amendments to HKAS 19 may have impact on amounts reported in respect of the Groups' defined benefit plans.

2. Turnover

The principal activities of the Group are development, manufacturing and sales of pharmaceutical products. During the period, turnover represents the net amount received and receivable for goods sold by the Group to outside customers and recognised as follows:–

Business segments

	For the three months ended 31 March	
	2012	2011
	HK\$'000	*HK\$'000*
Proprietary products	**54,443**	38,956
License-in products	**55,446**	34,723
	109,889	73,679

Geographical segments

During the period ended 31 March 2012 and 2011, more than 90% of the Group's turnover was derived from activities conducted in the People's Republic of China (the "PRC"), no geographical segmental information is presented.

3. Taxation

	For the three months ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**1,305**	–
PRC Enterprise Income Tax	**2,645**	325
Deferred tax		
Provision of current period	**179**	1,509
Taxation attributable to the Group	**4,129**	1,834

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.

4. Earnings per share

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

	For the three months ended 31 March	
	2012	2011
Net profit attributable to shareholders for the purpose of basic and diluted earnings per share	**HK$24,609,726**	HK$16,894,317
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**469,926,701**	466,255,548
Effect of dilutive potential ordinary shares:		
Options	**9,684,207**	13,025,653
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**479,610,908**	479,281,201

5. Share capital and reserves

	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	Sub-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 2012	23,489	105,533	9,200	2,440	–	3,980	10,372	156,900	311,914	417	312,331
Employee share option benefits	–	–	–	322	–	–	–	–	322	–	322
Exercise of share options	23	146	–	(42)	–	–	–	–	127	–	127
Profit for the period	–	–	–	–	–	–	–	24,609	24,609	1	24,610
Other comprehensive income for the period	–	–	–	–	–	(3)	711	–	708	1	709
Total comprehensive income for the period	–	–	–	–	–	(3)	711	24,609	25,317	2	25,319
At 31 March 2012	23,512	105,679	9,200	2,720	–	3,977	11,083	181,509	337,680	419	338,099
At 1 January 2011	23,292	103,143	9,200	1,969	5,855	3,818	5,774	88,013	241,064	284	241,348
Employee share option benefits	–	–	–	309	–	–	–	–	309	–	309
Exercise of share options	22	475	–	(40)	–	–	–	–	457	–	457
Profit for the period	–	–	–	–	–	–	–	16,894	16,894	82	16,976
Other comprehensive expenses for the period	–	–	–	–	(5,855)	33	781	–	(5,041)	2	(5,039)
Total comprehensive income for the period	–	–	–	–	(5,855)	33	781	16,894	11,853	84	11,937
At 31 March 2011	23,314	103,618	9,200	2,238	–	3,851	6,555	104,907	253,683	368	254,051

DIVIDEND

The Board does not recommend payment of dividend for the three months ended 31 March 2012. (2011: Nil)

BUSINESS REVIEW

The Group achieved yet another outstanding and solid performance in the first quarter of 2012 during which both revenue and profit registered hefty growth. Turnover in the quarter reached HK$ 109,889,000, increased by 49% compared with the same period in last year. Net profit attributable to shareholders for the three months ended 31 March 2012 amounted to HK$24,609,000, up 45.7% over same period last year. Basic earnings per share for the first quarter 2012 were HK 5.24 cents, increased by 44.8% compared with same period last year. The improvement in operating income was even more impressive in the quarter with an increase of more than 100% compared to the same period of last year.

Significantly, the driving force behind the robust growth in revenue was not limited to two main products as it was the case last year. Instead, the top five products that contribute 93% of the Group's sales income all attained sales increase of more than 35%, providing a broader base for sustainable growth. Benchmarked with the first quarter of 2011, the sales of *Ferplex*®, *Yallaferon*®, *Carnitene*®, *Slounase*® and *Livaracine*® grew 77%, 62%, 60%, 36% and 35% respectively. The steadfast expansion of sales across board was the result of relentless efforts in knowledge based promotion spearheaded by the Group's medical marketing team and a reflection of the maturity of the Group's sales and marketing organization.

