

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

On behalf of the board (the “Board”) of directors (the “Directors”) of Lijun International Pharmaceutical (Holding) Co., Ltd. (the “Company”), I am pleased to present the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011.

#### **1. RESULTS AND DIVIDEND DISTRIBUTION**

We have been facing unprecedented pressure and difficulties since this year, which include the overall price reduction of national pharmaceutical products, the change in tender policy, the increase in raw materials and power cost as well the increase of city construction tax. We are trying our best to accelerate our pace of transformation and upgrading by implementation of product structure adjustment, strengthening marketing management and focusing on cost and expense control in order to maintaining a steady development momentum under the severe market condition. In the first half year, the Company achieved sales income of HK\$1,088,903,000, increased by 10.1% as compared with the corresponding period of last year, among which, HK\$597,417,000 was from Xi’an Lijun, decreased by 2.3% as compared with the corresponding period of last year, and HK\$491,486,000 was from Shijiazhuang No. 4 Pharma, increased by 30.3% as compared with the corresponding period of last year. The Company achieved profit attributable to equity holders of HK\$135,010,000, decreased by 3.8% as compared with the corresponding period of last year, among which, Xi’an Lijun accounted for HK\$53,513,000, decreased by 20.5% as compared with the corresponding period of last year; and Shijiazhuang No. 4 Pharma accounted for HK\$92,623,000, increased by 5.4% as compared with the corresponding period of last year. It was not easy for the Company to achieve this results under the difficult market environment.

The Board proposed a distribution of dividends of HK\$0.02 per share for the first half year, amounting HK\$48,896,000 in total.

## 2. REVIEW OF OPERATING RESULTS

|  | For the six months ended 30 June |                   |                       |                   |                    |
|--|----------------------------------|-------------------|-----------------------|-------------------|--------------------|
|  | 2011                             |                   | 2010                  |                   | Change<br>%        |
|  | Sales                            | Percentage        | Sales                 | Percentage        |                    |
| <i>HK\$'000</i>  | of sales<br>%                    | <i>HK\$'000</i>   | of sales<br>%         |                   |                    |
| Intravenous Infusion Solution  | <b>491,486</b>                   | <b>45.2</b>       | 377,186               | 38.1              | 30.3               |
| (Including: PP Plastic Bottle<br>Infusion Solution<br>Non-PVC Soft Bag<br>Infusion Solution) | <b>178,495</b>                   | <b>16.4</b>       | 147,066               | 14.9              | 21.4               |
|  | <b>164,895</b>                   | <b>15.1</b>       | 109,055               | 11.0              | 51.2               |
| Antibiotics  | <b>343,293</b>                   | <b>31.5</b>       | 390,229               | 39.5              | (12.0)             |
| (Including: Lijunsha<br>Paiqi)   | <b>191,653</b>                   | <b>17.6</b>       | 237,092               | 24.0              | (19.2)             |
|  | <b>63,655</b>                    | <b>5.8</b>        | 65,725                | 6.6               | (3.1)              |
| Non-antibiotics finished medicines   | <b>200,641</b>                   | <b>18.4</b>       | 170,492               | 17.2              | 17.7               |
| (Including: Dobesilate<br>Lixiding)  | <b>46,393</b>                    | <b>4.3</b>        | 43,760                | 4.4               | 6.0                |
|  | <b>18,103</b>                    | <b>1.7</b>        | 18,648                | 1.9               | (2.9)              |
| Sales of bulk pharmaceuticals  | <b>53,483</b>                    | <b>4.9</b>        | 50,907                | 5.2               | 5.1                |
| <b>Group's total sales</b>   | <b><u>1,088,903</u></b>          | <b><u>100</u></b> | <b><u>988,814</u></b> | <b><u>100</u></b> | <b><u>10.1</u></b> |

(1) **Product marketing**

***1. Further optimizing the structure of intravenous infusion solution products, consolidating and enhancing the advantageous position in the market.***

To cope with the changing trend of the industry, the Group considered structure adjustment as the key strategy for transformation and upgrading. By increasing the production and sales proportion of soft-packaging infusion solutions and therapeutical infusion solutions, and putting more efforts in expanding and perfecting the mid and high end market channels of PP plastic bottles and Non-PVC Soft Bag infusion solution products, the Company consolidated and enhanced its market share as well as improving its profit margin and profitability, whereby its market advantages were further consolidated and developed. In the first half year, revenue from infusion solution business amounted to HK\$434,363,000, representing a year-on-year increase of 27.3%, among which, sales of advantageous products such as soft-packaging infusion solutions and high value-added infusion solutions accounted for over 90% of total revenue, and sales of therapeutical infusion solutions such as Levofloxacin, Mannitol, Ozagrel, Sodium Lactate Ringer and Amino Acid achieved relatively rapid growth.

Foreign trading of infusion solution continued to maintain sound development momentum. In the first half year, the Group registered trademarks in 48 countries including Vietnam, Russia, Uzbekistan, Turkmenistan and European Union. Foreign trade export volume reached US\$4,780,000 in the first half year, representing a year-on-year growth of 64.8%. Therefore, the Group became the only infusion solution manufacturing enterprise among the big ten exporting enterprises of the PRC chemical pharmaceutical industry.

