* For identification purpose only

Third Quarterly Report 2013

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)

BUSINESS REVIEW

The third quarter of 2013 was an unsettled period during which the industry was under spotlight with unwanted and negative publicity. The turn of the event has somewhat tamed the growth momentum of the sector in general. However, the Group had managed to navigate itself through this challenging environment and achieved satisfactory progress in many areas of development.

In revenue, the sales for the third quarter of 2013 increased by 34% compared with same quarter last year, maintaining the same pace of growth as previous quarter. Turnover for the nine months ended 30 September 2013 increased by 32% over same period last year to HK$512,176,000. Newer product like *Zanidip*® continued to lead the pack with a leap of 108% over same period last year while main driver such as *Carnitene*® did not relent either with a year-on-year sales growth of 46%. Other major products *Ferplex*®, *Yallaferon*® and *Livaracine*® also performed well with a year-on-year sales increase of 38%, 36% and 27% respectively.

Net profit attributable to shareholders for the third quarter grew slower with an increase of only 21% compared with the same period last year. The slight divergence of revenue and profit is temporary in nature, resulting mainly from increase in non-recurrent expenses such as research and development cost write-off, decrease in other revenue by around HK$2.7 million and share of loss of around HK$1 million from Powder Pharmaceuticals Incorporated, which has became an associated company since July 2013. The positive effect from the decrease in selling expenses to turnover ratio for the third quarter this year was offset by the increase in administrative expenses such as staff cost compared with third quarter last year.

On a year-on-year basis, net profit attributable to shareholders of the Company for the nine months period attained 30.3% increase and reached the level of HK$111,602,000. Gross profit margin for the nine months period improved by 0.4 percentage points to 71.7% over same period last year. The selling expense to turnover ratio for the nine months ended 30 September 2013 remained at a reduced level of 31.3%, a 3.1 percentage points improvement over the same period last year. The drop in other revenue by 61% and non-recurrent research and development cost write-off caused a slight drop of net profit margin by 0.3 percentage points to 21.8% for the nine months period.

In the manufacturing front, the Group has submitted application to CFDA for GMP inspection and certification of its new site in Hefei for all existing formulations and products. The application has been accepted and field audit by the CFDA GMP inspectors is expected in mid December 2013. The completion of the new facility in time is a testimony of team work and demonstrates the Group's commitment to product quality and sustainable growth. The completion of the new facility in Nansha, Guangzhou is also on schedule and will be put into use starting next year.

The quarter was also buzzing with activities in the realm of research and development. Studies unveil new findings in the mechanism of action of Anfibatide, the Group's proprietary anti-platelet agent in phase II study, providing new evidence for its potential clinical application. The paper "Anfibatide, a novel GP1b complex antagonist, inhibit platelet adhesion and thrombus formation in Vitro and in Vivo in Murine model of thrombosis" has been accepted in August and published in "Thrombosis and Haemostasis", one of the highly regarded research journal for thrombosis. As data accumulated, there is increasing interest and appreciation of Anfibatide being a unique and novel anti-platelet agent that could change the paradigm of treating acute coronary syndrome. The abstract titled "The First in Vitro and in Vivo Assessment of Anfibatide, a Novel Glycoprotein 1b antagonist in Mice and in a Phase I Human Clinical Trial" has been selected into press program of this year's American Society of Hematology Conference in the US under the category of Novel Therapies.

In August 2013, the Group has successfully submitted the application to the CFDA for conducting a phase III clinical study for Gimatecan on ovarian cancer in China. The clinical study application was submitted with the fast-track designation, and has been accepted for review by the CFDA. The registration-enabling phase III pivotal clinical trials is to test oral Gimatecan versus Topotecan in refactory patients with advanced epithelial ovarian, fallopian or peritoneal cancer, resistant or partial sensitive to Platinum.

