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# 利君國際醫藥(控股)有限公司

Lijun International Pharmaceutical (Holding) Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2005)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

On behalf of the board of directors (the “Board”) of Lijun International Pharmaceutical (Holding) Co., Ltd. (the “Company”), I hereby present the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014.

### 1. RESULTS AND DIVIDEND DISTRIBUTION

Competition across the entire pharmaceutical industry was intense during the year as the low price tender strategy continued. The Group proactively rose to the difficulties and sustained strong momentum of growth for its operating results through different measures including acceleration of infrastructure construction, enhancement of product composition and development of new markets. The Company has further increased its market share, achieved a new high in its operating results and had new breakthroughs in its development.

During the year, sales revenue amounted to HK\$2,923 million, of which HK\$2,091 million was contributed by Shijiazhuang No. 4 Pharma. The Group’s net profits amounted to HK\$603 million, of which HK\$526 million was contributed by Shijiazhuang No. 4 Pharma. Both sales revenue and net profits reached all-time high levels.

Following the resolution passed at the general meeting held on 10 October 2014, the Board declared the payment of a special dividend of HK\$0.172 per share. For retaining an appropriate amount of cash for the acquisitions and mergers as well as the development of operations, the Board did not recommend any final dividend for the year. The total dividend for 2014 was HK\$0.232 per share, amounting to HK\$688 million in total, representing an increase of 487% from last year.

## 2. BUSINESS REVIEW

### Revenue

For the year ended 31 December 2014, the revenue of the Group from continuing operations amounted to approximately HK\$2,091,471,000, representing an increase of 21.4% as compared to HK\$1,723,256,000 in last year. A breakdown of the revenue of the Group for the year ended 31 December 2014 is set out as follows:

	2014		2013		
	Sales HK\$'000	Percentage of sales %	Sales HK\$'000	Percentage of sales %	Increase/ (decrease) %
Intravenous infusion solution	<b>1,940,665</b>	<b>92.8</b>	1,517,390	88.1	27.9
(Including: Non-PVC soft bag infusion solution	<b>1,139,167</b>	<b>54.5</b>	831,543	48.3	37.0
PP plastic bottle infusion solution	<b>555,842</b>	<b>26.6</b>	451,292	26.2	23.2
Glass bottle infusion solution)	<b>245,656</b>	<b>11.7</b>	234,555	13.6	4.7
Others	<b>150,806</b>	<b>7.2</b>	205,866	11.9	(26.7)
Total	<b>2,091,471</b>	<b>100</b>	1,723,256	100	21.4

#### (1) Sales of Products

We continued enhancement of market share and consolidation of the Company's operating advantages. Centering on the theme of product composition adjustments, we focus the efforts on exploring new markets as well as the consolidation and reinforcement of our advantages on the existing market, and continue to expand the end-user coverage of the strong product types such as soft bag infusion solutions and therapeutic infusion solutions in order to effectively ensure the sustained high growth in the sales of the key products. We participate in the centralized tendering of certain provinces and regions in order to develop new markets in Anhui, Hainan, Hunan, Ningxia, Qinghai and Gansu and build a solid market foundation for the newly added production capacities. In 2014, the sales volume of intravenous infusion solution amounting 910 million bottles/bags was achieved, of which soft bags infusion solutions accounted for 400 million bags, representing a year-to-year growth of 42%.

Overseas markets have solid developments. The Company has completed the registration procedures for nearly 50 product specifications in 32 countries. Export remained on the track of fast growth, and the Company was named one of the top ten brands for the export of Chinese chemical pharmaceuticals for the fourth time.

Sales of oral preparations were carried out with tens of the top hundred chain pharmacies and large retailers in China with the production closely matched with the sales.

## **(2) Research and Development of New Products**

The Company's innovation capabilities and strengths were reinforced and the construction of the innovation platform was perfected during the year. The Company was approved to become an innovative post-doctoral practice base in Hebei Province. Three Type 3 new drugs have entered the phase of clinical research, of which the clinical research of Blonanserin is approaching completion. In 2014, the permits for production of 100ml Pediatric Electrolyte Supplements Injection soft bags, 3000ml Mannitol Injection and 1000ml Sodium Lactate Ringer's Injection, as well as the product permit for 25 small liquid injections have been obtained. The clinical diagnosis and biochemical reagent of biological polypeptides and antibodies have commenced. The Company was named an Innovative Enterprise of Hebei Province and a Technology Innovation Model of the province in 2014.

In 2014, applications for 14 patents in total have been submitted to the State and 8 patents in total have been granted.

## **(3) Key Projects**

The phase one relocation and upgrade of Shijiazhuang No. 4 Pharma's headquarters has completed. All construction works were on schedule. The GMP certification was granted and the operation commenced in March. The Company's production capacity for intravenous infusion solution thereby increased to 1.5 billion bottles/ bags, of which the soft bag infusion solutions accounted for over 60%, realizing significant growth in the overall scale and enhancement in the product composition of the Company.

#### **(4) Disposal of Assets with Low Profit Margins**

All entire assets and business of Xi'an Lijun were successfully disposed of during the year. As the Company expects that Xi'an Lijun with a focus on the antibiotics business will experience sluggish business growth in the coming few years and will require substantial investment to obtain the new GMP certification, the disposal of Xi'an Lijun will be favourable to the reallocation of the Company's resources to concentrate on business areas with stronger growth potential. In addition, it will also allow for the distribution of a special dividend to the Company's shareholders to increase their cash received.

