Lee's Pharmaceutical Holdings Limited
李氏大藥廠控股有限公司
(incorporated in the Cayman Islands with limited liability)

Company Presentation
First Quarterly Results Announcement

2 June 2015
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The Company

~ A Specialty Pharma with Biotech Spirit

- listed on Hong Kong Stock Exchange since 2002
- fully integrated specialty pharma in China
- focused on cardiovascular, cancer and other key disease areas
- a balanced pipeline spanning from pre-clinical assets to phase III opportunity
The Company

~ Key Milestones and Awards

- Established operation in China
- Launch of first product - Defibrase®
- Launch of Livaracine®
- Launch of Yallaferon®
- Launch of Carnitene® from Sigma-Tau
- SIGMA-TAU becomes strategic shareholder
- Listing on the HK GEM (Growth Enterprise Market)
- Launch of Slounase®
- Launch of Eyprotor®
- ZHAOKE becomes wholly-owned
- FIDELITY becomes strategic investor
- VIVO becomes strategic investor
- GL Capital becomes strategic investor
- Awards for innovative Anfibatide
- Launch of L-Carnitine Oral
- Launch of Remodulin®
- Inclusion to MSCI China Index
- Honor of【Forbes】200 Best in Asia Pacific for 3 consecutive years since 2011
- Transfer of listing to Hong Kong Main Board (0950)
- Honor of【Deloitte】500 Best in Asia-Pacific
- 2015
- 2014
- 2013
- 2012
- 2011
- 2010
- 2009
- 2008
- 2006
- 2005
- 2004
- 2003
- 2002
- 2001
- 1998
- 1997
- 1994
- Zhaoke ranks 2nd for number of New Drug Applications
- List of strongest 42 Innovative Enterprises in China
The Company

~ Key Milestones and Awards

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- Launch of Yallaferon®
- Launch of Livaracine®

- Launch of first product - Defibrase®
- Established operation in China
Agenda

- Financial Results
- Business Review
- Prospect
- Open Forum
Financial Results
Results Highlight

• First quarter revenue increased by 11.7% to $230.3 million
• Net profit margin for the first quarter was 17.6%, decreased by 2.8 percentage points over the same quarter last year

<table>
<thead>
<tr>
<th>HK$’000</th>
<th>3-month ended 31 Mar 2015</th>
<th>3-month ended 31 Mar 2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>230,323</td>
<td>206,214</td>
<td>+</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>163,613</td>
<td>147,613</td>
<td>+</td>
</tr>
<tr>
<td>Gross Profit Margin (%)</td>
<td>71.0%</td>
<td>71.6%</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA</td>
<td>57,534</td>
<td>59,840</td>
<td>-</td>
</tr>
<tr>
<td>Underlying Profit from Operations⁽¹⁾</td>
<td>54,170</td>
<td>55,335</td>
<td>-</td>
</tr>
<tr>
<td>Reported Profit from Operations</td>
<td>44,820</td>
<td>52,846</td>
<td>-</td>
</tr>
<tr>
<td>Profit Attributable to Shareholders of the Company</td>
<td>40,446</td>
<td>42,100</td>
<td>-</td>
</tr>
<tr>
<td>Earnings per Share - Basic (HK cents)</td>
<td>7.32</td>
<td>7.79</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Excluded the increase in exchange loss of HK$8,296,000 (1Q2014: HK$2,489,000) and decrease in fair value of derivative financial instruments of HK$1,054,000 (1Q2014: nil), mainly due to the further depreciation of EUR during the period under review.
## Results Highlight (Cont’d)

<table>
<thead>
<tr>
<th>HK$’000</th>
<th>3-month ended 31 Mar 2015</th>
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</tr>
<tr>
<td>Gross Profit</td>
<td>163,613</td>
<td>147,613</td>
<td>+ 10.8%</td>
</tr>
<tr>
<td>Gross Profit Margin (%)</td>
<td>71.0%</td>
<td>71.6%</td>
<td>- 0.6pp</td>
</tr>
<tr>
<td>Selling and Distribution Expenses</td>
<td>(72,424)</td>
<td>(67,494)</td>
<td>+ 7.3%</td>
</tr>
<tr>
<td>Research and Development Expenses</td>
<td>(12,413)</td>
<td>(9,919)</td>
<td>+ 25.1%</td>
</tr>
<tr>
<td>Administrative expenses (excl. exchange loss)</td>
<td>(26,875)</td>
<td>(22,949)</td>
<td>+ 17.1%</td>
</tr>
<tr>
<td>Exchange loss &amp; fair value loss on derivative financial instruments</td>
<td>(9,350)</td>
<td>(2,489)</td>
<td>+ 275.6%</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>44,820</td>
<td>52,846</td>
<td>- 15.2%</td>
</tr>
<tr>
<td>Share of Results of an Associate</td>
<td>(2,244)</td>
<td>(1,626)</td>
<td></td>
</tr>
<tr>
<td>Profit Attributable to Shareholders of the Company</td>
<td>40,446</td>
<td>42,100</td>
<td>- 3.9%</td>
</tr>
<tr>
<td>Selling Expenses to Turnover Ratio (%)</td>
<td>31.4%</td>
<td>32.7%</td>
<td>- 1.3pp</td>
</tr>
<tr>
<td>Net Profit Margin (%)</td>
<td>17.6%</td>
<td>20.4%</td>
<td>- 2.8pp</td>
</tr>
</tbody>
</table>
Business Review
Revenue Growth