In the same month, clinical trial application to conduct Phase III APEX study of Betrixaban in China was accepted for review by CFDA. The clinical study application was submitted with the fast-track designation. Betrixaban is a novel, oral small molecule that directly inhibits the activity of Factor Xa, an important validated target in the blood coagulation pathway.

The Group entered into a partnership in August with the School of Continuing Education, Tsinghua University in China. Tsinghua University is the most renowned university in China and its School of Continuing Education is reputed with its Executive Training Programs that cover many different industries, including healthcare. The Group will work together with the School of Continuing Education, Tsinghua University to expand the executive training program on hospital directors and other responsible personnel, providing opportunity to improve managerial and administrative skill for hospital executives. This partnership is a demonstration of the Group's commitment to the development and reform of China's healthcare system.

In October 2013, the results of China registration-enabling study of Trazodone for depression was made available and show that the primary efficacy endpoint of the study has been met. Trazodone (*Trittico*®) is a product licensed from Angelini of Italy and the registration-enabling study is to evaluate the efficacy and safety of Trazodone for treatment of depression in Chinese population. The successful conclusion of the study will enable the Group to submit application for Import Drug License in the fourth quarter. Depression prevalence has been on the rise in China for the last twenty years and *Trittico*® will broaden the treatment option for Chinese patients suffered from depression.

Also in October 2013, the first patient for Istaroxime's global phase IIb clinical study has been enrolled in Italy. Istaroxime is a first-in-class luso-inotropic agent under development for the treatment of acute decompensated heart failure. Istaroxime does not increase heart rate, minimizes the increase in oxygen consumption, is less arrhythmogenic and does not cause hypotension. This is an important milestone of Istaroxime is expected to be followed by initiation of Chinese arm in the first half of next year.

In sales and marketing, the Group kept up its restructuring effort to enhance effectiveness. New commercial unit has been established during the quarter under review to focus on tender, pricing and distributor relationship. The compartmentisation of functions with dedicated team is going to streamline the selling process, to strengthen price stability and to better leverage partnership with distributors.

The Group also achieved major milestone in corporate development and partnership. In September 2013, the Group's subsidiary CVie Therapeutics Company Limited ("CVie"), allotted shares to other shareholders for US$10 million and the Group's shareholding interest in CVie reduced from 70.98% to 56.26%. The capital fund received will be used for the development of two licensed-in drugs Rostafuroxin and Istaroxime. The unrealized gain of HK$31.68 million on partial disposal of CVie is recognized directly to the equity attributable to the shareholders of the Company.

In November 2013, the Group's associated company Powder Pharmaceuticals Incorporated ("PPI") entered into an exclusive distribution agreement with Marathon Pharmaceuticals, LLC, a US based pharmaceutical company for marketing and selling of its product *Zingo*® in the US market. This signing is an affirmation of *Zingo*®'s market potential and made PPI the first company in the greater China area that produces and exports original pharmaceutical product into the US market.

PROSPECT

The ripples of those negative events in the industry may linger in the near future and prospect for the business in general could be somewhat murky. The uncertainty imposes great pressure on companies to adapt and evolve. The selection process could mean new opportunity for the one prepared. The Group has always been focusing on pipeline building and scientific promotion during the last ten years and is confident that it is in a unique position to rise to the occasion.

Remodulin®, a drug addressing highly unmet medical need in pulmonary hypertension, will be launched by the Group in the first quarter of 2014. It is a proprietary product that can be highly differentiated from its competitors in the market place and allows a break from traditional mode of selling pharmaceuticals in China. The expected launch of several other proprietary products in the near future will further augment the Group's competitiveness in this area.

The successful conclusion of *Carnitene*® study in heart failure provides new scientific evidence for the product, making it possible to reposition the product with significant differentiation from its competitors. The new data generates interesting scientific talking points for the product and the new indication will create new revenue stream from the product.