**2. *Substantial decline in antibiotics sales due to the impact of the national price reduction policy.***

On 28 March, the National Development and Reform Committee lowered the prices of numerous antibiotics. Among the Group's products, price of Lijunsha tablets was lowered by 10.0%, Lijunsha capsules was lowered by 28.9%, Lijunsha granules was lowered by 34.4%, while price of Paiqi lyophilized powder injection was lowered by 52.0%. The prices of other antibiotics were also reduced at different levels, whereby the sales of antibiotics was severely affected. In response to this critical situation, the Group made the best use of opportunities and determined to rectify the Lijunsha market on 20 April. Due to the strong effect of market control, sales of Lijunsha in the first half year amounted to HK\$191,653,000, representing a year-on-year decrease of 19.2%. Among which, sales of tablets amounted to HK\$157,348,000, representing a year-on-year decrease of 9.4%; sales of capsules amounted to HK\$6,912,000, representing a year-on-year decrease of 41.3%; sales of Lijunsha granules amounted to HK\$27,393,000, representing a year-on-year decrease of 46.5%.

As affected by the national price reduction, sales of Paiqi series of products decrease slightly. By overcoming various difficulties, the Group leveraged on the brand influence of "Chinese Well-known Trademark" and through end-user promotional exhibitions, end-user markets such as hospitals and clinics was further developed and the sales volume was maintained. Sales in the first half year amounted to HK\$63,655,000, decreased by 3.1% as compared with the corresponding period of last year. Sales of our antibiotics preparation, such as Limaixian, cephalosporin series and Erythromycin tablets remained relatively stable.

**3. *Steady development of key brand preparation and general medicines.***

According to the target of establishing “the Premier Brand of the PRC Microcirculation Medicines”, with continuous hospital academic promotion and end-market development, sales of Dobesilate in the first half of the year amounted to HK\$46,393,000, representing an increase of 6.0% as compared with the corresponding period of last year. Although we strengthened the clinical academic promotion and retained end-user hospitals, sales of Lixiding in the first half of the year amounted to HK\$18,103,000, representing a year-on-year decrease of 2.9% as affected by the price reduction policy. By leveraging on excellent quality and brand advantages, the Group exclusively won the tender in respect of basic medicines such as Gliclazide Tablets and Diltiazem Hydrochloride Tablets in Hubei, Shandong, Guangxi and other provinces and regions, gaining a rapid growth in sales volume. The market shares of Ambroxol Hydrochloride Orally Disintegrating Tablets, Cefaclor for Suspension and Cefuroxime Axetil Granules and other products gradually shows signs of improvement. In respect of general medicines, while adjusting the product structure and capitalizing the increase in sales of advantageous products, we also focus on strengthening tender work and end-user delivery, and managed to record sales of HK\$200,641,000 in the first half of the year, representing an increase of 17.7% as compared with the corresponding period of last year.

**4. Remarkable growth in sales of OTC new products and health care products.**

OTC products were less affected by the policy changes, thus continued to maintain a rapid growth momentum. Its sales volume in the first half of the year amounted to HK\$9,372,000, representing an increase of 31.0% as compared with the corresponding period of last year, among which, sales of “Kehao”, which can clear lung, relieving cough and removing sputa, amounted to HK\$3,362,000, representing an increase of 46.3% as compared with last year through vigorous efforts to increase sales in important regions; sales of Weikoujia amounted to HK\$2,586,000, representing an increase of 32.3% as compared with the corresponding period of last year through seasonal and continuous sales promotion; sales of Lijungai amounted to HK\$1,716,000, representing an increase of 21.9% as compared with the corresponding period of last year through the additions of new specifications, focus on sales promotion and market rationalization. Sales of “Haogan”, a newly launched influenza drug, amounted to HK\$2,794,000, and established a preliminary national marketing network through strengthening advertising promotion and end-users education.

**(2) New projects establishment and new products development**

**1. Infusion solution capacity expansion project was completed on schedule.**

New projects and technical innovations provided strong support for the transformation and upgrading of the Company. The modernized soft-packaging infusion solution project with an annual capacity of 500,000,000 bottles (bags) of the Group was listed in the planning programs under the 12th Five Year Plan of Shijiazhuang City. Couple with the requirements of new GMP, projects construction works has been almost completed, and it is expected to obtain the authentication and commence production in the second half of the year. After all the projects reached their design capacity, the Company’s production capacity of intravenous infusion solutions will be doubled, and this will provide a strong backup for further expansion in both domestic and overseas market.

## **2. *Product development and technical innovation has achieved progress.***

In the first half of the year, “new drug for curing Alzheimer’s disease MeN061016-1” of Xi’an Lijun Pharmaceutical obtained the authorization for compounds invention patent (ZL200710130249.4); “Technology Re-engineering on Erythromycin Ethylsuccinate Crystallization” obtained subsidy under the project on the technology upgrade of technical and major special medicines of large variety under the “New Key Drug Formulation of Twelfth Five-Year” by the Ministry of Science and Technology of China; the “Duan Xue Liu Capsules” project was awarded the Third Prize of Xi’an Scientific and Technological Advancement. Dirithromycin Enteric-coated Tablets (0.25g specification) obtained the clinical trial permit. Additional information on Lingzhihong soft capsules was reported to National Health Food Evaluation Centre; Edaravone raw materials and injection passed the on-site production examination of Drug Authentication Management Centre; Metformin Hydrochloride and Glipizide Tablets received the notice of additional information, and would enter the approval stage at the end of the year.

Shijiazhuang No. 4 Pharma achieved great progress in product development and technical innovation. It obtained 123 approvals of various types, overcame 21 technical innovation difficulties and the key technical innovation research project for soft-packaging infusion solution was awarded the First Prize of the Science and Technology Progress Award of Shijiazhuang City Science & Technology Bureau.

### 3. SECOND HALF YEAR OUTLOOK

In the second half of the year, the pharmaceutical industry will still face a severe operation environment, and in particular, the Ministry of Health will officially promulgate the “Classified Management Catalogue of Antibacterial Drugs in Clinical Application”, which will further exacerbate the competition in clinical medication end-markets such as hospitals. The Group will continue to strengthen the adjustment of product structure and management measures in product end-market in order to ensure the stability of the Company’s business and to lay a solid foundation for future development.