The cash proceeds from the disposal of Xi'an Lijun amounted to HK\$772 million. Based on the net assets of Xi'an Lijun as at the date of transaction as well as the disposal related expenses, the Company recorded an extraordinary gain of HK\$61 million at the completion of the disposal.

Since 31 October 2014, the Company no longer held any interests in Xi'an Lijun, and the assets and operating results of Xi'an Lijun ceased to be consolidated in the financial statements of the Group from the same date.

### **3. DEVELOPMENT PROSPECTS**

Looking forward to 2015, the pharmaceutical industry will continue to be significantly impacted by the State's and local healthcare reform policies. As 2015 may be a year of major tenders for pharmaceuticals, the entire pharmaceutical industry will be presented with enormous opportunities and challenges. The Company will capitalize on such opportunities to achieve new breakthroughs in production and sales composition adjustments. We will focus on securing the tenders for soft bag and vertical soft bag products in new markets, and endeavor to excel in the marketing of our strategic product such as soft bag rinsing solutions and therapeutic infusion solutions. Through the development of new markets and enhancement of market penetration in the existing markets, the Company will strive to fortify its industry-leading position in terms of the production and sales volume of soft bag infusion solutions.

This year, we target to attain the sales objective of 1.2 billion bottles and bags, in particular the sales volume of vertical soft bags and soft bags of 0.7 billion, in order to enhance the profitability of infusion products and thereby ensure the competitive strengths of the Company's products on the market.

We will continue to unswervingly implement the strategy of "going overseas", accelerate the pace of international registration and certification of our products, and enrich the types and specifications of the products for export incessantly, in order to ensure a growth rate of 40% for the sales of foreign trade sales.

We will proactively identify opportunities for acquisitions and mergers in the pharmaceutical industry. The intensification of market competition and the conduit of the State policies will trigger increased acquisitions and mergers in the pharmaceutical industry. The Company will capitalize on its own strengths to proactively identify such opportunities for acquisitions and mergers in order to consolidate the market position and product position of the Company.

In respect of new product development, the production permits for glycine rinsing solution, compound amino acid injection soft bags and compound electrolyte injection vertical bags are expected to be obtained in 2015, further enriching our product sales portfolio. We will strive to obtain the new drug certifications and product permits with the clinical research for three Type 3 new drugs, namely Blonanserin, Lacosamide and Roflumilast as soon as possible. The production permit for the three-in-one plastic ampule product is expected to be obtained to bring along a new business growth point for the Company. We will expedite the research and development and the approval of therapeutic infusion solutions to enhance the Company's product composition. With the aim of tracking the dynamics of development of innovation drugs in the international arena and thereby speeding up the launch of Type 3 new drugs as the first company in China, we will carry out drug type selection focusing on mental and neurological diseases, respiratory diseases, infectious diseases (viral, fungal and drug-resistant bacterial), dialysis and auxiliary treatment, rinsing solution and nutritious treatments. It is planned that over 20 Type 3 new drugs will be submitted for approval, with the objective of providing momentum for the Company's future development. We will commit to the development of antibiotics and biological technologies to propel the Company's innovation and transformation.

We will sustain the Company's sound management strengths and promote the implementation of lean management. We will maximize the operating efficiency from costs and expenses perspective while ensuring the product quality, which will in turn provide management assurance on the development of the Company in the long run.

I would like to take this opportunity to express our gratitude to the investors and all staff in the Group for their support to the development of the Company.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2014*

	Note	2014 HK\$'000	2013 HK\$'000
<b>Continuing operations</b>			
Revenue	3	<b>2,091,471</b>	1,723,256
Cost of sales	10	<b>(1,026,068)</b>	<u>(894,677)</u>
<b>Gross profit</b>		<b>1,065,403</b>	828,579
Selling and marketing costs	10	<b>(262,716)</b>	(248,564)
General and administrative expenses	10	<b>(221,658)</b>	(178,368)
Other income and other gains — net		<b>40,475</b>	<u>72,332</u>
<b>Operating profit</b>		<b>621,504</b>	<u>473,979</u>
Finance income	4	<b>8,425</b>	8,556
Finance costs	4	<b>(49,779)</b>	<u>(40,243)</u>
Finance costs — net		<b>(41,354)</b>	<u>(31,687)</u>
<b>Profit before income tax</b>		<b>580,150</b>	442,292
Income tax expense	5	<b>(88,582)</b>	<u>(72,987)</u>
<b>Profit for the year from continuing operations</b>		<b>491,568</b>	369,305
<b>Discontinued operations</b>			
Profit for the year from discontinued operations		<b>111,404</b>	<u>42,513</u>
<b>Profit for the year</b>		<b>602,972</b>	<u>411,818</u>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		<b>(16,889)</b>	<u>83,180</u>
<b>Total comprehensive income for the year</b>		<b>586,083</b>	<u>494,998</u>
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>602,929</b>	411,814
Non-controlling interests		<b>43</b>	<u>4</u>
		<b>602,972</b>	<u>411,818</u>

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Profit attributable to equity holders of the Company arises from:</b>			
Continuing operations		<b>491,525</b>	369,301
Discontinued operations		<b>111,404</b>	42,513
		<b>602,929</b>	<b>411,814</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>586,042</b>	494,975
Non-controlling interests		<b>41</b>	23
		<b>586,083</b>	<b>494,998</b>
<b>Earnings per share from continuing and discontinued operations attributable to equity holders of the Company for the year</b>			
<b>Basic earnings per share</b>			
From continuing operations	6	<b>0.1669</b>	0.1261
From discontinued operations	6	<b>0.0378</b>	0.0145
From profit for the year		<b>0.2047</b>	<b>0.1406</b>
<b>Diluted earnings per share</b>			
From continuing operations	6	<b>0.1660</b>	0.1255
From discontinued operations	6	<b>0.0376</b>	0.0145
From profit for the year		<b>0.2036</b>	<b>0.1400</b>
		2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Dividends (paid, to be declared or proposed)</b>	7	<b>688,159</b>	<b>117,198</b>