- First three months FY2011-2015, Revenue CAGR = 33%
- Licensed-in vs In-house product = 57% : 43% (1Q2014: 61% : 39%)

Revenue (HKD’000)

- Up to 31 Mar 2011: 38,956
  - Licensed-in: 34,723
  - In-house: 4,233
- Up to 31 Mar 2012: 54,443
  - Licensed-in: 55,446
  - In-house: (0)
- Up to 31 Mar 2013: 62,495
  - Licensed-in: 85,952
  - In-house: (23,457)
- Up to 31 Mar 2014: 125,941
  - Licensed-in: 113,023
  - In-house: 12,918
- Up to 31 Mar 2015: 132,034
  - Licensed-in: 121,234
  - In-house: 10,773

Licensed-in vs In-house
Revenue Analysis – Licensed-in Products

- In-house Products: 43%
- License-in Products:
  - Carnitene: 92,255 (40%)
  - Zanidip: 23,693 (10%)
  - Ferplex: 11,161 (5%)
  - Others: 4,925 (2%)

In-house Products, License-in Products.
Revenue Analysis – In-house Products

- Livaracine, 40,972, 18%
- Yallaferon, 15,944, 7%
- Slounase, 37,611, 16%
- Eyprotor, 3,762, 2%

Licensed-in Products: 57%
In-house Products: 43%
## Revenue Growth by Product

<table>
<thead>
<tr>
<th>Product</th>
<th>Revenue Change 1Q2015 vs 1Q2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zanidip®</td>
<td>+ 56.3%</td>
</tr>
<tr>
<td>Yallaferon®</td>
<td>+ 46.5%</td>
</tr>
<tr>
<td>Livaracine®</td>
<td>+ 23.9%</td>
</tr>
<tr>
<td>Slounase®</td>
<td>+ 9.9%</td>
</tr>
<tr>
<td>Carnitene®</td>
<td>- 2.5%</td>
</tr>
<tr>
<td>Ferplex®</td>
<td>- 21.7%</td>
</tr>
</tbody>
</table>
Revenue Analysis – Quarterly

Percentage Change in Revenue Compared to Last Year

<table>
<thead>
<tr>
<th></th>
<th>1Q2013</th>
<th>2Q2013</th>
<th>3Q2013</th>
<th>4Q2013</th>
<th>1Q2014</th>
<th>2Q2014</th>
<th>3Q2014</th>
<th>4Q2014</th>
<th>1Q2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q2013</td>
<td>35%</td>
<td>28%</td>
<td>34%</td>
<td>26%</td>
<td>39%</td>
<td>27%</td>
<td>39%</td>
<td>44%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Net Profit Analysis – Quarterly

Percentage Change in Net Profit Attributable to Shareholders Compared to Last Year

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>1Q</td>
<td>31%</td>
<td>39%</td>
<td>21%</td>
<td>38%</td>
<td>30%</td>
<td>9%</td>
<td>31%</td>
<td>45%</td>
<td>-4%</td>
</tr>
<tr>
<td>2Q</td>
<td>31%</td>
<td>39%</td>
<td>21%</td>
<td>38%</td>
<td>30%</td>
<td>9%</td>
<td>31%</td>
<td>45%</td>
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<td>39%</td>
<td>21%</td>
<td>38%</td>
<td>30%</td>
<td>9%</td>
<td>31%</td>
<td>45%</td>
<td>-4%</td>
</tr>
<tr>
<td>4Q</td>
<td>31%</td>
<td>39%</td>
<td>21%</td>
<td>38%</td>
<td>30%</td>
<td>9%</td>
<td>31%</td>
<td>45%</td>
<td>-4%</td>
</tr>
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Selling expenses to turnover ratio for 1Q2014 was 31.4%
Expenses Analysis

<table>
<thead>
<tr>
<th>Expense</th>
<th>3-month ended 31 Mar 2015</th>
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<td>9,919</td>
<td>+ 25.1%</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>35,171</td>
<td>22,949</td>
<td>+ 53.3%</td>
</tr>
<tr>
<td>Finance Cost</td>
<td>754</td>
<td>786</td>
<td>- 4.1%</td>
</tr>
<tr>
<td>Taxation</td>
<td>5,660</td>
<td>9,689</td>
<td>- 41.6%</td>
</tr>
</tbody>
</table>
The design of a solid dose production facility, together with a state of art solid dose drug development centre and a central quality control laboratory has been completed recently. The construction of the facility will start in June. Upon completion, the new facility not only enables the Group’s expansion into solid dose products, but also augments the Group’s product development capability and capacity.