Although gross profit margin for the first quarter was 71%, decreased by 2.7 percentage point over same period last year due to a slight increase in the cost of imported products, the net profit margin continued the trend of last year by improving additional 1.4 percentage point to 22.4%. This improvement was accomplished by the Group's perseverance in improving the efficiency and effectiveness of its sales and marketing efforts. The selling and distribution expenses to turnover ratio for the first quarter of 2012 dropped significantly to 37.2% compared with the ratio of 42.3% for the same period last year.

During the first quarter, the Group had also made significant progress in product research, development and registration. In January, *Hyalofemme*®, a medical device for vaginal dryness of various origin received marketing approval from China SFDA. This is the third registration approval obtained by the Group in the last 18 months in China. Results of the clinical study carried out by the Group in China has shown that *Hyalofemme*® is as effective as hormone replacement therapy in alleviating symptoms but devoid of unwanted side effects caused by hormone. The product would provide alternative option to help improve the quality of life for woman suffered from vaginal dryness and product launch is expected in June 2012.

In March 2012, the Group also received approval to conduct registration study of Prulifloxacin for the treatment of respiratory tract and urinary tract infections. The finalization of study protocol is underway and patient enrollment is targeted in early third quarter.

The Group had also started patient enrollment for its phase III study of Trazodone for depressive disorders in the quarter. The study is progressing smoothly and completion of patient recruitment is targeted for the end of 2012.

"Growth through partnership" has been pivotal to the development of the Group and the first quarter had been eventful in this regard. The Group has entered into a definitive licensing and development agreement with PLx Pharma, a privately held US biotechnology company. Under the agreement, the Group will develop, manufacture and market a GI safer Aspirin in China for the prevention of cardiovascular diseases. PLx Pharma has submitted the NDA of this product to US FDA and the application is currently under active review. Aspirin is widely used for prevention of stroke and heart attack for patients who are considered with higher risk. However, unwanted GI effect has been a deterrent for wider use of the product. A GI safer Aspirin could potentially expanding the clinical benefits offered by this proven product, including the prevention of cancer.

In an addition, the Group executed a binding term sheet with RegeneRx Biopharmaceuticals, Inc., a public traded biotechnology company in US to acquire a license for the development and selling of Thymosin Beta 4. One of the Group's growing focused areas is ophthalmology. Currently, the Group has one product *Eyprotor*® launched into the market in China and several products are under development. The Group's ophthalmology products are positioned to treat eye problem with significant unmet medical needs that include dry eye, cornea ulcer, uveitis and glaucoma, etc. The entering into of the license agreement would expand the variety of the type of products the Group offers and help the building of an ophthalmology franchise.

With existing partners, the Group focuses on strengthening and expanding the cooperation. Further to a successful cooperation in China for oral Treprestinil global phase III study, the Group signed a new regulatory and clinical service agreement to assist United Therapeutics on a new global phase III study of oral Treprestinil. Application for clinical study has been submitted to China SFDA and the Group is now helping United Therapeutics for the preparation of the study.

PROSPECTS

Despite the fact that there is still uncertainty in the sector, the Group is optimistic on its near term outlook and long term prospects.

As the government health care expenditure increases and further limitation on antibiotics enforces, more resources have been freed up for the management of chronic diseases such as diabetic, dialysis and hypertension, etc. The Group's current products are focusing on those areas with unmet medical needs and the demand for them is expected to continue the similar growth trend as before.

The Group has also been allocating more resources for the marketing of the Group's newly launched license-in products, *Brio*® PTCA Balloon Catheters for the treatment of acute coronary syndrome, *Veloderm*® for burn and chronic wounds, *Zanidip*® for hypertension, *Hyalofemme*® for vaginal dryness of various origin and *Gaslon N*® for the treatment of gastric ulcer. These new products will broaden the revenue base for the Group and provide additional driver for sustainable growth.