#### (1) Product marketing

##### ***1. Continue to expand the scale of production of infusion solutions and optimize the product mix and market structure.***

The Company will make every effort to ensure the full production of the new infusion solution production line, thereby further optimizing the infusion solution product mix, further expanding the production and sales proportion of non-glass bottle infusion solution and therapeutical infusion solution, and increase infusion solution varieties in the form of other new packages. The Company will maintain its leading position in terms of production scale and quality level of PP plastic bottle and Non-PVC soft bag in domestic market. More efforts will continue to be spent in increasing our overseas sales and focusing on the successful market development in APEC economic countries.

##### ***2. Adjusting the marketing model and stabilize antibiotics sales.***

We will accelerate the transformation in marketing model for our leading branded product, Lijunsha, by setting up end-user driving and flexible profit mechanism as well as establishing a county/region based distribution network across the country. We will highly focus on tender work and firmly concentrate on in-depth distribution and end-user promotion, making great effort to expand sale market of 30s Lijunsha and further focusing on the sales volume expansion of Lijunsha granules and capsules in order to ensure a stable sales for Lijunsha.

We will leverage the advantage of Paiqi series of products' "Chinese Well-known Trademark" and make great effort in end-user promotion for giving prominence to the brand marketing and quality shaping. Whilst consolidating and increasing the sales volume of lyophilized powder injection, we will strive for promoting the Paiqi oral intake series (dispersible tablets, capsules and dry suspension) and its sales volume increase through its brand influence. Whilst expanding the end-markets of Limaixian, including hospitals, clinics and community outpatient service, we will further focus on its sales in drugstores. We will operate cephalosporin powder injection products based on its scale of production and will strive to increase its sale volume in a careful operation.

To cope with the Administration for Clinical Application of Antibiotics Drugs to be issued shortly by the Ministry of Health, the Company will make its best effort in corresponding works to ensure its key products, which include Lijunsha, Paiqi, Limaixian and Cephalosporin to be ranked in Level Administration List of Clinical Application of Antibiotics Drugs in local hospitals, in order to strive for a stable sales in the second half of year.

**3. *Focus on featured brand preparation to increase its sale volume and continue to increase the sale of general medicine.***

Dobesilate is "the Premier Brand of the PRC Microcirculation Medicines" that we have devoted tremendous resources and carefully nurtured in recent years. the Company will continue to implement its strategy of developing hospital market and academic promotion. Meanwhile, we will further intensify the development of the OTC Dobesilate market expansion and strive to make this "double span" product exceeding the HK\$100,000,000 sales mark. With the 50mg infusion solutions as the main product, we will focus on the hospitals and departments small-scale promotion conference for Lixiding and strive to achieve the sale target for the year.

We will strengthen the marketing for general medicine, value the opportunities for general medicines brought by the State's new medical system reform, treasure the general medicines tendering and supplemental activities, further adjust production structure at the same time, pay attention to the selection of relatively advantageous characteristic products for general medicines to realize an increase in sales volume. We will improve our packing and marketing approaches for the bid-winning categories on the State's Essential Drug List, and strive to achieve new growth in sales volume through distribution and delivery to primary end-users.

**4. *Focusing on effective propaganda of Haogan influenza drugs and new OTC products to strive for an increase of sale volume.***

Haogan, a new strategic influenza drug, have obtained the National OTC new product promotion approval in early August, we will leverage the opportunity of its sales resources integration by focusing on effective propaganda, enhance market distribution for end-users, and strengthen drugstores promotion, in order to increase sale volume. For other featured OTC products, together with the transformation of the marketing model, we will implement the general concept of "End-users attraction, profit driven and fixed price" to substantially expand end-users sale network and ensure a rapid growth.

**(2) Accelerate new products research and development as well as the progress of application and approval**

Xi'an Lijun Pharmaceutical will use its best endeavor to obtain the new drug certificates and production permits for three of its products, namely, the Edaravone raw material and injection, Compound Metformin Hydrochloride and Glipizide Tablets and the Nalmefene Hydrochloride raw material and injection. It will also strive for obtaining the health food permits for Lingzhihong Capsules with hypoglycemic and hypolipidemic effect. Phase II clinical trial for our new Class III anaesthetic medicine, Dexmedetomidine Hydrochloride Injection will be completed, the construction project of strain breeding platform for the Industry and Information Technology Department of Shaanxi Province will be launched, the raw material technology transfer among Flupentixol and Melitracen Tablets, Ursodeoxycholic Acid Capsules and Moxifloxacin Hydrochloride Tablets will be completed, two clinical trial application for Type 1.5 new drug Compound Dexibuprofen Sustained-release Double-layer Tablets and Compound Alanyl Glutamine Double-layer Tablets will be made and research on the effect mechanism of Type 1.1 new drug for curing Alzheimer's disease will be completed.

Shijiazhuang No. 4 Pharma will strive for obtaining the production permits for upright soft bag infusion solution and Glycine Irrigation Solution with independent intellectual property, as well as for Cetirizine Hydrochloride Tablets. At the same time, It will strengthen the research and development for compound electrocular irrigating solution and Pediatric Electrolyte Supplements Injection, and continuously expanding our new products reserve. Utilizing the platform of the enterprise technical centre in Hebei Province, we will strengthen our co-operation with tertiary institutions, as well as national level scientific research centres. We will also proactively procure the establishment of the large volume injection engineering technological center in Hebei Province in order to improve our capabilities in research and development.