# CONSOLIDATED BALANCE SHEET

*As at 31 December 2014*

	As at 31 December 2014	As at 31 December 2013
	<i>Note</i>	<i>HK\$'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Land use rights		223,715
Property, plant and equipment		2,551,898
Intangible assets		338,834
Deferred income tax assets		2,591
Available-for-sale financial assets		—
		<u>164</u>
		<u>3,117,038</u>
		3,172,912
<b>Current assets</b>		
Inventories		279,557
Trade and bills receivables	8	703,287
Prepayments, deposits and other receivables		372,549
Pledged bank deposits		—
Cash and cash equivalents		325,224
		<u>1,680,617</u>
		1,910,996
<b>Total assets</b>		<u>4,797,655</u>
		<u>5,083,908</u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity</b>		
<b>holders of the Company</b>		
Share capital		66,177
Reserves		65,405
— Special dividend to be declared/proposed final dividend		510,587
— Others		2,675,738
		<u>3,252,502</u>
		2,866,269
<b>Non-controlling interests</b>		<u>668</u>
<b>Total equity</b>		<u>3,253,170</u>
		2,866,896

# CONSOLIDATED BALANCE SHEET

*As at 31 December 2014*

	As at 31 December 2014	As at 31 December 2013
	<i>Note</i>	<i>HK\$'000</i>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings		364,246
Deferred income tax liabilities		24,097
Deferred revenue		8,153
Post-employment benefit obligation		27
		<hr/>
		396,523
		<hr/>
<b>Current liabilities</b>		
Borrowings		507,681
Trade and bills payables	9	287,720
Advanced receipts from customers		8,706
Accruals and other payables		320,109
Income tax payable		23,746
		<hr/>
		1,147,962
		<hr/>
<b>Total liabilities</b>		1,544,485
		<hr/>
<b>Total equity and liabilities</b>		4,797,655
		<hr/>
<b>Net current assets</b>		532,655
		<hr/>
<b>Total assets less current liabilities</b>		3,649,693
		<hr/>

## **SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

#### ***(a) New and amended standards adopted by the Group***

The following new and amended standards are mandatory for the first time for the financial year beginning 1 January 2014:

- Amendment to HKAS 32, ‘Financial instruments: Presentation’ on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.
- Amendments to HKAS 36, ‘Impairment of assets’, on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in HKAS 36 by the issue of HKFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

- (b) *Standards, amendments and interpretations to existing standards effective in 2014 but not relevant to the Group.*

<b>Effective for annual periods beginning on or after</b>
Amendment to HKAS 39
Amendments to HKFRS 10, 12 and HKAS 27
HK (IFRIC) Interpretation 21 “Levies”

Financial instruments: Recognition and measurement, on novation of derivatives  
Consolidation for investment entities  
Provisions, contingent liabilities and contingent assets

1 January 2014  
1 January 2014  
1 January 2014

- (c) *The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted:*

<b>Effective for annual periods beginning on or after</b>
Amendment to HKAS 19
Amendments to HKAS 1
Amendments to HKFRS 10
Amendment to HKFRS 11
Amendments to HKFRS 12
HKFRS 14
Amendments to HKAS 16
Amendment to HKAS 27
Amendments to HKAS 28
Amendments to HKAS 38
Amendments to HKAS 41
HKFRS 15
HKFRS 9

Defined benefits  
Presentation of financial statements  
Consolidated financial statements  
Joint arrangements  
Disclosure of interests in other entities  
Regulatory Deferral Accounts  
Property, plant and equipment  
Consolidated and separate financial statements  
Investment in associates  
Intangible assets  
Agriculture  
Revenue from contracts with customers  
Financial Instruments

1 July 2014  
1 January 2016  
1 January 2017  
1 January 2018

Apart from the above, the HKICPA has issued the annual improvements project which addresses several issues in the 2010-2012 reporting cycle, 2011-2013 reporting cycle, 2012-2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

	Effective for annual periods beginning on or after
HKFRS 2	Share-based payment
HKFRS 3	Business combinations
HKFRS 8	Operating segments
HKFRS 9	Financial instruments
HKFRS 13	Fair value measurement
HKAS 16	Property, plant and equipment
HKAS 24	Related Party Disclosures
HKAS 37	Provisions, contingents liabilities and contingent assets
HKAS 38	Intangible assets
HKAS 39	Financial instrument — recognition and measurement
HKAS 40	Investment property
HKFRS 5	Non-current assets held for sale and discontinued operations
HKFRS 7	Financial instruments: Disclosures
HKAS 19	Employee benefits
HKAS 34	Interim financial reporting

The Group is assessing the full impact of the amendments and standards, and according to the preliminary assessment, there is no significant impact on the consolidated financial statements. The Group intends to adopt the amendments no later than the respective effective dates of the amendments.

**(d) New Hong Kong Companies Ordinance (Cap.622)**

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

## **2. Segment information — Group**

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors consider the business from a product perspective, which assesses the performance of two product segments, namely intravenous infusion solution and others, and antibiotics and others. The entire product segment of antibiotics and others was disposed during the year ended 31 December 2014 along with the disposal of a subsidiary.

