

For Immediate Release

26 August 2011



## Announcement of 2011 Interim Results

Sales revenue was HK\$1,089 million, increased by 10.1% as compared to the corresponding period last year; the sales revenue of intravenous infusions and its underlying businesses increased by 30.3% to HK\$491 million as compared to the corresponding period last year.

### Results Summary

- Profit attributable to equity holders was HK\$135 million, decreased by 3.8% as compared to the corresponding period last year; earnings per share was HK\$0.0552.
- Sales revenue was HK\$1,089 million, increased by 10.1% as compared to the corresponding period last year.
- The sales revenue of intravenous infusions and its underlying businesses increased by 30.3% to HK\$491 million as compared to the corresponding period last year.
- The sales revenue of antibiotics decreased by 12.0% to HK\$343 million as compared to the corresponding period last year.
- The sales revenue of non-antibiotics finished medicines increased by 17.7% to HK\$201 million as compared to the corresponding period last year.
- Gross profit was HK\$486 million, gross profit margin decreased from 51.5% of the corresponding period last year to 44.7%.
- Operating profit amounted to HK\$173 million, representing an decrease of 3.6% as compared to that of the corresponding period last year.
- The Board proposed a 2011 interim dividend of HK\$0.02 per share.

(26 August 2011 – Hong Kong) Lijun International Pharmaceutical (Holding) Co., Ltd. ("Lijun International" or the "Company"; stock code: 2005) and its subsidiary (the "Group") are pleased to announce the operating results of the Group for the six months ended 30 June 2011 (the "Reporting Period").

During the Reporting Period, the Group achieved profit attributable to the equity holders of HK\$135 million, representing an decrease of 3.8% as compared to that of the corresponding period last year; sales revenue was HK\$1,089 million, increased by 10.1% as compared to the corresponding period last year; among which, the sales revenue of intravenous infusions and its underlying businesses increased by 30.3% to HK\$491 million as compared to the corresponding period last year; the sales revenue of antibiotics decreased by 12.0% to HK\$343 million as compared to the corresponding period last year.

million as compared to the corresponding period last year; the sales revenue of non-antibiotics finished medicines increased by 17.7% to HK\$201 million as compared to the corresponding period last year; gross profit was HK\$486 million, gross profit margin decreased by 6.8% to 44.7% as compared to that of the corresponding period last year; operating profit amounted to HK\$173 million, representing a decline of 3.6% as compared to that of the corresponding period last year; the Board of directors (the “Board”) proposed an interim dividend of HK\$0.02 per share.

Reviewing the interim results of 2011, Mr. Wu Qin, Chairman of Lijun International said: “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. It was not easy for the Company to achieve this results under the difficult market environment.”

The Group increased the production and sales proportion of soft-packaging infusion solutions and therapeutical infusion solutions, and put 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, hence it has successfully consolidated and enhanced its market share as well as improving its profit margin and profitability, whereby its market advantages were further consolidated and developed. The sales revenue of non-PVC soft bag infusion solution and PP plastic bottle infusion solution were increased by 51.2% and 21.4% respectively as compared with the corresponding period of last year. In the first half year, revenue from infusion solution business amounted to HK\$434 million, representing a increase of 27.3% as compare with the corresponding period of last year, 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

During the Reporting Period, while maintaining a growth in the Group’s infusion solution product for domestic business, foreign trading of infusion solution continued to maintain sound development momentum. The Group registered our trademarks in 48 countries including Vietnam, Russia, Uzbekistan, Turkmenistan and European Union. Foreign trade export volume of the Company reached US\$4.78 million in the first half year, representing a growth of 64.8% as compared with the corresponding period of last year. Therefore, the Company became the only infusion solution manufacturing enterprise among the top ten exporting enterprises of the PRC chemical pharmaceutical industry.

Wonderful Sky Financial Group Limited 皓天財經集團有限公司

This year March, the National Development and Reform Committee lowered the prices of numerous antibiotics. Due to the effect of new volume and price limit policy as released by the PRC government for the antibiotics products, the sales of antibiotics was severely affected. In response to this critical situation, the Group determined to rectify the Lijunsha market. In the first half year, the overall sales of antibiotics preparation were HK\$343 million, decreased by 12.0% as compared with the corresponding period of last year. Sales of Lijunsha in the first half year amounted to HK\$192 million, decrease by 19.2% as compared with the corresponding period of last year. As affected by the national price reduction, sales of Paiqi series of products decrease slightly. The Group leveraged on the brand influence of “Chinese well-known Trademark” and through enduser 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\$63.66 million, decreased by 3.1% as compared with the corresponding period of last year. Reliance of the Group’s sales on antibiotics products continued to decrease. Sales proportion of antibiotics products to total Group’s sales decreased from 39.5% to 31.5% as compared to the corresponding period of last year.