In general, facing the current difficulties and challenges in pharmaceutical industry, we will take active measures to further adjusting structure, changing model, strengthen management, reduce cost , expand sale volume, increase market share to establish a solid foundation for the Group's future development. As a result, we are confident with the Group's future development.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

(All amounts in HK\$ unless otherwise stated)

|  |             | <b>Six months ended 30 June</b> |                 |
|--|-------------|---------------------------------|-----------------|
|  |             | <b>2011</b>                     | 2010            |
|  | <i>Note</i> | <b>Unaudited</b>                | Unaudited       |
|  |             | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Revenue  | 3           | <b>1,088,903</b>                | 988,814         |
| Cost of sales                                    |             | <b>(602,624)</b>                | (479,086)       |
| <b>Gross profit</b>                              |             | <b>486,279</b>                  | 509,728         |
| Other losses – net                               |             | <b>(110)</b>                    | (2,012)         |
| Selling and marketing costs                      |             | <b>(211,267)</b>                | (226,089)       |
| General and administrative expenses              |             | <b>(101,855)</b>                | (102,160)       |
| <b>Operating profit</b>                          | 7           | <b>173,047</b>                  | 179,467         |
| Finance income                                   |             | <b>1,616</b>                    | 1,654           |
| Finance costs                                    |             | <b>(11,534)</b>                 | (14,714)        |
| Finance costs – net                              |             | <b>(9,918)</b>                  | (13,060)        |
| <b>Profit before income tax</b>                  |             | <b>163,129</b>                  | 166,407         |
| Income tax expenses                              | 8           | <b>(28,103)</b>                 | (26,105)        |
| <b>Profit for the period</b>                     |             | <b>135,026</b>                  | 140,302         |
| <b>Other comprehensive income:</b>               |             |                                 |                 |
| Currency translation differences                 |             | <b>50,697</b>                   | 17,571          |
| <b>Total comprehensive income for the period</b> |             | <b>185,723</b>                  | 157,873         |

|  |             | <b>Six months ended 30 June</b> |                 |
|--|-------------|---------------------------------|-----------------|
|  |             | <b>2011</b>                     | 2010            |
|  | <i>Note</i> | <b>Unaudited</b>                | Unaudited       |
|  |             | <b><i>HK\$'000</i></b>          | <i>HK\$'000</i> |
| <b>Profit attributable to:</b>   |             |                                 |                 |
| – Equity holders of the Company  |             | <b>135,010</b>                  | 140,278         |
| – Non-controlling interests  |             | <b>16</b>                       | 24              |
|  |             | <u>135,026</u>                  | <u>140,302</u>  |
| <b>Total comprehensive income attributable to:</b>   |             |                                 |                 |
| – Equity holders of the Company  |             | <b>185,707</b>                  | 157,840         |
| – Non-controlling interests  |             | <b>16</b>                       | 33              |
|  |             | <u>185,723</u>                  | <u>157,873</u>  |
| <b>Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in HK\$ per share)</b> |             |                                 |                 |
| – Basic  | <i>10</i>   | <u>0.0552</u>                   | <u>0.0632</u>   |
| – Diluted  | <i>10</i>   | <u>0.0552</u>                   | <u>0.0614</u>   |
| <b>Dividends</b>   | <i>9</i>    | <u>48,896</u>                   | <u>47,098</u>   |

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2011

(All amounts in HK\$ unless otherwise stated)

|   | <i>Note</i> | <b>30 June<br/>2011<br/>Unaudited<br/>HK\$'000</b> | 31 December<br>2010<br>Audited<br>HK\$'000 |
|---|-------------|--|--|
| <b>ASSETS</b>   |             |  |  |
| <b>Non-current assets</b>   |             |  |  |
| Land use rights   |             | 217,726  | 215,565                                    |
| Property, plant and equipment   |             | 1,104,327  | 994,067                                    |
| Intangible assets   |             | 555,354  | 551,977                                    |
| Deferred income tax assets  |             | 19,979   | 21,200                                     |
| Available-for-sale financial assets   |             | 155  | 152  |
| <b>Total non-current assets</b>   |             | <b>1,897,541</b>                                   | <b>1,782,961</b>                           |
| <b>Current assets</b>   |             |  |  |
| Inventories   |             | 329,522  | 298,607                                    |
| Trade and bill receivables  | 4           | 636,834  | 484,968                                    |
| Financial assets at fair value<br>through profit or loss                      |             | 1,199  | –  |
| Prepayments, deposits and other receivables                                   |             | 158,689  | 176,733                                    |
| Pledged bank deposits   |             | 3,929  | 30,531                                     |
| Cash and cash equivalents   |             | 369,604  | 598,911                                    |
| <b>Total current assets</b>   |             | <b>1,499,777</b>                                   | <b>1,589,750</b>                           |
| <b>Total assets</b>   |             | <b>3,397,318</b>                                   | <b>3,372,711</b>                           |
| <b>EQUITY</b>   |             |  |  |
| <b>Capital and reserves attributable to equity<br/>holders of the Company</b> |             |  |  |
| Share capital   |             | 55,703   | 55,905                                     |
| Reserves  | 5           | 2,429,382  | 2,299,214                                  |
|   |             | <b>2,485,085</b>                                   | <b>2,355,119</b>                           |
| <b>Non-controlling interests</b>  |             | <b>1,194</b>                                       | <b>1,178</b>                               |
| <b>Total equity</b>   |             | <b>2,486,279</b>                                   | <b>2,356,297</b>                           |

