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利君國際醫藥(控股)有限公司

Lijun International Pharmaceutical (Holding) Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2005)

ANNOUNCEMENT OF TURNOVER AND GROSS PROFIT INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2011

The Company announces the turnover and gross profit information, which has not been reviewed by its auditors, for the three months ended 31 March 2011.

The board of directors (the “Board”) of Lijun International Pharmaceutical (Holding) Co., Ltd. (the “Company”) announces the financial information of turnover and gross profit of the Company and its subsidiaries (together, the “Group”) for the three months ended 31 March 2011 based on its management accounts which have not been reviewed by the auditors.

Turnover of the Group, which has not been reviewed by the auditors, for the three months ended 31 March 2011 increased by 10.4% as compared with the same period of 2010 to HK\$540 million, with gross profit margin of 44.7% (for the three months ended 31 March 2010: 51.9%) and in particular:

- Turnover of **intravenous infusion solution** for the first three months in 2011 increased by approximately 32.5% as compared with the same period of 2010 to HK\$228 million, with gross profit margin of 42.9% (for the three months ended 31 March 2010: 50.2%). Among which, sales of Non-PVC Soft Bag infusion solution was HK\$74.55 million, representing 36.2% of the total sales of intravenous infusion solution and an increase

of 56.3% as compared with the same period of 2010; sales of PP Plastic Bottle infusion solution was HK\$87.84 million, representing 42.7% of the total sales of intravenous infusion solution and an increase of 28.9% as compared with the same period of 2010.

Gross profit margin of intravenous infusion solution products represented a year-on-year decrease of 7.3%, which was mainly due to the following factors that include:

- 1) price reduction of infusion solution that led to a decrease in gross profit margin of approximately 4%;
 - 2) optimization of product mix where the increase in the proportion of Non-PVC Soft Bag and PP Plastic Bottle infusion solution had led to an increase in gross profit margin of approximately 3%;
 - 3) cost increase, rising prices of raw materials and packaging materials and labour costs increase that led to a decrease in gross profit margin of approximately 6%; and
 - 4) urban maintenance and construction tax and educational surcharge (including as production costs) that led to a decrease in gross profit margin of approximately 1%.
- Turnover of **antibiotics finished medicines and non-antibiotics finished medicines businesses** for the first three months in 2011 were decreased by approximately 10.3% to HK\$177 million and increased by approximately 12.7% to HK\$135 million respectively as compared with the same period of 2010, with the gross profit margin of 46.1% (for the three months ended 31 March 2010: 52.8%); among which, sales of Lijunsha amounted to HK\$90.28 million, represented a decrease of 29.6% as compared with the same period of 2010; sales of Paiqi amounted to HK\$44.53 million, represented an increase of 48.6% as compared with the same period of 2010; sales of Dobesilate amounted to HK\$23.20 million, represented an increase of 6.1% as compared with the same period of 2010; sales of Lixiding amounted to HK\$8.94 million, represented an increase of 10.3% as compared with the same period of 2010.

Gross profit margin of antibiotics finished medicines and non-antibiotics finished medicines products represented a year-on-year decrease of 6.7%, which was mainly due to the following factors that include:

- 1) price reduction of Lijunsha and Paiqi, the decrease in the proportion of high gross profit margin products to sales revenue had led to a decrease in gross profit margin of approximately 2%;
- 2) cost increase, rising prices of raw and auxiliary materials and labour costs increase, as well as increase in utility charges had led to a decrease in gross profit margin of approximately 4%; and
- 3) urban maintenance and construction tax and educational surcharge (including as production costs) that led to a decrease in gross profit margin of approximately 1%.

In terms of business segments analysis, intravenous infusion solution, antibiotics finished medicines and non-antibiotics finished medicines accounted for approximately 42.3%, 32.7% and 25.0% respectively of the total turnover of the Group, which has not been reviewed by the auditors, for the first three months in 2011 (for the three months ended 31 March 2010: 35.2%, 40.3% and 24.5% respectively).

Shareholders and investors are advised to exercise caution in dealing in the shares of the Company.

On behalf of the Board
Sze Wing Kin, Pierre
Company Secretary

Hong Kong, 27 April 2011

As at the date of this announcement, the Board comprises Mr. Wu Qin, Mr. Qu Jiguang, Mr. Xie Yunfeng, Mr. Huang Chao, Ms. Sun Xinglai, 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.