The Group's investment in proprietary product and in clinical study will certainly be advantageous in today's new evidence-based medicine environment in China, giving it the necessary competitive edge in the market place in future to come.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2013

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2013	2012	**2013**	2012
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	(2)	**177,407**	132,362	**512,176**	388,143
Cost of sales		**(48,394)**	(37,621)	**(144,936)**	(111,430)
Gross profit		**129,013**	94,741	**367,240**	276,713
Other revenue		**1,524**	4,202	**4,251**	10,962
Selling and distribution expenses		**(58,168)**	(47,793)	**(160,374)**	(133,541)
Administrative expenses		**(21,503)**	(11,351)	**(58,909)**	(44,843)
Research and development expenses		**(4,641)**	(3,730)	**(19,042)**	(9,392)
Profit from operations		**46,225**	36,069	**133,166**	99,899
Finance costs		**(563)**	(363)	**(1,122)**	(870)
Share of results of associates		**(1,096)**	–	**(1,096)**	–
Profit before taxation		**44,566**	35,706	**130,948**	99,029
Taxation	(3)	**(6,997)**	(4,830)	**(19,907)**	(13,909)
Profit for the period		**37,569**	30,876	**111,041**	85,120
Attributable to:					
Shareholders of the Company		**37,848**	31,178	**111,602**	85,650
Non-controlling interests		**(279)**	(302)	**(561)**	(530)
		37,569	30,876	**111,041**	85,120
		HK cents	*HK cents*	***HK cents***	*HK cents*
Earnings per share					
Basic	(5)	**7.05**	6.00	**21.18**	17.44
Diluted	(5)	**6.83**	5.88	**20.54**	17.08

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2013

	For the three months ended 30 September		For the nine months ended 30 September	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the period	**37,569**	30,876	**111,041**	85,120
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of overseas subsidiaries	**1,181**	2,020	**5,340**	430
Items that may not be reclassified subsequently to profit or loss:				
Exchange differences on translation of revaluation of overseas building	**13**	32	**71**	–
Other comprehensive income for the period, net of tax	**1,194**	2,052	**5,411**	430
Total comprehensive income for the period	**38,763**	32,928	**116,452**	85,550
Total comprehensive income (expenses) attributable to:				
Shareholders of the Company	**39,041**	33,227	**117,010**	86,080
Non-controlling interests	**(278)**	(299)	**(558)**	(530)
	38,763	32,928	**116,452**	85,550

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2013

	Attributable to the shareholders of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Merger difference *HK$'000*	Share-based compensation reserve *HK$'000*	Other reserve *HK$'000*	Revaluation reserve *HK$'000*	Exchange reserve *HK$'000*	Retained profits *HK$'000*	Sub-total *HK$'000*	Attributable to non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2013 (audited)	26,055	260,656	9,200	3,292	17,038	4,036	14,636	247,243	582,156	11,123	593,279
Employee share option benefits	–	–	–	2,123	–	–	–	–	2,123	–	2,123
Share option lapsed	–	–	–	(81)	–	–	–	–	(81)	–	(81)
Exercise of share option	71	3,306	–	(512)	–	–	–	–	2,865	–	2,865
Share of share-based compensation reserve of a subsidiary *(Note)*	–	–	–	21	–	–	–	–	21	9	30
Issue of shares pursuant to Shareholders' Agreement *(Note 6)*	758	26,370	–	–	–	–	–	–	27,128	–	27,128
Deemed partial disposal of interests in a subsidiary *(Note 7)*	–	–	–	–	43,274	–	–	–	43,274	56,380	99,654
Profit (loss) for the period	–	–	–	–	–	–	–	111,602	111,602	(561)	111,041
Other comprehensive income	–	–	–	–	–	71	5,337	–	5,408	3	5,411
Total comprehensive income (expenses) for the period	–	–	–	—	–	71	5,337	111,602	117,010	(558)	116,452
2012 final dividend paid	–	–	–	–	–	–	–	(20,871)	(20,871)	–	(20,871)
2013 interim dividend declared	–	–	–	–	–	–	–	(12,367)	(12,367)	–	(12,367)
At 30 September 2013 (unaudited)	26,884	290,332	9,200	4,843	60,312	4,107	19,973	325,607	741,258	66,954	808,212
At 1 January 2012 (audited)	23,489	105,533	9,200	2,440	–	3,980	10,372	156,900	311,914	417	312,331
Employee share option benefits	–	–	–	944	–	–	–	–	944	–	944
Exercise of share option	81	2,497	–	(295)	–	–	–	–	2,283	–	2,283
Issue of ordinary shares by placement	2,424	149,707	–	–	–	–	–	–	152,131	–	152,131
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	203	203
Deemed partial disposal of interests in a subsidiary	–	–	–	–	17,038	–	–	–	17,038	11,240	28,278
Profit (loss) for the period	–	–	–	–	–	–	–	85,650	85,650	(530)	85,120
Other comprehensive income	–	–	–	–	–	–	430	–	430	–	430
Total comprehensive income (expenses) for the period	–	–	–	—	–	–	430	85,650	86,080	(530)	85,550
2011 final dividend paid	–	–	–	–	–	–	–	(14,107)	(14,107)	–	(14,107)
2012 interim dividend declared	–	–	–	–	–	–	–	(9,357)	(9,357)	–	(9,357)
At 30 September 2012 (unaudited)	25,994	257,737	9,200	3,089	17,038	3,980	10,802	219,086	546,926	11,330	558,256