|  |             | <b>30 June</b>   | 31 December     |
|--|-------------|------------------|-----------------|
|  |             | <b>2011</b>      | 2010            |
|  | <i>Note</i> | <b>Unaudited</b> | Audited         |
|  |             | <b>HK\$'000</b>  | <b>HK\$'000</b> |
| <b>LIABILITIES</b>                           |             |                  |                 |
| <b>Non-current liabilities</b>               |             |                  |                 |
| Borrowings                                   |             | <b>153,044</b>   | 66,594          |
| Deferred income tax liabilities              |             | <b>26,394</b>    | 26,250          |
| Deferred revenue                             |             | <b>4,930</b>     | 4,818           |
| Long-term payables                           |             | <b>14,364</b>    | 15,058          |
|  |             | <hr/>            | <hr/>           |
| <b>Total non-current liabilities</b>         |             | <b>198,732</b>   | 112,720         |
|  |             | <hr/>            | <hr/>           |
| <b>Current liabilities</b>                   |             |                  |                 |
| Trade and bill payables                      | 6           | <b>274,711</b>   | 206,322         |
| Advanced receipts from customers             |             | <b>13,406</b>    | 23,276          |
| Accruals and other payables                  |             | <b>187,464</b>   | 289,832         |
| Income tax payable                           |             | <b>13,318</b>    | 17,712          |
| Borrowings                                   |             | <b>223,408</b>   | 366,552         |
|  |             | <hr/>            | <hr/>           |
| <b>Total current liabilities</b>             |             | <b>712,307</b>   | 903,694         |
|  |             | <hr/>            | <hr/>           |
| <b>Total liabilities</b>                     |             | <b>911,039</b>   | 1,016,414       |
|  |             | <hr/> <hr/>      | <hr/> <hr/>     |
| <b>Total equity and liabilities</b>          |             | <b>3,397,318</b> | 3,372,711       |
|  |             | <hr/> <hr/>      | <hr/> <hr/>     |
| <b>Net current assets</b>                    |             | <b>787,470</b>   | 686,056         |
|  |             | <hr/> <hr/>      | <hr/> <hr/>     |
| <b>Total assets less current liabilities</b> |             | <b>2,685,011</b> | 2,469,017       |
|  |             | <hr/> <hr/>      | <hr/> <hr/>     |

# SELECTED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the six months ended 30 June 2010*

*(All amounts in HK\$ unless otherwise stated)*

## 1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

## 2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011:

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:
  - The name of the government and the nature of their relationship;
  - The nature and amount of any individually significant transactions; and
  - The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

- Amendment to HKAS 34 ‘Interim financial reporting’ is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.
- (b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group:
- Amendment to HKAS 32 ‘Classification of rights issues’ is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.
  - Amendment to HK(IFRIC) – Int-14 ‘Prepayments of a minimum funding requirement’ is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.
  - HK(IFRIC) – Int 19 ‘Extinguishing financial liabilities with equity instruments’ is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.
  - Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by both IASB and the HKICPA, except for amendment to HKAS 34 ‘Interim financial reporting’ as disclosed in Note 3(a) and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.
- (c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

| <b>Standards</b>       | <b>Amendments</b>   | <b>Effective date</b> |
|------------------------|---|-----------------------|
| HKFRS 9                | Financial instruments: Classification and measurement of financial assets | 1 January 2013        |
| HKAS 12<br>(Amendment) | Deferred tax: Recovery of underlying assets                               | 1 January 2012        |
| HKFRS 7<br>(Amendment) | Disclosures – Transfers of financial assets                               | 1 July 2011           |

### **3 Segment information**

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

The decision-maker considers the business from a product perspective. From a product perspective, management assesses the performance of two product segments, namely intravenous infusion solution and antibiotics and others.

The decision-maker assesses the performance of the operating segments based on a measure of revenue and profit. This measurement is consistent with that in the annual financial statements.

Unallocated operating loss mainly represents 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 condensed consolidated interim statement of comprehensive income.

|  | <b>Unaudited</b>  |  |                                 |                           |
|--|---|--|---------------------------------|---------------------------|
|  | <b>Intravenous<br/>infusion<br/>solution<br/>HK\$'000</b> | <b>Antibiotics<br/>and others<br/>HK\$'000</b> | <b>Unallocated<br/>HK\$'000</b> | <b>Total<br/>HK\$'000</b> |
| <b>Six months ended<br/>30 June 2011</b>           |   |  |                                 |                           |
| <b>Revenue</b>                                     | <u>491,486</u>  | <u>597,417</u>                                 | <u>–</u>                        | <u>1,088,903</u>          |
| <b>Operating profit/(loss) segment<br/>results</b> | 115,737   | 67,672   | (10,362)                        | 173,047                   |
| Finance income                                     | 544   | 301  | 771                             | 1,616                     |
| Finance costs                                      | <u>(5,843)</u>  | <u>(4,156)</u>                                 | <u>(1,535)</u>                  | <u>(11,534)</u>           |
| <b>Profit/(loss) before<br/>income tax</b>         | 110,438   | 63,817   | (11,126)                        | 163,129                   |
| Income tax expenses                                | <u>(17,815)</u>   | <u>(10,288)</u>                                | <u>–</u>                        | <u>(28,103)</u>           |
| <b>Profit/(loss) for the period</b>                | <u>92,623</u>   | <u>53,529</u>                                  | <u>(11,126)</u>                 | <u>135,026</u>            |
| <b>Six months ended<br/>30 June 2010</b>           |   |  |                                 |                           |
| <b>Revenue</b>                                     | <u>377,186</u>  | <u>611,628</u>                                 | <u>–</u>                        | <u>988,814</u>            |
| <b>Operating profit/(loss)<br/>segment results</b> | 107,890   | 83,826   | (12,249)                        | 179,467                   |
| Finance income                                     | 136   | 1,223  | 295                             | 1,654                     |
| Finance costs                                      | <u>(4,766)</u>  | <u>(7,041)</u>                                 | <u>(2,907)</u>                  | <u>(14,714)</u>           |
| <b>Profit/(loss) before<br/>income tax</b>         | 103,260   | 78,008   | (14,861)                        | 166,407                   |
| Income tax expenses                                | <u>(15,403)</u>   | <u>(10,702)</u>                                | <u>–</u>                        | <u>(26,105)</u>           |
| <b>Profit/(loss) for the period</b>                | <u>87,857</u>   | <u>67,306</u>                                  | <u>(14,861)</u>                 | <u>140,302</u>            |

