



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

Lijun International Announces 2013 Interim Results

Financial Summary

- The Group's total sales was HK\$ 1.410 billion, increased for the corresponding period last year by 15.3%;
- The profit attribute to equity holders of the Company increased by 52.7% to HK\$ 227 million;
- Gross profit was HK\$ 629.8 million;
- Operating profit was HK\$ 294.9 million;
- The Directors resolved to pay an interim dividend of HK\$ 0.02 per share;

(29th August 2013 – 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 2013.

During the period, the Group achieved a sales income of HK\$ 1.410 billion, representing an increase of 15.3% as compared to the same period of last year. Of which, HK\$840 million was contributed by Shijiazhuang No. 4 Pharma, representing a period-to-period increase of 26.2% while HK\$570 million was contributed by Xi'an Lijun Pharmaceutical, representing a period-to-period increase of 2.2%. During the first half of the year, the Group achieved a net profit of HK\$227 million, representing an increase of 52.7% 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\$206 million, representing around 90% of the Group's overall net profit.

The Board resolved to distribute an interim dividend of HK\$2 cents per share, amounting to a total of HK\$58.6 million, representing an increase of 20% as compared to the same period of last year.

Product Operation - Leveraging on the development opportunities brought upon by the mandatory implementation of new GMP in the intravenous infusion solution market, the Group timely expanded its production scale and product specifications, which in turn has further

enhanced its advantageous position in the intravenous infusion solution market. During the period, the overall intravenous infusion solution production capacity further expanded to 1 billion bottles (bags) per annum. Coupled with an enhanced product structure, production volume of high margin double -outlet soft bag products increased significantly, gradually becoming the key high end infusion product. During the period, sales of double-outlet soft bag product represented 18.7.% of overall sales of intravenous infusion solution products, representing a period-to-period increase of 148.4%. This leads to a further increase of 2 percentage in profit margin of the intravenous infusion solution business. Export of intravenous infusion solution products continued to grow rapidly.

During the period, export sales reached HK\$39 million, representing a period-to-period increase of 108%. After suffering a disastrous operating trend, operation of the Groups antibiotics and other products were stabilized. Sales and gross profit margin of the products remained stable almost the same as that of last year.

Research and Development of New Products - During the period, the L State Pellet Capsule (升態微丸膠囊) project has been granted production permits. The new Compound Alanyl-glutamine Double Layer Tablet (“DLT”) and Sodium Azulene Sulfonate raw materials have passed the Provincial Food and Drug Administration’s production site inspection. The memory boosting PS+DHASCO soft capsules project has been officially established. During the first half of the year, we obtained 3 trial permits for Type 1 new drug Compound Dexibuprofen Sustained-release Double Layer Tablet (“DLT”), raw materials of Blonanserin and Chemical categories of Blonanserin Tablets. We have filed more than 60 chemical production registrations, medicine materials and additional specifications and have obtained 3 invention patents for Bottle making and sterilization methods of PP bottle Large Volume Injection, Cefprozil Tablets and its method of preparation and a method to control PP bottle solution particles. A high-osmolality preparation and its method of preparation were accepted for application filing for 7 invention, practical new model and outlook design patents.

Key Projects - Construction of Shijiazhuang No. 4 Pharma’s new dedicated production lines for 2000ml, 1000ml, 500ml and 100ml infusion solution soft bags in its advanced large scale plant was completed and certified with National new GMP. The Company’s sales and production scale of soft bags continued to expand. Since the commencement of relocation and upgrade of Shijiazhuang No. 4 Pharma’s headquarters at the end of August last year, the overall progress was smooth. During the first half of the year, infrastructure such as production plant, logistic warehouse, and composite office were all completed as planned. We have now entered the stage of interior and exterior renovation, road construction and pipes and equipment installation. It is expected that by the end of the year, the 6 infusion solution production lines will be ready for trial runs.

In respect of Xi’an Lijun, in order to meet the new GMP requirements, the workshops for

production of liquid injections and freeze-dried powder injections are currently undergoing overall upgrade, expansion and modification. Currently, the general construction has been completed, key equipment is installed and the project is progressing smoothly as planned.

Looking forward into the second half of 2013, the Group is going to **(1) Comprehensively boosting its overall marketing level and enhancing its market share and efficiency** The Company will continue to coordinate both the domestic and international markets and capitalise on the peak medicine bidding and procurement period starting in multiple provinces and cities during the second half of the year in order to excel in the bidding and marketing works of its advantageous products such as soft bags (including double soft tube and double hard tube soft bags), vertical infusion soft bag, rinsing solution and dialysis solution, with the aim of further increasing the profit of infusion products and actively responding to the upcoming challenges of the intravenous infusion solution market. The Company will forcefully commence international registration and certification for its infusion products, expand the international markets and extend international collaboration in every direction, in order to ensure a growth rate of over 30% for the sales of foreign trades and processing products.

In terms of antibiotics and general medicines, the Company will leverage on its scale and brand advantages to reinforce its market share in every possible way. It will also further enhance its product structure and launch the new products Edaravone and Glipizide on the market during the second half of the year. The Company will alter its mode of development to strive for greater growth in sales and profits.

(2) Expedition of research and development and construction process to provide a solid foundation and safeguard for its development. During the second half of the year, the Group will speed up product research and development and technological innovation through attracting personnel and developing mechanism innovation. The Group will also establish innovation platforms, enhance scientific and technological collaboration with national institutions and actively set up the Nation's material technological projects, in order to constantly enhance its core competitiveness. In terms of construction work, the construction and reconstruction projects of Shijiazhuang No. 4 Pharma will be completed or commence trial production successively. The relocation, upgrade and reconstruction project of Shijiazhuang No. 4 Pharma's headquarters will strive to be completed by the end of the year to prepare for the State's GMP on-site inspection. The Company aims to reach target production volume and efficiency as soon as practicable and attain the strategic functions of promoting the stable and rapid development of the Group. Xi'an Lijun will complete the freeze-dried powder injections expansion project and the construction of liquid injections plant in due course, and strive to obtain the new GMP certificate by the end of the year.

On the whole, the Company is optimistic about its operating position, and its operation results will continue to grow and generate satisfying returns for our investors."

Mr. Wang Xianjun, the Executive Director of Lijun International Pharmaceutical (Holding) Co., Ltd. said, “Looking forward into the second half of 2013, both development opportunities and challenges will arise in the pharmaceutical industry in China. The slow and rational return of drug bidding policies, continuous expansion in the coverage of the pharmaceutical reform policies and their forceful crackdown on the improper competition in the industry will altogether provide a favorable market environment for the strong demand of medicines and orderly competition. Meanwhile, lack of innovation ability and constant decreases in price will still haunt the pharmaceutical industry. The Company will fully leverage on its scale and brand advantages to further improve its product structure. It will also capture the opportunities arising from market consolidation to continue expanding and differentiating its product market, with the aim to materialize constant and rapid growth in its operating results.

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Mr. Wang Xianjun attends at 2013 Interim Results Announcement

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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