The executive directors assess the performance of the operating segments based on a measure of revenue and profit. This measurement is consistent with that in the annual consolidated financial statements.

Unallocated operating loss was mainly attributable to corporate expenses.

Segment assets consist primarily of land use rights, property, plant and equipment, intangible assets, inventories, trade and bill receivables, prepayments, deposits and other receivables, pledged bank deposits and cash and cash equivalents. Unallocated assets mainly comprise corporate cash.

Segment liabilities comprise mainly operating liabilities. Unallocated liabilities mainly comprise corporate borrowings.

The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2014 is as follows:

	Continuing operations			Discontinued operations — Antibiotics and others
	Intravenous infusion solution and others HK\$'000	Unallocated HK\$'000	Total HK'000	HK\$'000
<b>Revenue</b>	<b>2,091,471</b>	<b>—</b>	<b>2,091,471</b>	<b>831,904</b>
<b>Operating profit segment results</b>	<b>639,577</b>	<b>(18,073)</b>	<b>621,504</b>	<b>74,619</b>
Finance income	7,956	469	8,425	326
Finance costs	(46,276)	(3,503)	(49,779)	(15,309)
<b>Profit before income tax</b>	<b>601,257</b>	<b>(21,107)</b>	<b>580,150</b>	<b>59,636</b>
Income tax expense	(75,217)	(13,365)	(88,582)	(9,296)
<b>Profit for the year</b>	<b>526,040</b>	<b>(34,472)</b>	<b>491,568</b>	<b>50,340</b>
Net gain on disposal of investments in a subsidiary	—	—	—	80,512
Withholding tax charge related to dividends from a disposed subsidiary and other disposal related expenses	—	—	—	(19,448)
<b>Total profit for the year</b>	<b>526,040</b>	<b>(34,472)</b>	<b>491,568</b>	<b>111,404</b>

Other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2014 are as follows:

	Continuing operations			Discontinued operations — Antibiotics and others
	Intravenous infusion solution and others	Unallocated	Total	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of land use rights	4,176	—	4,176	4,999
Depreciation of property, plant and equipment	152,327	437	152,764	26,214
Amortisation of intangible assets	3,550	—	3,550	1,080
Reversal of provision for write-down of inventories	—	—	—	(1,927)
Provision/(reversal of provision) for impairment of receivables	741	—	741	(680)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2013 is as follows:

	Continuing operations			Discontinued operations — Antibiotics and others
	Intravenous infusion solution and others	Unallocated	Total	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	<b>1,723,256</b>	<b>—</b>	<b>1,723,256</b>	<b>1,022,060</b>
<b>Operating profit segment results</b>	<b>494,939</b>	<b>(20,960)</b>	<b>473,979</b>	<b>64,851</b>
Finance income	8,555	1	8,556	554
Finance costs	(40,243)	—	(40,243)	(14,220)
<b>Profit before income tax</b>	<b>463,251</b>	<b>(20,959)</b>	<b>442,292</b>	<b>51,185</b>
Income tax expense	(72,987)	—	(72,987)	(7,180)
Profit for the year	<b>390,264</b>	<b>(20,959)</b>	<b>369,305</b>	<b>44,005</b>
Withholding tax charge related to dividends from a disposed subsidiary	—	—	—	(1,492)
<b>Total profit for the year</b>	<b>390,264</b>	<b>(20,959)</b>	<b>369,305</b>	<b>42,513</b>

Other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2013 are as follows:

	Continuing operations			Discontinued operations — Antibiotics and others
	Intravenous infusion solution and others HK\$'000	Unallocated HK\$'000	Total HK\$'000	HK\$'000
Amortisation of land use rights	3,343	—	3,343	3,995
Depreciation of property, plant and equipment	109,544	363	109,907	23,952
Amortisation of intangible assets	2,485	—	2,485	1,622
Provision for write-down of inventories	—	—	—	2,310
Provision/(reversal of provision) for impairment of receivables	687	—	687	(2,561)

The segment assets and liabilities at 31 December 2014 are as follows:

	Continuing operations			Discontinued operations — Antibiotics and others
	Intravenous infusion solution and others HK\$'000	Unallocated HK\$'000	Total HK\$'000	HK\$'000
<b>Total assets</b>	<b>4,341,102</b>	<b>456,553</b>	<b>4,797,655</b>	—
<b>Total liabilities</b>	<b>1,532,119</b>	<b>12,366</b>	<b>1,544,485</b>	—
<b>Additions to non-current assets</b>	<b>872,047</b>	<b>1,956</b>	<b>874,003</b>	<b>46,610</b>

The segment assets and liabilities at 31 December 2013 are as follows:

	Continuing operations			Discontinued operations — Antibiotics and others
	Intravenous infusion solution and others HK\$'000	Unallocated HK\$'000	Total HK\$'000	HK\$'000
<b>Total assets</b>	<u>3,654,107</u>	<u>2,753</u>	<u>3,656,860</u>	<u>1,427,048</u>
<b>Total liabilities</b>	<u>1,740,963</u>	<u>1,473</u>	<u>1,742,436</u>	<u>474,576</u>
<b>Additions to non-current assets</b>	<u>848,287</u>	<u>—</u>	<u>848,287</u>	<u>205,263</u>

The total of non-current assets were as follows:

	2014 HK\$'000	2013 HK\$'000
Total non-current assets other than deferred tax assets		
— Mainland China	<u>3,112,294</u>	<u>3,147,228</u>
— Hong Kong	<u>2,153</u>	<u>634</u>
Deferred tax assets	<u>2,591</u>	<u>25,050</u>
 Total non-current assets	 <u>3,117,038</u>	 <u>3,172,912</u>

The executive directors have also determined that no geographical segment information is presented as over 95% of the Group's sales and operating profits are derived within the PRC and over 95% operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

### 3. Revenue — Group

The Group is principally engaged in the manufacturing and sale of pharmaceutical products.