|                               | <b>Unaudited</b>   |   |  |                                  |
|-------------------------------|--|---|--|----------------------------------|
|                               | <b>Intravenous<br/>infusion<br/>solution<br/><i>HK\$'000</i></b> | <b>Antibiotics<br/>and others<br/><i>HK\$'000</i></b> | <b>Unallocated<br/><i>HK\$'000</i></b> | <b>Total<br/><i>HK\$'000</i></b> |
| <b>As at 30 June 2011</b>     |  |   |  |                                  |
| <b>Total assets</b>           | <u>2,034,342</u>   | <u>1,192,550</u>                                      | <u>170,426</u>                         | <u>3,397,318</u>                 |
| <b>Total liabilities</b>      | <u>611,912</u>   | <u>272,735</u>  | <u>26,392</u>                          | <u>911,039</u>                   |
|                               | <b>Audited</b>   |   |  |                                  |
|                               | <b>Intravenous<br/>infusion<br/>solution<br/><i>HK\$'000</i></b> | <b>Antibiotics<br/>and others<br/><i>HK\$'000</i></b> | <b>Unallocated<br/><i>HK\$'000</i></b> | <b>Total<br/><i>HK\$'000</i></b> |
| <b>As at 31 December 2010</b> |  |   |  |                                  |
| <b>Total assets</b>           | <u>1,843,768</u>   | <u>1,209,169</u>                                      | <u>319,774</u>                         | <u>3,372,711</u>                 |
| <b>Total liabilities</b>      | <u>554,886</u>   | <u>422,793</u>  | <u>38,735</u>                          | <u>1,016,414</u>                 |

#### 4 Trade and bill receivables

The Group generally required its customers to settle sales invoices within 3 months. Ageing analysis of trade and bill receivables is as follows:

|                                | <b>30 June<br/>2011<br/>Unaudited<br/>HK\$'000</b> | 31 December<br>2010<br>Audited<br>HK\$'000 |
|--------------------------------|--|--|
| Within 3 months                | 546,678  | 441,976                                    |
| 4 to 6 months                  | 60,671   | 28,462                                     |
| 7 to 12 months                 | 27,468   | 9,000                                      |
| 1 to 2 years                   | 5,348  | 9,212                                      |
| 2 to 3 years                   | 2,274  | 9,808                                      |
| More than 3 years              | <u>10,760</u>                                      | <u>3,966</u>                               |
|                                | 653,199  | 502,424                                    |
| Less: Provision for impairment | <u>(16,365)</u>                                    | <u>(17,456)</u>                            |
|                                | <u><b>636,834</b></u>                              | <u><b>484,968</b></u>                      |

## 5 Reserves

|   | Unaudited                        |                 |                 |                                       |                 |                 |                          |
|---|----------------------------------|-----------------|-----------------|---------------------------------------|-----------------|-----------------|--------------------------|
|   | Share premium<br><i>HK\$'000</i> | Capital         |                 | Statutory reserves<br><i>HK\$'000</i> | Share-based     |                 | Total<br><i>HK\$'000</i> |
|   |                                  | redemption      | Capital         |                                       | payment         | Retained        |                          |
|   |                                  | reserve         | reserve         |                                       | reserve         | earnings        |                          |
| <i>HK\$'000</i>                                 | <i>HK\$'000</i>                  | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>                       | <i>HK\$'000</i> | <i>HK\$'000</i> |                          |
| <b>At 1 January 2011</b>                        | 1,371,873                        | -               | 176,670         | 173,241                               | -               | 577,430         | 2,299,214                |
| Repurchase of the Company's shares (a)          | -                                | -               | -               | -                                     | -               | (6,757)         | (6,757)                  |
| Cancellation of shares repurchased (b)          | -                                | 202             | -               | -                                     | -               | (7)             | 195                      |
| Dividends paid to equity holders of the Company | -                                | -               | -               | -                                     | -               | (48,977)        | (48,977)                 |
| Profit for the period                           | -                                | -               | -               | -                                     | -               | 135,010         | 135,010                  |
| Currency translation differences                | -                                | -               | -               | -                                     | -               | 50,697          | 50,697                   |
| <b>At 30 June 2011</b>                          | <u>1,371,873</u>                 | <u>202</u>      | <u>176,670</u>  | <u>173,241</u>                        | <u>-</u>        | <u>707,396</u>  | <u>2,429,382</u>         |
| <b>At 1 January 2010</b>                        | 842,176                          | -               | 175,547         | 139,555                               | 15,308          | 403,296         | 1,575,882                |
| Issuance of shares                              | 439,330                          | -               | -               | -                                     | -               | -               | 439,330                  |
| Dividends paid to equity holders of the Company | -                                | -               | -               | -                                     | -               | (47,098)        | (47,098)                 |
| Profit for the period                           | -                                | -               | -               | -                                     | -               | 140,278         | 140,278                  |
| Currency translation differences                | 9,846                            | -               | 1,627           | 1,341                                 | 143             | 4,130           | 17,087                   |
| <b>At 30 June 2010</b>                          | <u>1,291,352</u>                 | <u>-</u>        | <u>177,174</u>  | <u>140,896</u>                        | <u>15,451</u>   | <u>500,606</u>  | <u>2,125,479</u>         |

- (a) During the year 2010, the Company had repurchased 6,040,000 ordinary shares of the Company through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HK\$13,786,000, which had been deducted from retained earnings within shareholders' equity.

