



利君國際醫藥（控股）有限公司
Lijun International Pharmaceutical (Holding) Co., Ltd.

Lijun International Announces 2014 Interim Results
Net profit increased significantly by 32.2% to HK\$301 million

Financial Summary

- The Group's total sales was HK\$ 1.527 billion, increased for the corresponding period last year by 8.3%;
- The profit attribute to equity holders of the Company increased by 32.2% to HK\$301 million;
- Gross profit was HK\$728 million;
- Operating profit was HK\$395 million;
- The Directors resolved to pay an interim dividend of HK 3 cents per share and a special dividend of another HK 3 cents per share.

(28th August 2014 – Hong Kong) Lijun International Pharmaceutical (Holding) Co., Ltd. ("Lijun International" or the "Company"; stock code: 2005.HK) and its subsidiaries (the "Group") announces its interim results for the six months ended 30 June 2014.

During the period, the Group achieved a sales income of HK\$1.527 billion, representing an increase of 8.3% as compared to the same period of last year. Of which, HK\$996 million was contributed by Shijiazhuang No. 4 Pharma, representing a period-to-period increase of 18.6% while HK\$531 million was contributed by Xi'an Lijun Pharmaceutical, representing a period-to-period decrease of 7.0%. During the first half of the year, the Group achieved a net profit of HK\$301 million, representing an increase of 32.2% as compared to the same period last year.

Increase in profit was mainly attributable to the rapid and efficient development of intravenous infusion solution business. Shijiazhuang No. 4 Pharma materialized net profit of HK\$275 million, representing over 90% of the Group's overall net profit.

The Board resolved to distribute an interim dividend of HK 3 cents per share, amounting to a total of HK\$88.62 million, representing an increase of 51.2% as compared to the same period of last year. The Board also resolved to distribute a special dividend of HK 3 cents per share, amounting to a total of HK\$88.62 million.

Commencement of production and achievement of efficiency of key projects, and manifestation of investment effect - As at the end of June, construction works for infrastructure in the relocation and upgrade project of headquarters in the High-tech Development Zone, a project of strategic importance to the development of the Company, has been completed. Six infusion solution production lines developed in the early stages passed the national 2010 GMP certification and obtained certifications in March 2014, and currently have commenced full production and operation. We are now stepping up the development of subsequent soft bag infusion solution production lines and modernization of Chinese medicine projects, and expect to apply for national GMP certification in the fourth quarter. Our market advantage will be further consolidated and strengthened with the creation of new production scale.

Effective product development - The Company has implemented a motivating project responsibility system to promote innovation. In the first half of the year, 49 production permits for specifications add-in, alteration and packaging materials were obtained for new 100ml Pediatric Electrolyte Supplements Injection, 3,000ml Mannitol Injection, and 1,000ml Sodium Lactate Ringer's Injection. Meanwhile, 15 certificates or notices of authorization of invention, utility model and design patents were obtained for a conveying system of easily-dampened powdered raw materials, vertical PVC infusion bags, an interface structure for plastic infusion bags, a dual-chamber bag for infusion, a plastic ampoule for injection, and interface connectors for plastic infusion bags, etc. Fruitful innovative results were achieved. At the same time, the cooperation platform for production, teaching and research jointly established by schools of pharmacy of universities such as Tianjin University and Zhejiang University under the support of the Company has commenced scientific research projects such as "Demonstration Project for Industrialization of Safety Control Technology of Soft-packaging Infusion" and "Development and Industrialization of Balanced Salt Solution", in a bid to enhance the R&D and industrialization levels of superior products.

Looking forward into the second half of 2014, the Group is going to **(1) Market-oriented to capture market opportunities, and increase market share and efficiency.** We will continue to coordinate domestic and overseas markets, implement differentiating marketing measures, do our best in the bidding and market development of superior products such as soft bags (including double soft tube and double hard tube), vertical soft infusion bags and rinsing solutions, and further increase the profitability of infusion solution products, with the aim of maintaining the superiority of soft bag products in the industry. We will continue to focus on the development of international markets, and commence foreign trade and processing businesses through various channels and forms by participating in important international trade fairs, and applying for international product registration and certification, in order to maintain a growth rate of over 30% for our foreign trade business.

(2) Acceleration of R&D to develop featured products and innovative technologies for sustainable business growth by leveraging on our advantages. We will continue to promote the coordinated development of intravenous infusion solutions and oral preparations, and expedite the implementation of product development projects to maintain our core competitive edge. We will strive to obtain clinical approval for Arbidol Hydrochloride Dry Suspension and 10 production permits for supplementary application for Compound Mannitol Injection and packaging materials for infusion drugs in this year. Meanwhile, we will increase new product reserve and improve product structure to boost business transformation and upgrade and new product industrialization, thereby strengthening our market competitiveness, and expanding our product variety and profit stream.

(3) Acceleration of project construction to provide support and protection for the Group's continuous development. In the second half of the year, the two production lines for double-outlet soft bag infusion solutions under construction in the relocation and upgrade project of headquarters in the High-tech Development Zone has entered equipment commissioning phase. Conditions for certification application are expected to be fulfilled by the end of August, and GMP certification is expected to be completed in the fourth quarter. Projects on modernization of Chinese medicine extraction and upgrade of 1,000ml and 500ml PP plastic bottle infusion solution production lines are currently underway. We are working on equipment installation and commissioning. To pass the national GMP certification in this year, we must maintain infusion solution production volume, quality and efficiency and consolidate our leading position in the industry by accelerating new project construction and old production line upgrade.

In short, in the face of tough market conditions, the Company will adopt a new mindset, make active response and use all means to expand the sales market, in order to improve the quality and efficiency of the Company's operation, and generate satisfactory returns for investors. We are confident in the future development of the Company.

Mr. QU Jiguang, the Executive Director, Chairman & CEO of Lijun International Pharmaceutical (Holding) Co., Ltd. said, "Looking into the second half of 2014, the pharmaceutical industry in the PRC will be full of opportunities and challenges for development. Centralized commencement of drug procurement tenders in various regions and stringent measures against unfair competition in the industry will create a better market environment for the inelastic demand and systematic competition of drugs. Falling prices, re-allocation of corporate interests and lack of innovation will remain constraints and problems to the development of pharmaceutical companies. The Company will address these difficulties by leveraging its advantages in scale and brand to further improve its product structure. The Company will expand and refine its product market by capitalizing on market consolidation, to achieve steady and rapid growth in sales and profit."

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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 intravenous infusion solution, antibiotics, 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". 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 will consider potential 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.**

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