At the same time, the Group’s key brand preparation has reached significant growth in sales. Through the powerful academic promotion and marketing development, sales of “Dobesilate” in the first half year amounted to HK\$46.39 million increased by 6.0% as compared with the corresponding period of last year. As affected by the price reduction policy, sales of “Lixiding” in the first half year amounted to HK\$18.10 million decreased by 2.9% as compared with the corresponding period of last year. In respect of general medicines, while adjusting the product structure and capitalizing the increase in sales of advantageous products, and also focus on strengthening tender work and end-user delivery, the Group managed to record sales of HK\$200 million, increased by 17.7% as compared with the corresponding period of last year.

In respect of OTC products, they were less affected by the policy changes, thus continued to maintain a rapid growth momentum. Sales of product “Kehao”, which can clear lung, relieving cough and removing sputa was increased by 46.3% as compared with the corresponding period of last year. Sales of “Weikoujia” effervescent tablet in the first half year were increased by 32.3% as compared with the corresponding period of last year. Through the additions of new specifications, focus on sales promotion and market rationalization, sales of “Lijungai” was increased by 21.9% as compared with the corresponding period of last year. Sales of new influenza drug “Haogan” amounted to HK\$2.79 million, and established a preliminary national marketing network through strengthening advertising promotion and end-users education..

In the field of new product development, Shijiazhuang No. 4 Pharma achieved great progress in product development and technical innovation. It obtained 123 approvals of various types,

Wonderful Sky Financial Group Limited 皓天財經集團有限公司

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. Furthermore, the modernized soft-packaging infusion solution project with an annual capacity of 500 million 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.

Looking forward, Mr. Wu said: “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.”

- END -

## **About Lijun International Pharmaceutical (Holding) Co., Ltd.**

As one of the leading manufacturers in the pharmaceutical industry in China, Lijun International Pharmaceutical (Holding) Co., Ltd. has more than 70-year operating history and well-known brands. The Group was listed on Hong Kong Stock Exchange in December 2005 (stock code: 2005). The Group is engaged in the research, development, manufacturing and selling of a wide range of finished medicines and bulk pharmaceutical products to hospitals and distributors, including antibiotics, intravenous infusion solution, non-antibiotics finished products, bulk pharmaceuticals and health care product. The Group has manufacturing plants in Hebei Province and Shaanxi Province, the People's Republic of China and sells to customers mainly in Mainland China. The Company is the largest domestic manufacturer of macrolide antibiotics, with a leading position for its intravenous infusion solution products in high-end hospital market. The Company boasts of its robust brand strength including "Lijunsha", a "Famous Trademark" in China and one of the "Ten Favourite Trademarks" which took over approximately 66% market share in 2009. The Group successfully acquired Shijiazhuang No. 4 Pharmaceutical Co., Ltd., a leading intravenous infusion solution manufacturer in China in June 2007 to expand its intravenous infusion solution production business. Facing more merger and acquisition opportunities from medical reform, the Group is positioned for continuous mergers and acquisitions to promote its growth.

This press release is issued by Wonderful Sky Financial Group Limited on behalf of Lijun International Pharmaceutical (Holding) Co., Ltd.

For media inquiries, please contact:

Wonderful Sky Financial Group Limited

Daisy Sun / Peter Fung / Jessie Bok

Dir: (852) 3970 2183 / 3970 2180 / 3970 2136

Fax: (852) 2865 1638

E-mail: [daisysun@wsfg.hk](mailto:daisysun@wsfg.hk) / [peterfung@wsfg.hk](mailto:peterfung@wsfg.hk) / [jessiebok@wsfg.hk](mailto:jessiebok@wsfg.hk)

**Attachment:**
**Consolidated Income Statement**
*Unit: HK\$'000*

	<b>Six months ended 30 June</b>	
	2011 (unaudited)	2010 (unaudited)
<b>Revenue</b>	<b>1,088,903</b>	<b>988,814</b>
<b>Cost of sales</b>	<b>(602,624)</b>	<b>(479,086)</b>
<b>Gross profit</b>	<b>486,279</b>	<b>509,728</b>
Other losses - net	(110)	(2,012)
Selling and marketing costs	(211,267)	(226,089)
General and administrative expenses	(101,855)	(102,160)
<b>Operating profit</b>	<b>173,047</b>	<b>179,467</b>
Finance income	1,616	1,654
Finance costs	(11,534)	(14,714)
Finance costs – net	(9,918)	(13,060)
<b>Profit before income tax</b>	<b>163,129</b>	<b>166,407</b>
Income tax expense	(28,103)	(26,105)
<b>Profit for the year</b>	<b>135,026</b>	<b>140,302</b>
<b>Profit attributable to:</b>		
– Equity holders of the Company	135,010	140,278
– <u>Non-controlling interests</u>	16	24
	<b>135,026</b>	<b>135,026</b>