During the period from 30 May 2011 to 9 June 2011, the Company repurchased 4,050,000 ordinary shares of the Company through the Stock Exchange at an aggregate consideration of approximately HK\$6,757,000, which had been deducted from retained earnings within shareholders' equity.

- (b) On 14 January 2011 and 30 June 2011, the Company cancelled 6,040,000 and 4,050,000 ordinary shares repurchased respectively. Directly attributable expenses of approximately HK\$7,000 relating to the cancellation were charged against the retained earnings of the Company. After the cancellation, the Company's ordinary shares in issue were reduced from 2,454,904,000 to 2,444,814,000. The amount of share capital cancelled at HK\$202,000 was transferred from share capital to capital redemption reserve.

## 6 Trade and bill payables

Ageing analysis of trade and bill payables is as follows:

|                   | <b>30 June</b>   | 31 December |
|-------------------|------------------|-------------|
|                   | <b>2011</b>      | 2010        |
|                   | <b>Unaudited</b> | Audited     |
|                   | <b>HK\$'000</b>  | HK\$'000    |
| Within 3 months   | <b>207,413</b>   | 170,213     |
| 4 to 6 months     | <b>49,087</b>    | 21,521      |
| 7 to 12 months    | <b>11,429</b>    | 9,723       |
| 1 to 3 years      | <b>5,453</b>     | 3,556       |
| More than 3 years | <b>1,329</b>     | 1,309       |
|                   | <b>274,711</b>   | 206,322     |

## 7 Operating profit

The following items have been charged/(credited) to the operating profit during the six months ended 30 June 2011 and 2010:

|  | <b>Six months ended 30 June</b> |           |
|--|---------------------------------|-----------|
|  | <b>2011</b>                     | 2010      |
|  | <b>Unaudited</b>                | Unaudited |
|  | <b>HK\$'000</b>                 | HK\$'000  |
| (Gain)/Loss on disposal of property, plant and equipment | <b>(142)</b>                    | 86        |
| Depreciation of property, plant and equipment            | <b>45,404</b>                   | 38,294    |
| Reversal of provision for impairment of inventories      | <b>(580)</b>                    | (698)     |
| (Reversal of)/Provision for impairment of receivables    | <b>(3,384)</b>                  | 4,700     |
| Amortisation of intangible assets                        | <b>9,332</b>                    | 8,922     |
| Amortisation of land use rights                          | <b>2,844</b>                    | 2,649     |
| Foreign exchange (gain)/loss, net                        | <b>(480)</b>                    | 1,066     |

## 8 Income tax expenses

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

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

Xi'an Lijun Pharmaceutical Co., Ltd. and Shijiazhuang No. 4 Pharmaceutical Co., Ltd., the wholly owned subsidiaries of the Company, established and operate in Mainland China are subject to Mainland China Corporate Income Tax ("CIT") at an applicable rate of 25%. Both subsidiaries are qualified as high technology enterprises and entitled to a 15% preferential CIT rate for the years from 2010 to 2012.

|                     | Six months ended 30 June |               |
|---------------------|--------------------------|---------------|
|                     | 2011                     | 2010          |
|                     | Unaudited                | Unaudited     |
|                     | HK\$'000                 | HK\$'000      |
| Current income tax  | 26,869                   | 26,385        |
| Deferred income tax | 1,234                    | (280)         |
|                     | <u>28,103</u>            | <u>26,105</u> |

## 9 Dividends

|  | Six months ended 30 June |               |
|--|--------------------------|---------------|
|  | 2011                     | 2010          |
|  | Unaudited                | Unaudited     |
|  | HK\$'000                 | HK\$'000      |
| Interim dividend, declared, of HK\$2 cents<br>(six months ended 30 June 2010: HK\$2 cents)<br>per ordinary share | <u>48,896</u>            | <u>47,098</u> |

At a meeting held on 26 August 2011, the directors recommended the payment of an interim dividend of HK\$2 cents per ordinary share, totaling HK\$48,896,000 in respect of the six months ended 30 June 2011. The proposed dividend has not been reflected as a dividend payable in this condensed consolidated interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2011.

## 10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of approximately HK\$135,010,000 (six months ended 30 June 2010: HK\$140,278,000) by the weighted average number of 2,447,232,000 (six months ended 30 June 2010: 2,220,068,000) ordinary shares in issue during the period.

Diluted earnings per share is calculated after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since the Company has no category of dilutive potential ordinary shares at 30 June 2011, the diluted earnings per share is the same as basic earnings per share. As at 30 June 2010, the Company has outstanding share options that will dilute the potential ordinary shares. For the outstanding share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares in the relevant periods) based on the market values of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

|  | Six months ended 30 June |                      |
|--|--------------------------|----------------------|
|  | 2011                     | 2010                 |
|  | Unaudited                | Unaudited            |
|  | HK\$'000                 | HK\$'000             |
| Profit used to determine diluted earnings per share  | <u>135,010</u>           | <u>140,278</u>       |
| Weighted average number of ordinary shares in issue (thousands)                                | 2,447,232                | 2,220,068            |
| Adjustment for share options (thousands)   | <u>–</u>                 | <u>66,047</u>        |
| Weighted average number of ordinary shares for diluted earnings per share (thousands)          | <u>2,447,232</u>         | <u>2,286,115</u>     |
| Diluted earnings per share as reflected on the comprehensive income statement (HK\$ per share) | <u><u>0.0552</u></u>     | <u><u>0.0614</u></u> |

## 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 30 June 2011, the cash and cash equivalents aggregated to HK\$369,604,000 (31 December 2010: HK\$598,911,000), comprising HK\$170,665,000 (31 December 2010: HK\$316,387,000) of cash and cash equivalents denominated in Hong Kong dollars, HK\$188,110,000 (31 December 2010: HK\$280,987,000) in RMB and HK\$10,829,000 (31 December 2010: HK\$1,537,000) in other currencies.