During the period under review, the Group also signed a non-binding term sheet with new investors, pursuant to which the Group will set up a new wholly-owned subsidiary and the new investors shall subscribe for the Series A Shares of the subsidiary at an aggregate amount of up to US$15,000,000. Upon closing of the First Tranche Issuance, the new investors will hold 28.57% of the total issued share capital (calculated on a fully-diluted basis) of the subsidiary. The subsidiary is a specialty pharmaceutical company with focus exclusively on cardiovascular drugs. Initially, it will undertake the development of two innovative drugs for hypertension and acute heart failure that are in phase II clinical development in Europe. This venture is a result of the Group's strategy to steer itself into an area of mid stage development for proprietary and innovative products.

The other two mid stage products of the Group, namely JX-594 for late stage liver cancer and Anfibatide for acute cardiac syndrome, will start patient enrollment for their respective phase II study in June. It would be an important milestone for the Group, signifying the dawn of new product development era of the Group.

With relentless toil and commitment, the Group is in good position to achieve yet another leap in its development in celebration of its tenth anniversary of listing on the Hong Kong Stock Exchange.

SHARE OPTION SCHEME

Pursuant to a written resolution passed by all shareholders of the Company on 26 June 2002, the Company, among others, conditionally adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme"), the principal terms of which are set out in the Prospectus.

Movements of the share option during the period ended 31 March 2012 were as follows:

		Number of share options				
Grantees	**Date of Grant**	**Outstanding at 1.1.2012**	**Granted**	**Exercised**	**Cancelled**	**Outstanding at 31.3.2012**
Directors						
Lee Siu Fong	25.09.2009	448,000	–	–	–	448,000
	20.12.2010	465,000	–	–	–	465,000
	20.12.2011	469,000	–	–	–	469,000
Leelalertsuphakun	06.09.2010	450,000	–	–	–	450,000
Wanee	07.10.2011	469,000	–	–	–	469,000
Li Xiaoyi	25.09.2009	448,000	–	–	–	448,000
	20.12.2010	465,000	–	–	–	465,000
	20.12.2011	469,000	–	–	–	469,000
Mauro Bove	11.07.2005	500,000	–	–	–	500,000
	02.06.2006	500,000	–	–	–	500,000
	20.12.2010	300,000	–	–	–	300,000
Sub-total of Directors		4,983,000	–	–	–	4,983,000
Employees	13.01.2003	150,000	–	–	–	150,000
	25.06.2004	2,160,000	–	–	–	2,160,000
	11.07.2005	2,350,000	–	(265,000)	–	2,085,000
	02.01.2008	520,000	–	(200,000)	–	320,000
	12.01.2010	4,170,000	–	–	–	4,170,000
Consultants	02.06.2006	500,000	–	–	–	500,000
	02.01.2008	2,000,000	–	–	–	2,000,000
	26.11.2008	500,000	–	–	–	500,000
	20.12.2010	250,000	–	–	–	250,000
Sub-total of employees and consultants		12,600,000	–	(465,000)	–	12,135,000
Grand total		17,583,000	–	(465,000)	–	17,118,000

Notes:

1. **Particulars of share options:**

Date of Grant	**Exercise period**	**Exercise price per share** *HK$*
13.01.2003	13.07.2003-12.01.2013	0.405
25.06.2004	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 25.12.2004-24.06.2014 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 25.09.2005-24.06.2014	0.218
11.07.2005	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 11.01.2006-10.07.2015 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 11.10.2006-10.07.2015	0.159
02.06.2006	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 02.12.2006- 01.06.2016 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 02.09.2007-01.06.2016	0.175
02.01.2008	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 02.07.2008- 01.01.2018 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 02.04.2009-01.01.2018	0.492