Note: Share of share-based compensation reserve of a subsidiary was derived from a subsidiary, CVie Therapeutics Company Limited, which has granted share options to its employees in 2012.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2013

1. Basis of preparation of financial statements and principal accounting policies

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost basis, as modified by the revaluation of leasehold buildings.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the nine months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current period, the Group has applied, for the first time, the following new or revised standards and interpretations (the "new or revised HKFRSs") issued by the HKICPA, which are or have become effective:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle except for the amendments to HKAS 1

The adoption of the new or revised 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:

HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 Financial Instruments

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.

HKFRS 9 is effective 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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments may have impact on amounts reported in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 may have impact on amounts reported in the Group's consolidated financial statements.

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.

Business segments

	(Unaudited) For the three months ended 30 September		**(Unaudited) For the nine months ended 30 September**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Proprietary products	**74,258**	55,037	**220,239**	189,643
Licensed-in products	**103,149**	77,325	**291,937**	198,500
	177,407	132,362	**512,176**	388,143

Geographical segments

During the period ended 30 September 2013 and 2012, 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

	(Unaudited) For the three months ended 30 September		(Unaudited) For the nine months ended 30 September	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax				
Hong Kong Profits Tax	**3,800**	5,360	**11,260**	5,360
PRC Enterprise Income Tax	**2,301**	1,276	**7,574**	6,943
(Over) under provision in prior period	**(11)**	2,692	**(153)**	2,692
	6,090	9,328	**18,681**	14,995
Deferred tax				
Origination and reversal of temporary differences	**907**	(4,498)	**1,226**	(1,086)
	6,997	4,830	**19,907**	13,909

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit in Hong Kong.

Tax arising in the PRC is calculated at the rates of tax prevailing in the PRC.

4. Dividends

An interim dividend of HK$0.023 per share, totalling HK$12,367,000 for the six months ended 30 June 2013 was declared on 28 August 2013 and paid on 17 October 2013.

The Board does not recommend the payment of other interim dividend for the third quarter of 2013.