As at 30 June 2011, the Group has restricted deposits amounting to HK\$3,929,000 (31 December 2010: HK\$30,531,000) as guarantee of the bills payables.

The carrying amounts of the borrowings amounting to HK\$376,452,000 as at 30 June 2011 (31 December 2010: HK\$433,146,000), comprising HK\$58,090,000 (31 December 2010: HK\$80,590,000) of borrowings denominated in Hong Kong dollars and HK\$318,362,000 (31 December 2010: HK\$352,556,000) in RMB.

As at 30 June 2011, the net gearing ratio (defined as bank borrowings less pledged bank deposits and cash and cash equivalents divided by total equity less non-controlling interests) was 0.1% (as at 31 December 2010, the cash and cash equivalents and pledged bank deposits exceeded bank borrowings by HK\$196,296,000).

Current ratio (defined as current assets divided by current liabilities) increased from 1.76 as at 31 December 2010 to 2.11 as at 30 June 2011.

## **FOREIGN EXCHANGE RISK**

Majority of the Group's businesses are operated in the PRC and are denominated in RMB and HK dollar. 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.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

There was no material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2011.

## **PLEDGE OF ASSETS**

As at 30 June 2011, the Group's land use rights, property, plant and equipment with the net book amount of approximately HK\$42,240,000 and HK\$204,994,000 respectively and restricted deposits of HK\$3,929,000 were pledged as collateral for the Group's bank borrowings and bills payables.

## **CONTINGENT LIABILITIES**

As at 30 June 2011, the Group did not have any significant contingent liabilities.

## **INTERIM DIVIDEND**

The Directors resolved to pay on 30 September 2011 an interim dividend of HK\$0.02 per share (amounting to a total of approximately HK\$48,896,000) for the six months ended 30 June 2011 to the shareholders named in the register of members of the Company on 16 September 2011. The interim dividend represents a payout rate of 36.2% of net profit attributable to the equity holders of the Company for the six months ended 30 June 2011.

## EXCHANGE RATE

As at 2011 and 2010, the exchange rates of converting HK\$ into RMB (as calculated in HK\$) were:

|                  |         |
|------------------|---------|
| 1 January 2010   | 0.88048 |
| 30 June 2010     | 0.87239 |
| 31 December 2010 | 0.85093 |
| 30 June 2011     | 0.83162 |

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save for the purchase of 4,050,000 shares in May 2011 and June 2011 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 six months ended 30 June 2011.

For the six months ended 30 June 2011, the Company acquired an aggregate of 4,050,000 ordinary shares through purchases on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration (including transaction costs) of HK\$6,756,518 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 30 June 2011.

| <b>Date of<br/>the purchases</b> | <b>Total number<br/>of the<br/>ordinary<br/>shares<br/>purchased</b> | <b>Highest<br/>price paid<br/>per share<br/><i>HK\$</i></b> | <b>Lower<br/>price paid<br/>per share<br/><i>HK\$</i></b> | <b>Aggregate<br/>consideration<br/><i>HK\$</i></b> |
|----------------------------------|--|---|---|--|
| 30 May 2011                      | 1,150,000  | 1.68  | 1.66  | 1,926,053  |
| 31 May 2011                      | 350,000  | 1.67  | 1.67  | 586,850  |
| 9 June 2011                      | <u>2,550,000</u>   | 1.68  | 1.60  | <u>4,243,615</u>                                   |
|                                  | <u><u>4,050,000</u></u>  |   |   | <u><u>6,756,518</u></u>                            |

## **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 date of this announcement, being 26 August 2011, and at all times during the six months ended 30 June 2011.

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

The Board has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. All Directors have confirmed that there were not any non-compliance with the standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30 June 2011.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company applied the principles and complied with all requirements of the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules. During the six months ended 30 June 2011, the Company has complied with the applicable Code Provisions set out in the CG Code.

## **INDEPENDENT REVIEW OF AUDITORS**

The Interim Financial Information for the six months ended 30 June 2011 has been reviewed by the auditors of the Company, PricewaterhouseCoopers, 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.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed and approved the Interim Financial Information for the six months ended 30 June 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 14 September, 2011 to Friday, 16 September, 2011 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 12 September, 2011.

## **PUBLICATION OF THE INTERIM REPORT**

The 2011 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on Hong Kong Exchanges and Clearing Limited's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.lijun.com.hk](http://www.lijun.com.hk)) in due course.

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

On behalf of the Board

**Wu Qin**

*Chairman*

Hong Kong, 26 August 2011

*As at the date of this announcement, the Board comprises Mr. Wu Qin, Mr. Qu Jiguang, Mr. Xie Yunfeng, Mr. Huang Chao, Mr. Wang Xianjun, Mr. Duan Wei, Ms. Zhang Guifu, Mr. Bao Leyuan and Ms. Gao Shuping as executive Directors, Mr. Liu Zhiyong as non-executive Director, and Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai as independent non-executive Directors.*