Date of Grant	Exercise period	Exercise price per share *HK$*
26.11.2008	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 26.05.2009- 25.11.2018 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 26.02.2010-25.11.2018	0.383
25.09.2009	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 25.03.2010- 24.09.2019 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 25.12.2010-24.09.2019	1.076
12.01.2010	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 12.07.2010- 11.01.2020 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 12.04.2011 – 11.01.2020	2.200
06.09.2010	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 06.03.2011- 05.09.2020 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 06.12.2011 – 05.09.2020	2.990
20.12.2010	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 20.06.2011- 19.12.2020 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 20.03.2012 – 19.12.2020	3.750

Date of Grant	Exercise period	Exercise price per share *HK$*
07.10.2011	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 07.04.2012- 06.10.2021 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 07.01.2013 – 06.10.2021	2.526
20.12.2011	(i) 50% exercisable not less than 6 months from date of grant but not more than 10 years, i.e. 20.06.2012- 19.12.2021 (ii) unexercised balance thereof be exercisable not less than 15 months from date of grant but not more than 10 years, i.e. 20.03.2013 – 19.12.2021	2.666

Save as disclosed above, as at 31 March 2012 none of the Directors or chief executive or their respective spouse or children under 18 years of age were granted or exercise any rights to subscribe for any equity of the Company or any of its associated corporations.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 March 2012, the following directors and chief executive and their associates had interest or short positions in the Shares or underlying Shares of the Company or any of its associated corporations as required to be disclosed under and within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") were as follows:

1. Long positions

(a) Ordinary shares of HK$0.05 each of the Company

Name	Capacity and nature	*Notes*	Number of shares	Total	% of issued share capital
Lee Siu Fong	Beneficial owner		1,109,375		
	Interest of corporation	*(i)*	120,690,625	121,800,000	25.90
Leelalertsuphakun Wanee	Beneficial owner		622,000		
	Interest of corporation	*(i)*	120,690,625	121,312,625	25.80
Li Xiaoyi	Beneficial owner		38,165,000		
	Interest of spouse	*(ii)*	16,000,000	54,165,000	11.52
Chan Yau Ching, Bob	Beneficial owner		1,190,000	1,190,000	0.25
Tsim Wah Keung, Karl	Beneficial owner		300,000	300,000	0.06
Lam Yat Cheong	Beneficial owner		300,000	300,000	0.06

Notes:

(i) 120,690,625 Shares are held through Huby Technology Limited ("Huby Technology") and Dynamic Achieve Investments Limited ("Dynamic Achieve"). Each of Huby Technology and Dynamic Achieve is an investment holding company jointly owned by Ms. Lee Siu Fong and Ms. Leelalertsuphakun Wanee.

(ii) These Shares are held by High Knowledge Investments Limited ("High Knowledge") which is wholly owned by Dr. Li's spouse, Ms. Lue Shuk Ping, Vicky ("Ms. Lue"). The interest held by Ms. Lue is deemed to be part of the interest of Dr. Li.

(b) Share options

Name	Capacity and nature	Number of options held	Number of underlying Shares
Lee Siu Fong	Beneficial owner	1,382,000	1,382,000
Leelalertsuphakun Wanee	Beneficial owner	919,000	919,000
Li Xiaoyi	Beneficial owner	1,382,000	1,382,000
Mauro Bove	Beneficial owner	1,300,000	1,300,000
		4,983,000	4,983,000

(c) Aggregate long positions in the Shares and the underlying Shares

Name	Number of Shares	Number of underlying Shares	Aggregate in number
Lee Siu Fong	121,800,000	1,382,000	123,182,000
Leelalertsuphakun Wanee	121,312,625	919,000	122,231,625
Li Xiaoyi	54,165,000	1,382,000	55,547,000
Chan Yau Ching, Bob	1,190,000	–	1,190,000
Tsim Wah Keung, Karl	300,000	–	300,000
Lam Yat Cheong	300,000	–	300,000
Mauro Bove	–	1,300,000	1,300,000

