SINO BIOPHARMACEUTICAL LIMITED
中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)
Website: www.sinobiopharm.com
(Stock code: 1177)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER, 2011, APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR, CHANGE OF CHAIRMAN AND MEMBER OF REMUNERATION COMMITTEE AND ESTABLISHMENT OF NOMINATION COMMITTEE

FINANCIAL HIGHLIGHTS

For the year ended 31 December, 2011, the Group recorded the following operational results:

– Turnover was approximately HK$5,782.34 million, an increase of approximately 41.5% over the same period last year;

– Before and after accounting for fair value losses/(gains) of equity investments at fair value through profit or loss and related deferred tax, profit attributable to the Group was approximately HK$629.20 million and approximately HK$462.80 million, respectively, approximately 46.7% higher and approximately 18.4% lower than the same period last year, respectively;

– Based on the profit attributable to the Group before and after accounting for fair value losses/(gains) of equity investments at fair value through profit or loss and related deferred tax, the basic earnings per share were approximately HK12.71 cents and approximately HK9.35 cents, respectively, approximately 43.8% higher and approximately 19.9% lower than the same period last year, respectively;

– Sales of new products accounted for approximately 24.3% of the Group's total revenue; and

– Cash and bank balances as at 31 December, 2011 was approximately HK$2,110.15 million.

The Board of Directors (the "Directors") of the Company recommended a final dividend payment of HK1 cent per share for the year ended 31 December, 2011, subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. Together with the quarterly dividends of a total of HK6 cents per share paid for the first three quarters, the total dividend of the year would amount to HK7 cents per share.

CORPORATE PROFILE

Sino Biopharmaceutical Limited (the "Company"), together with its subsidiaries and a jointly-controlled entity (the "Group"), is an integrated pharmaceutical enterprise. Applying advanced modernized Chinese medicinal technology, the Group researches, develops, manufactures and markets a vast array of health enhancing modernized Chinese medicines and chemical medicines. The Group has also strategically entered into the related healthcare and hospital business through the acquisition of Shaoyang Orthopedic Hospital located in Hunan Province of the People's Republic of China (the "PRC").

The Group's products can be grouped under the two major therapeutic categories of cardio-cerebral diseases and hepatitis. It also actively develops medicines for treating tumors, analgesia, diabetes, respiratory system diseases and other diseases to meet the increasing demands of the market, medical practitioners and patients.

Principal products:

Cardio-cerebral medicines:	Kaishi (Alprostadil) injections, Yilunping (Irbesartan/ Hydrochlorothiazide) tablets, Tianqingning (Hydroxyethylstarch 130) injections, Spring (Purarin) injections
Hepatitis medicines:	Mingzheng (Adefovir Dipivoxil) capsules, Tianqingganmei (Magnesium Isoglycyrrhizinate) injections, Ganlixin (Diammonium Glycyrrhizinate) injections and capsules, Tianqingganping (Diammonium Glycyrrhizinate) enteric capsules, Tianqingfuxin (Marine) injections and capsules
Oncology medicines:	Tianqingyitai (Zolebronate Acid) injections
Analgesic medicines:	Kaifen (Flurbiprofen Axetil) injections

Products with great potential:

Cardio-cerebral medicines:	Tianqingganan (Glycerin and Fructose) injections
Hepatitis medicines:	Runzhong (Entecavir) dispersible tablets
Oncology medicines:	Renyi (Pamidronate Disodium) injections, Zhiruo (Palonosetron Hydrochloride) injections
Diabetic medicines:	Taibai (Metformin Hydrochloride) sustained release tablets
Respiratory system medicines:	Tianqingsule (Tiotropium Bromide) inhalation powder
Parenteral nutritious medicines:	Xinhaineng (Carbohydrate and Electrolyte) injections
Anorectal medicines:	Getai (Diosmin) tablets
Anti-infectious medicines:	Tiance (Biapenem) injections

The medicines which have received Good Manufacturing Practice ("GMP") certifications issued by the State Food and Drug Administration of the PRC are in the following dosage forms: large volume injections, small volume injections, PVC-free soft bags for intravenous injections, capsules, tablets, powdered medicines and granulated medicines. The Group also received the GMP Certification for Health Food in capsules from the Department of Health of Jiangsu Province.

The Group's jointly-controlled entity, Beijing Tide Pharmaceutical Co. Ltd. ("Beijing Tide") has received the GMP certification for foreign pharmaceutical company from the Public Welfare and Health Ministry of Japan in February 2008. Thus, the Japanese pharmaceutical enterprises can assign the manufacturing of aseptic pharmaceutical products (products that are under research and products already launched to the domestic market within Japan) to Beijing Tide for export to Japan.

The Group's several principal subsidiaries: Jiangsu Chia Tai – Tianqing Pharmaceutical Co. Ltd. ("JCTT"), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. ("NJCTT"), Beijing Chia Tai Green Continent Pharmaceutical Co. Ltd., Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. ("Jiangsu Fenghai"), Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. ("Jiangsu Qingjiang"), Qingdao Chia Tai Haier Pharmaceutical Co., Ltd. ("Qingdao Haier") and Shanghai Tongyong Pharmaceutical Co., Ltd. ("Shanghai Tongyong") and a jointly-controlled entity, Beijing Tide have been designated "High and New Technology Enterprises". JCTT was designated "2011 Most Valuable Investment Enterprise of the PRC Pharmaceutical Enterprises" from the PRC Pharmaceutical Industry Information Centre. Beijing Tide was awarded "Drug Delivery System Preparation Technology and Research and Development Centre of Beijing City" by The Science and Technology Committee of Beijing City. In addition, NJCTT, Jiangsu Qingjiang and Jiangsu Fenghai have been designated "Engineering Technological Research Centre for treating tumors and cardio-cerebral phytochemistry injections of Jiangsu Province", "Orthopedic Medicines Preparation Research Centre" and "Engineering Technology Research Centre for Anorectal Nutritious Medicines" by The Science and Technology Committee of Jiangsu Province respectively.