Revenue recognised is as follows:

	2014 HK\$'000	2013 HK\$'000
Revenue:		
— Sales of pharmaceutical products	2,087,355	1,712,982
— Rental income	2,809	2,184
— Processing income	1,218	7,836
— Sales of raw materials and by products	<u>89</u>	<u>254</u>
	<u><u>2,091,471</u></u>	<u><u>1,723,256</u></u>

### 4. Finance income and costs — Group

	2014 HK\$'000	2013 HK\$'000
Finance income		
— Interest income on bank deposits	3,907	1,003
— Cash discount income	4,518	—
— Net exchange gain	<u>—</u>	<u>7,553</u>
	<u><u>8,425</u></u>	<u><u>8,556</u></u>
Finance costs		
— Interest expense of bank borrowings wholly repayable within 5 years	(41,141)	(39,429)
— Interest expense of bank borrowings not wholly repayable within 5 years	(3,595)	(814)
— Net exchange loss	<u>(5,043)</u>	<u>—</u>
	<u><u>(49,779)</u></u>	<u><u>(40,243)</u></u>

## 5. Income tax expense — Group

The Company is incorporated in Cayman Islands as an exempted company and, accordingly, is exempted from payment of Cayman Islands income tax.

The Group had no assessable profits in Hong Kong and, accordingly, no Hong Kong profits tax was provided.

New Orient Investments Pharmaceutical Holding (Hong Kong) Limited, the subsidiary of the Company, is subject to Hong Kong profits tax at the rate of 16.5% (2013: 16.5%) on its estimated assessable profit.

All subsidiaries of the Company established and operate in PRC are subject to the Mainland China Corporate Income Tax (“CIT”) at an applicable rate of 25%.

Shijiazhuang No. 4 Pharmaceutical Co., Ltd., Xi'an Lijun Pharmaceutical Co., Ltd. and Hebei Guolong Pharmaceutical Co., Ltd. have been recognised as High and New Technology Enterprises in 2012. According to the tax incentives rules of the CIT Law of the People's Republic of China (the “CIT Law”) for High and New Technology Enterprises, these companies are subject to a reduced corporate income tax rate of 15% for three years.

According to the PRC CIT Law, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax at a rate of 5% upon the distribution of such profits to foreign investors in Hong Kong. Deferred income tax liabilities have been provided for in this regard based on the expected dividends to be distributed from the Group’s PRC subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

The amounts of taxation charged to the consolidated statement of comprehensive income:

	2014 HK\$'000	2013 HK\$'000
Current income taxation — Mainland China CIT	<b>89,612</b>	74,533
Deferred taxation	<b>(1,030)</b>	(1,546)
	<b>88,582</b>	<b>72,987</b>

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2014 HK\$'000	2013 HK\$'000
Profit before income tax	<b>580,150</b>	<b>442,292</b>
Tax calculated at the tax rates applicable to the Group companies	86,544	65,793
Tax losses for which no deferred tax assets were recognised	4,054	5,445
Tax exemption and reduction	(2,670)	(910)
Expenses not deductible	654	1,221
Withholding tax charge related to dividends	—	1,438
 Tax expense	<b>88,582</b>	<b>72,987</b>
 Effective tax rate	<b>15.3%</b>	<b>16.5%</b>

## 6. Earnings per share — Group

### (a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2014 HK\$'000	2013 HK\$'000
Profit attributable to equity holders of the Company	491,525	369,301
Profit from discontinued operation attributable to equity holders of the Company	111,404	42,513
 <b>602,929</b>	<b>411,814</b>	
 Weighted average number of ordinary shares in issue (thousands)	<b>2,944,740</b>	<b>2,929,925</b>
 <b>Basic earnings per share (HK\$ per share)</b>		
Profit attributable to equity holders of the Company	0.1669	0.1261
Profit from discontinued operation attributable to equity holders of the Company	0.0378	0.0145
 <b>0.2047</b>	<b>0.1406</b>	

**(b) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Profit attributable to equity holders of the Company	<b>491,525</b>	369,301
Profit from discontinued operation attributable to equity holders of the Company	<b>111,404</b>	42,513
	<b>602,929</b>	411,814
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>2,944,740</b>	2,929,925
Adjustment for share options (thousands)	<b>16,111</b>	11,739
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>2,960,851</b>	2,941,664
<b>Diluted earnings per share (HK\$ per share)</b>		
Profit attributable to equity holders of the Company	<b>0.1660</b>	0.1255
Profit from discontinued operation attributable to equity holders of the Company	<b>0.0376</b>	0.0145
Diluted earnings per share (HK\$ per share)	<b>0.2036</b>	0.1400

## 7. Dividends

	2014 HK\$'000	2013 HK\$'000
2014 Interim dividend of HK\$0.06 (2013: HK\$0.02)		
per ordinary share	<b>177,572</b>	58,599
Proposed zero final dividend (2013: HK\$0.02)		
per ordinary share	—	58,599
HK\$0.172 special dividend to be declared (2013: Nil)		
per ordinary share	<b>510,587</b>	—
	<hr/>	<hr/>
	<b>688,159</b>	<b>117,198</b>
	<hr/>	<hr/>

Following the resolution passed at a shareholders' meeting held on 10 October 2014, an amount that is equivalent to not less than 50% of the proceeds received from the disposal of a subsidiary would be declared and paid by the Company as a special dividend out of the share premium account or other distributable reserves of the Company to shareholders of the Company, and the directors of the Company are authorised to determine the amount of the special dividend.