2. Short positions

No short positions of directors and chief executive in the Shares or underlying Shares of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the paragraph headed "Directors' and Chief Executive's Interests" above, at no time during the period ended 31 March 2012 were rights to acquire benefits by means of the acquisition of Shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or any of its holding companies and subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

At 31 March 2012, the following persons/companies, other than a director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered into the register maintained by the Company pursuant to Section 336 of the SFO:

1. Long positions

(a) Ordinary shares of HK$0.05 each of the Company

Name	**Capacity and nature**	*Notes*	**Number of Shares**	**% of issued share capital**
Huby Technology Limited	Beneficial owner		120,290,625	25.58
Defiante Farmaceutica, S.A.	Beneficial owner	*(i)*	132,350,000	28.15
FIL Limited	Beneficial owner		30,305,000	6.44
High Knowledge Investments Limited	Beneficial owner	*(ii)*	16,000,000	3.40
Lue Shuk Ping, Vicky	Interest in corporation	*(ii)*	16,000,000	3.40
	Interest of spouse	*(iii)*	38,165,000	8.12

(b) Underlying shares

Name	**Capacity and nature**	*Notes*	**Nature of underlying shares**	**Number of underlying Shares**
Lue Shuk Ping, Vicky	Interest of spouse	*(ii)*	Share Options	1,382,000

(c) *Aggregate long positions in the Shares and the underlying Shares*

Name	Number of Shares	Number of underlying Shares	Aggregate in number
Huby Technology Limited	120,290,625	–	120,290,625
Defiante Farmaceutica, S.A.	132,350,000	–	132,350,000
FIL Limited	30,305,000	–	30,305,000
High Knowledge Investments Limited	16,000,000	–	16,000,000
Lue Shuk Ping, Vicky	54,165,000	1,382,000	55,547,000

Notes:

(i) Anna Atti, Enrico Cavazza, Francesca Cavazza, Silvia Cavazza, Martina Cavazza and Preta Lorena jointly have interest in 134,350,000 shares of the Company, of which 132,350,000 shares are held by Defiante Farmaceutica, S.A.

Paolo Cavazza has interest in 132,350,000 shares of the Company which are held by Defiante Farmaceutica, S.A.

(ii) These Shares are legally owned by High Knowledge Investments Limited, which is entirely and beneficially owned by Dr. Li Xiaoyi's spouse, Ms. Lue.

(iii) The Shares and share option are owned by Ms. Lue Shuk Ping, Vicky's spouse, Dr. Li Xiaoyi.

2. Short positions

No short positions of other persons and substantial shareholders in the Shares or underlying Shares of the Company and its associated corporations were recorded in the register.

Save as disclosed above, as at 31 March 2012, so far as is known to the directors, no person was recorded in the register required by the SFO to be kept as having an interest of 5% or more of the issued share capital of the Company or short positions in the Shares or underlying Shares of the Company.

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 31 March 2012.

COMPETING INTERESTS

None of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, or has any other conflict of interests with the Group during the period ended 31 March 2012.

AUDIT COMMITTEE

The audit committee has reviewed with the management and auditors this unaudited quarterly report for the three months ended 31 March 2012 before recommending it to the Board for approval.

As at the date of this report, the Board comprises the following directors:

Executive directors:
Ms. Lee Siu Fong *(Chairman)*
Ms. Leelalertsuphakun Wanee
Dr. Li Xiaoyi

Non-executive director:
Mr. Mauro Bove

Independent non-executive directors:
Dr. Chan Yau Ching, Bob
Mr. Lam Yat Cheong
Dr. Tsim Wah Keung, Karl

On behalf of the Board
Lee Siu Fong
Chairman

Hong Kong, 21 May 2012