5. Earnings per share

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

	(Unaudited) For the three months ended 30 September		(Unaudited) For the nine months ended 30 September	
	2013	2012	**2013**	2012
Net profit attributable to shareholders of the Company for the purpose of basic and diluted earnings per share	**HK$37,848,000**	HK$31,178,000	**HK$111,602,000**	HK$85,650,000
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings per share	**537,219,727**	519,411,710	**526,859,498**	491,245,408
Effect of dilutive potential ordinary shares:				
Options	**12,030,926**	11,039,777	**11,514,876**	10,106,982
Contingent share arrangement	**4,995,724**	–	**4,995,724**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**554,246,377**	530,451,487	**543,370,098**	501,352,390

6. Issue of shares pursuant to Shareholders' Agreement

On 2 July 2013, the Company, pursuant to the Shareholders' Agreement, issued 15,166,667 shares to China Opportunity S.A. Sicar ("China Opportunity") in exchange for China Opportunity's 21,570 Subscription Shares in Powder Pharmaceuticals Incorporated ("PPI"). Further details of this Share Transaction are set out in the announcements of the Company dated 24 April 2013 and 23 May 2013.

As a result, the equity interests in PPI held by the Group became 39.65%, PPI and its group became associates of the Group.

7. Deemed partial disposal of interests in a subsidiary

On 4 March 2013, CVie Therapeutics Company Limited ("CVie") issued 1,200,000 shares to Ivy Blue Holdings Limited, a third party to the Group, at consideration of USD3 million. After the issue of shares, the Group's shareholding in CVie was reduced by 8.97% to 70.98%. As the Group retained control over CVie, the Group recognised a gain on deemed partial disposal of interests in CVie of approximate HK$11,592,000 in the equity attributable to the shareholders of the Company, and an increase in non-controlling interests of approximate HK$11,670,000 for the shares in CVie at time of deemed partial disposal during the reporting period.

On 2 September 2013, CVie issued a total of 2,800,000 shares to Ivy Blue Holdings Limited, CDIB Venture Capital Corporation, and Lilly Asia Ventures Fund II, L.P., all being third parties to the Group, at consideration of USD10 million. After the issue of shares, the Group's shareholding in CVie was further reduced by 14.72% to 56.26%. As the Group retained control over CVie, the Group recognised a gain on deemed partial disposal of interests in CVie of approximate HK$31,682,000 in the equity attributable to the shareholders of the Company, and an increase in non-controlling interests of approximate HK$44,710,000 for the shares in CVie at time of deemed partial disposal during the reporting period.

8. Capital commitment

	30 September 2013	31 December 2012
	HK$'000	*HK$'000*
Capital commitments in respect of:		
Intangible assets – license fee and development cost	**14,555**	20,603
Property, plant and equipment	**9,550**	9,083
Construction contract	**61,697**	98,363
	85,802	128,049

9. Events after the end of the reporting period

a) Shareholder Loan

On 7 October 2013, the Group and Powder Pharmaceuticals Incorporated ("PPI") entered into the Shareholder Loan Agreement, pursuant to which, the Group agreed to advance the Shareholder Loan in the principal amount of HK$4,000,000 to PPI at an interest rate 4% per annum. The Term of the Loan shall be one year commencing from the Advance Date.

b) Amendment of agreement with Sigma-Tau and Rostaquo

On 15 October 2013, CVie Therapeutics Company Limited ("CVie") entered into (i) the Istaroxime Amendment Agreement with Sigma-Tau; (ii) the Rostaquo Amendment Agreement with Rostaquo; and (iii) the Sigma-Tau Amendment Agreement with Sigma-Tau, to amend the Istaroxime Option, the Rostaquo Rostafuroxin Option and the Sigma-Tau Rostafuroxin Option, respectively. Further details of this transaction are set out in the announcements of the Company dated 24 May 2012 and 15 October 2013. By entering into the amendments, CVie needed to pay USD50,000, USD87,000, and USD43,000 for the amended Istaroxime Option, Rostaquo Rostafuroxin Option, and Sigma-Tau Rostafuroxin Option respectively.

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 September 2013.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The results for the nine months ended 30 September 2013 are unaudited, but have been reviewed by auditors 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.

The audit committee of the Company has also reviewed with the management and auditors this unaudited report for the nine months ended 30 September 2013 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, 27 November 2013