On 27 March 2015, a special dividend of HK\$0.172 (2013: Nil) per ordinary share, amounting to a total dividend of HK\$510,587,000 calculated based on 2,968,527,000 outstanding ordinary shares (2013: 2,929,925,000 ordinary shares), has been determined by the directors of the Company to be paid out of the Company's retained earnings and share premium account. Pursuant to Section 34 of the Cayman Companies Law (2003 Revision) and the Articles of Association of the Company, balance in share premium account of the Company is available for distribution to shareholders subject to a solvency test on the Company. The dividend to be declared has not been reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation from the retained earnings and share premium account for the year ending 31 December 2015.

## 8. Trade and bills receivables — Group

	2014 HK\$'000	2013 HK\$'000
Trade receivables	<b>520,114</b>	646,685
Bills receivable	<b>185,753</b>	320,107
	<hr/>	<hr/>
	<b>705,867</b>	966,792
<i>Less:</i> Provision for impairment	<b>(2,580)</b>	(32,599)
	<hr/>	<hr/>
	<b>703,287</b>	934,193
	<hr/>	<hr/>

The fair values of trade and bills receivables approximate their carrying amounts.

The Group generally requires its customers to settle sales invoices within 3 months. Ageing analysis of trade and bills receivables based on revenue recognition date is as follows:

	2014 HK\$'000	2013 HK\$'000
Within 3 months	<b>622,886</b>	776,761
4 to 6 months	<b>67,093</b>	77,251
7 to 12 months	<b>14,791</b>	51,176
1 to 2 years	<b>1,097</b>	29,557
2 to 3 years	—	22,477
More than 3 years	—	9,570
	<b>705,867</b>	966,792

As at 31 December 2014, trade receivables of HK\$80,401,000 (2013: HK\$128,427,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	2014 HK\$'000	2013 HK\$'000
4 to 6 months	<b>67,093</b>	77,251
7 to 12 months	<b>13,308</b>	51,176
	<b>80,401</b>	128,427

As at 31 December 2014, impaired trade receivables amounting to approximately HK\$2,580,000 (31 December 2013: HK\$61,604,000) were assessed for impairment and a provision of HK\$2,580,000 (31 December 2013: HK\$32,599,000) for impaired receivables was recorded, covering individually impaired receivables and groups of receivables subject to collective review. Those individually impaired receivables mainly relate to customers in unexpected difficult economic situations and items aged over one year.

The ageing of individually impaired receivables and an estimate of expected recovery are as follows:

	2014 HK\$'000	2013 HK\$'000
7 to 12 months	<b>1,483</b>	—
1 to 2 years	<b>1,097</b>	29,557
2 to 3 years	—	22,477
More than 3 years	—	9,570
	<b>2,580</b>	61,604
<i>Less: Expected recovery</i>	—	(29,005)
<i>Impairment provision made</i>	<b>2,580</b>	32,599

The expected recovery was assessed, based on the collateral or other credit enhancement held by the Group, repayment progress, and available information on subsequent repayment.

Movements of provision for impairment of trade receivables are as follows:

	2014 HK\$'000	2013 HK\$'000
Beginning of the year	<b>32,599</b>	35,042
Provision/(Reversal of provision) for impairment of trade receivables	<b>1,178</b>	(3,486)
Disposal of a subsidiary	<b>(30,944)</b>	—
Currency translation differences	<b>(253)</b>	1,043
 End of the year	<b>2,580</b>	32,599

The creation and release of provision for impaired receivables have been included in general and administrative expenses. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The Group's trade and bills receivables were denominated in the following currencies:

	2014 HK\$'000	2013 HK\$'000
RMB	<b>701,817</b>	949,326
USD	<b>4,050</b>	17,466
 <b>705,867</b>	<b>966,792</b>	

The maximum exposure to credit risk at the reporting date is the fair value of the receivables mentioned above. The Group does not hold any collateral as security.

## 9. Trade and bills payables — Group

	2014 HK\$'000	2013 HK\$'000
Trade payables	<b>287,720</b>	354,114
Bills payable	<b>—</b>	136,347
 <b>287,720</b>	<b>490,461</b>	

Credit terms for trade and bills payables range from 90 to 180 days. The ageing analysis of the trade and bills payables is as follows:

	2014 HK\$'000	2013 HK\$'000
Within 3 months	<b>232,963</b>	384,934
4 to 6 months	<b>41,608</b>	72,974
7 to 12 months	<b>10,679</b>	25,464
1 to 3 years	<b>1,942</b>	4,996
More than 3 years	<b>528</b>	2,093
	<hr/>	<hr/>
	<b>287,720</b>	<b>490,461</b>
	<hr/>	<hr/>

The Group's trade and bills payables were all denominated in RMB.