Working with partner in China, the Group is in the process of setting up a production line for cytotoxic product that is expected in operation by October 2015. The available of such facility will help to unlock the tremendous value pertained to the Group’s oncolytic assets such as Gimatecan which is a phase III enabling oncology product for ovarian cancer that has shown good in-vitro efficacy against China prevalent cancers such as esophagus and liver cancer.
• Three IND of new chemical entity (NCE) targeting chemo-induced alopecia, dry eye syndrome and vaginal infection have been actively under review by the CFDA.

• The Group continued to speed up the development of Anfibatide by initiating a Phase IIb clinical study for STEMI patients. The preparation for the Phase IIb study has been completed and the approval from the ethics committee to start the clinical trial has been obtained. The first patient enrollment is targeted by June of 2015.

• In March, first patient was enrolled in the Group’s phase Ib/Ila clinical study of Adapalene and Clindamycin combination hydrochloride gel for acne vulgaris. This proprietary formulation was originated from the Group’s internal R&D program. The enrollment for the aforementioned study expects to be completed by the end of 2015.
Three clinical study approvals were received during the quarter for the Group’s three licensed-in products.

Propionyl-L-Carnitine has finally received a conditional approval for registration. The requested additional pharmacokinetic study is already underway and registration approval is expected in 2016.

Natulan® received approval for registration study and discussion is ongoing with CFDA to finalise the protocol. It is the Group’s first cancer treatment study and it is an important first step for the Group’s entrance into cancer therapy.

The approval for phase IIb study for Istaroxime had been obtained and first cohort of the tolerability study has completed its enrollment. The phase IIb study is remained on track to start in August.

Acquired two products during the review period and registration study for both products has started in earnest. Both products are for hypertension and glaucoma respectively, complementing well with the Group’s current cardiovascular and ophthalmology product lines.
• The Group continued to invest in innovative knowledge-based marketing and promotion.

• Sino-Europe Echocardiography Training Program sponsored by the Group has received good review from the cardiologist community in China. Only six months into the program, there are already 4,000 medical practitioners/physicians registered with the program.
On 14 April 2015, the Company entered into a placing agreement with Morgan Stanley & Co. International plc and the placing of 30,000,000 new shares of the Company pursuant to the placing agreement was completed on 22 April 2015. Net proceeds of approximately HK$383,849,400 are intended to be used for manufacturing facilities expansion, R&D and general working capital of the Group to improve the existing business of the Group and future investment purposes of the Group.

CVie Therapeutics Company Limited, a non-wholly owned indirect subsidiary of the Company, is in the process to start up of research and development (“R&D”) work in Taiwan as well as to explore the feasibility of potential spin-off and separate listing in the future,
Manufacturing & Production
~ Hefei GMP Facility

- In operation since 1998

- 4,600 M² manufacturing area for finished product & API
  - Finished product dosage:
    - topical gel
    - eye gel/drop (Aseptic)
    - Small volume injection (Aseptic)
    - Lyophilized powder for injection (Aseptic)

- Fully complied with new China GMP standard
~ Guangzhou GMP Facility

- Newly erected facility
- Total manufacturing area of 50,000 M²
  - Production facility:
    - Solid dose production facility in 2015
    - Biologic production facility in 2016
    - Medical device production facility in 2016
    - Pre-filled injection production facility in 2017
Research & Development
Research & Development

~ New Matric for Pipeline Building

Two Anchors

1. Branded Generics Development
2. Proprietary Drugs Development

Two Bridges

1. Mature Products Registration and Importation
2. Late Stage Products Development with Global Application
### Research & Development

#### ~ Risk / Return Analysis

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Development Risk</th>
<th>Time to Market</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branded Generics</td>
<td>Low</td>
<td>Short–Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Proprietary Drug</td>
<td>High</td>
<td>Long</td>
<td>High</td>
</tr>
<tr>
<td>Mature Product registration &amp; importation</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Late Stage co-development</td>
<td>Medium</td>
<td>Short–Medium</td>
<td>High</td>
</tr>
</tbody>
</table>
Research & Development

~ Focused Therapeutic Areas

- Cardiovascular Diseases
- Gynecological Diseases
- Oncology
- Dermatological Diseases
- Ophthalmology
Research & Development
– Balanced Approach

~ Expected Development Timeline (46 projects)
Prospect
• The Group remains cautiously optimistic about the prospect in 2015 and beyond. The positive outlook is based on the facts that the fundamental of the Group remains strong and the spending on healthcare continues to outpace GDP growth in China.

• Some of the investments that may impact profitability in short term could have long lasting effect on the Group’s future growth.

• In May 2015, National Development and Reform Commission has officially announced that pricing controls governing the majority of drugs will be removed starting from 1 June 2015, so as to improve the purchasing mechanisms for drugs and give the market more power to control pharmaceutical costs. On one hand this could fuel further drug price pressure but this could also improve affordability which will keep driving up the drug demand as well. The short term effect of such drastic policy change is market uncertainty that may negatively impact the industry. However, in the long run, the flexibility in pricing will allow the company with competitive edge in its products to better serve the market and gain market shares.
Open Forum