## 10. Expense by nature — Group

	2014 HK\$'000	2013 HK\$'000
Raw materials and consumables used	<b>680,993</b>	627,075
Changes in inventories of finished goods and work in progress	<b>(28,661)</b>	(47,312)
Staff costs		
— Wages and salaries	<b>166,158</b>	157,040
— Pension costs	<b>26,661</b>	24,768
— Welfare expenses	<b>41,476</b>	38,853
Utility expenses	<b>118,602</b>	97,040
Advertising expenses	<b>4,672</b>	29,245
Travelling, meeting and entertainment expenses	<b>46,985</b>	41,427
Operating leases rental expenses	<b>12,804</b>	13,303
Depreciation of property, plant and equipment	<b>152,764</b>	109,907
Provision for impairment of trade receivables	<b>741</b>	773
Reversal of provision for impairment of other receivables	<b>—</b>	(86)
Amortisation of land use rights	<b>4,176</b>	3,343
Amortisation of intangible assets	<b>3,550</b>	2,485
Auditors' remuneration		
— Audit services	<b>2,413</b>	1,251
— Non-audit services	<b>860</b>	562
Transportation expenses	<b>170,053</b>	151,748
Research and development costs	<b>37,249</b>	25,752
Business taxes, surcharges and other tax expenses	<b>25,657</b>	24,633
Others	<b>43,289</b>	19,802
	<hr/>	<hr/>
Total cost of sales, selling and marketing costs and general and administrative expenses	<b>1,510,442</b>	<b>1,321,609</b>
	<hr/>	<hr/>

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group primarily finances its working capital and other capital requirements by net cash generated from operating activities and resorts to external financing including both long-term and short-term bank borrowings from time to time in case the operating cash flow is insufficient to meet the capital requirements.

As at 31 December 2014, the cash and cash equivalents aggregated to HK\$325,224,000 (2013: HK\$336,928,000), comprising HK\$137,582,000 (2013: HK\$247,913,000) of cash and cash equivalents denominated in Renminbi (“RMB”), HK\$182,580,000 (2013: HK\$86,060,000) in Hong Kong dollars and HK\$5,062,000 (2013: HK\$2,955,000) in other currencies.

The carrying amounts of the borrowings amounting to HK\$871,927,000 (2013: HK\$1,187,793,000) as at 31 December 2014, comprising HK\$576,204,000 (2013: HK\$896,494,000) of borrowings denominated in RMB, HK\$201,008,000 (2013: HK\$162,920,000) in Hong Kong dollars and HK\$94,715,000 (2013: HK\$128,379,000) in other currencies.

Gearing ratio (defined as bank borrowings less cash and cash equivalents divided by total capital less non-controlling interests) decreased from 22.9% as at 31 December 2013 to 14.4% as at 31 December 2014.

Current ratio (defined as current assets divided by current liabilities) increased from 1.11 as at 31 December 2013 to 1.46 as at 31 December 2014.

## **FOREIGN EXCHANGE RISK**

Majority of the Group’s businesses are operated in the PRC and are denominated in RMB and Hong Kong dollars. The Group is of the opinion that its exposure to foreign exchange rate risk is limited. Hence, no financial instrument for hedging was employed. The Group is closely monitoring the financial market and would consider appropriate measures if required.

## **PLEDGE OF ASSETS**

As at 31 December 2014, the net book amount of the Group’s land use right of HK\$60,760,000 (2013: HK\$72,647,000) and the net book amount of the Group’s buildings, plant, machinery and tools of HK\$301,820,000 (2013: HK\$418,769,000) were pledged as collateral for the Group’s bank borrowings.

## **CONTINGENT LIABILITIES**

As at 31 December 2014, the Group did not have any significant contingent liabilities.

## **EXCHANGE RATE**

As at 2014 and 2013, the exchange rates of converting HK\$ into RMB (as calculated in HK\$) were:

1 January 2013	0.81085
31 December 2013	0.78623
31 December 2014	0.78887

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

Save for the purchase of 9,398,000 shares in November 2014 which details are set out in the next paragraph, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities for the year ended 31 December 2014.

During the year, the Company acquired an aggregate of 9,398,000 ordinary shares through purchases on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK\$34,767,400 with a view to benefit shareholders as a whole in enhancing the net assets value and earnings per share of the Company. All of the purchased shares were subsequently cancelled on 28 November and 19 December 2014.

Date of the purchases	Total number of the ordinary shares purchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (HK\$)
4 November 2014	3,998,000	3.72	3.64	14,816,600
25 November 2014	<u>5,400,000</u>	3.70	3.64	<u>19,950,800</u>
	<u><u>9,398,000</u></u>			<u><u>34,767,400</u></u>

## **SHARE OPTION SCHEME**

Pursuant to a share option scheme approved by a written resolution of all shareholders of the Company on 16 October 2005 ("Old Share Option Scheme"), the Company may grant options to, amongst others, the directors or employees of the Company or its subsidiaries, for the recognition of their contributions to the Group, to subscribe for the shares. The share options are exercisable at any time during a period of not more than 10 years from the date of the offer for grant of options, subject to the terms and conditions of Old Share Option Scheme and any conditions of grant as may be stipulated by the Board.

As at 7 August 2008, the Company granted 100,000,000 share options under the Old Share Option Scheme, representing about 4.93% of the issued share capital as at the date immediately before the options were granted to directors and senior management of the Group. The exercise price was HK\$0.7. As at 4 October 2010, all of the 100,000,000 share options granted were exercised.

As at 3 May 2012, the Company granted 40,000,000 share options (being adjusted to 48,000,000 share options as a result of the Bonus Issue on 16 October 2012) under Old Share Option Scheme, representing about 1.64% of the issued share capital as at the date immediately before the options were granted to directors of the Group. The exercise price was HK\$1.78 (being adjusted to HK\$1.48 as a result of the Bonus Issue on 16 October 2012). During the year 2014, all of the 48,000,000 share options granted were exercised. Details are set out in the Company's announcement dated 24 June and 25 November 2014.

During the year 2012, the Board proposed the termination of Old Share Option Scheme and the adoption of the existing share option scheme ("Existing Share Option Scheme") which were approved by an ordinary resolution passed by the shareholders at the EGM held on 20 September 2012. The operation of Old Share Option Scheme was terminated such that no further share option could thereafter be offered under Old Share Option Scheme but in all other respects the provisions of Old Share Option Scheme shall remain in full force and effect.

Existing Share Option Scheme is valid and remains in force for a period of 10 years from 20 September 2012 (the "Scheme Period") unless terminated earlier by shareholders in general meeting. The purpose of Existing Share Option Scheme is to enable the Board to grant share options to the Eligible Person as defined in Existing Share Option Scheme including, among others, the directors, employee or proposed employee, consultants or advisers of or to the Company or its subsidiaries or any entity in which the Group holds an equity interest, as incentives or rewards for their contribution or potential contribution to the development and growth of the Group. The provisions of Existing Share Option Scheme comply with the requirements of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Pursuant to Existing Share Option Scheme, the offer for grant of options ("Offer") must be accepted within 30 days inclusive of the day on which such offer was made, with a payment of HK\$1.00 as consideration for the grant. The exercise price of the share option is to be determined by the Board provided always that it shall be at least the higher of (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange for the date of offer of grant, which must be a business day; and (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant provided that the option price per share shall in no event be less than the nominal amount of one share. The share options are exercisable at any time during a period as the Board may determine in granting the share options but in any event shall not exceed 10 years from the date of Offer, subject to the terms and conditions of Existing Share Option Scheme and any conditions of grant as may be stipulated by the Board.

The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under Existing Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares issuable upon exercise of all options to be granted Existing Share Option Scheme and any other schemes as from the commencement of the Scheme Period must not, in aggregate, exceed 10% of the shares in issue as at 20 September 2012 (the “Scheme Mandate”). The Scheme Mandate may be refreshed at any time by obtaining approval of the shareholders in general meeting provided that the new limit under the refreshed Scheme Mandate must not exceed 10% of the issued share capital of the Company at the date of the shareholders’ approval. The maximum number of shares issued and to be issued upon exercise of the options granted under Existing Share Option Scheme and any other schemes to any of the Eligible Person (including cancelled, exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of issued share capital of the Company unless shareholders’ approval is obtained under the terms of Existing Share Option Scheme.

As at 31 December 2014, no option has been granted under Existing Share Option Scheme since its adoption.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that a sufficient public float of more than 25% of the issued capital of the Company has been maintained as at the latest practicable date, being 27 March 2015, and at all times during the year ended 31 December 2014.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2014.

## **DIVIDENDS**

An interim dividend of HK\$0.06 per share was declared on 28 August 2014 and paid on 14 November 2014 (2013: HK\$0.02 per share).

As resolved at the extraordinary general meeting on 10 October 2014, the Board declared the payment of a special dividend of HK\$0.172 per share (2013: Nil). For the year ended 31 December 2014, the Board did not recommend any final dividend (2013: HK\$0.02 per share) which, together with the interim dividend and the special dividend, will result in total dividends of HK\$0.232 per share for the year ended 31 December 2014 (2013: HK\$0.04 per share).

## **CORPORATE GOVERNANCE PRACTICES**

The Board is committed to maintaining a high standard of corporate governance. The Board believes that good corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year, the Company has complied with all applicable provisions of CG Code with deviation from code provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board appointed Mr. Qu Jiguang as the Chairman, who was responsible for the leadership and effective running of the Board. Mr. Qu Jiguang has also assumed the role as the chief executive officer of the Company, who was delegated with the responsibilities to lead the management implementing the business strategies of the Group. The Company believes that vesting both roles in Mr. Qu Jiguang will allow for more effective planning and execution of business strategies. As all major decisions are made in consultation with members of the Board, the Company believes that there is adequate balance of power and authority in place.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group's annual results for the year ended 31 December 2014 in conjunction with the Group's external auditors.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **ANNUAL GENERAL MEETING**

The 2015 Annual General Meeting of the Company will be held at 2:00 p.m. on 15 May 2015 at Rooms 4902-03, 49th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong and a notice of annual general meeting will be published and despatched in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 13 May 2015 to Friday, 15 May 2015, both dates inclusive, during which period, no transfer of shares will be registered. In order to qualify to attend and vote at the forthcoming annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m., Tuesday, 12 May 2015.

## **SPECIAL DIVIDEND**

In order to qualify for the special dividend approved at the extraordinary general meeting on 10 October 2014 and declared by the Board on 27 March 2015, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m., Tuesday, 12 May 2015 which is the Record Date for the special dividend. The special dividend is expected to be paid on or about Friday, 22 May 2015.

## **PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement will be published on the Company's website ([www.lijun.com.hk](http://www.lijun.com.hk)). The 2014 annual report containing all the information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and will be despatched to the shareholders in due course.

On behalf of the Board, I hereby express our sincere gratitude to our investors and staff for their dedicated support.

On behalf of the Board

**Qu Jiguang**  
*Chairman*

Hong Kong, 27 March 2015

*As at the date of this announcement, the Board comprises Mr. Qu Jiguang, Mr. Wang Xianjun and Mr. Su Xuejun as executive Directors and Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai as independent non-executive Directors.*