Named by the Ministry of Personnel of the PRC as a "Postdoctoral Research and Development Institute", the research center of JCTT is also the only "New Hepatitis Medicine Research Center" in the country.

The Company has been selected as a constituent of Hang Seng Composite Industry Index – Consumer Goods and Hang Seng Composite SmallCap Index with effect from 8 March, 2010.

The Group's website: http://www.sinobiopharm.com

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

The year 2011 is the first year of China's Twelfth Five-Year Plan and the final year of the three-year medical reform scheme launched by the PRC Government. As the national medical system reform ("medical reform") policies have further deepened, its influence on the development of the pharmaceutical industry has significantly increased. Among the consequences, the medical reform has created greater investment in the pharmaceutical industry and expansion of the coverage of basic medical insurance to cover 1.3 billion urban and rural citizens. Besides, such a policy has established the framework of an insurance system which in turn will enhance the development of the pharmaceutical industry. Meanwhile, under the new medical reform policy, mechanisms were also launched to regulate the pharmaceutical industry, including set up tender system for medical insurance and generic medicines, the prices of medicines, the use of medicines in hospitals and the abusive usage of antibiotics. The net effect of these mechanisms resulted in more intense competition within the pharmaceutical manufacturing industry. In addition, the mandatory implementation of the new GMP, the rapid increase in the cost of raw materials and labour and the change in tax policy have led to a reduction of growth of after tax profit. In fact, income growth within the pharmaceutical industry has slowed down during the year under review with the drop in profits of the industry outpacing the increase in income.

Business Review

During the year under review, the Group continued to strengthen its core competitiveness. Through closer management of its subsidiaries, the Group promoted its management to advance both its strategy as well as upgrade its technology competence and research and development ("R&D") capability. At the same time, it strived to further enhance its brand image which was aided by those efforts. As a result of these improvements, the small volume injection and solid dosage produced at JCTT and Beijing Tide received the new GMP certification among thousands of pharmaceutical factories during the year. At the sales perspective, thanks in part to the dedicated efforts of the specialized marketing team to consolidate the Group's market share, the sales performance achieved an impressive increase in comparison with the previous year. As part of its strategy to expand through investment, the Group completed the acquisition of Shaoyang Orthopedic Hospital in Hunan Province successfully during the year under review. It is the largest orthopedic specialty hospital in Hunan Province with many several individual departments for different practices and advanced diagnostic and treatment equipment. Through its experience in the investment and management of Shaoyang Orthopedic Hospital, the Group has also explored the prospects of assisting public hospitals to implement reform and working with distinguished specialized hospitals which possess outstanding medical technology and respected expertise and which demonstrate great potential. The Group has thus strategically tapped into the public healthcare related medical services business, which it believes is complementary to its pharmaceuticals business and will further enhance its business development.

The Group recorded turnover of approximately HK$5,782.34 million during the year under review, an increase of approximately 41.5% against the same period last year. Before and after accounting for fair value losses/(gains) of equity investments at fair value through profit or loss and related deferred tax, profit attributable to the Group was approximately HK$629.20 million and HK$462.80 million, respectively, approximately 46.7% higher and approximately 18.4% lower than in the same period last year, respectively. Based on profit attributable to the group before and after accounting for fair value losses/(gains) of equity investments at fair value through profit or loss and related deferred tax, the basic earnings per share were approximately HK12.71 cents and approximately HK9.35 cents, respectively, approximately 43.8% higher and approximately 19.9% lower than in the same period last year, respectively. Cash and bank balances totaled approximately HK$2,110.15 million.

The Group continued to focus on developing specialized medicines where its strengths lie so as to build up its brand as a specialty medicine enterprise. Leveraging on its existing medicine series for treating cardio-cerebral diseases and hepatitis, the Group also actively developed oncology medicines, analgesic medicines, diabetic medicines, respiratory system medicines and digestive system medicines, etc.

The Group's principal profit contributors are JCTT, Beijing Tide, NJCTT and Chia Tai Qingchunbao Pharmaceutical Co., Ltd..

Cardio-cerebral medicines

Cardio-cerebral medicines are manufactured mainly by Beijing Tide and NJCTT and accounted for approximately 18.1% of the Group's turnover. The segment's major product Kaishi injections produced by Beijing Tide works on the Drug Delivery System (DDS) theory to improve cardio-cerebral micro-circulation blockage. It is the first micro-sphere target sustained release medicine in the PRC. The proprietary pharmaceutical technology used by the Group enhances the product to have more apparent effect than similar products in the market, which allows it to enjoy majority market share. Beijing Tide was awarded GMP medicine certification by the Public Welfare and Health Ministry of Japan in February 2008. For the year ended 31 December, 2011, sales of Kaishi injections amounted to approximately HK$1,353.69 million, an increase of approximately 23.7% as compared with the same period last year.

The Spring PVC-free soft bags for intravenous injections and the Spring injections manufactured by NJCTT are known for their stable quality since launched. NJCTT was named "Model Enterprise for Establishment of Quality and Trustful Medicines" by the PRC Pharmaceutical Quality Control Association in 2007. For the year ended 31 December, 2011, sales of the two products amounted to approximately HK$42.86 million, a decrease of approximately 23.1% when compared with the same period last year.

For the year ended 31 December, 2011, Tianqingganan injections manufactured and sold by NJCTT recorded sales of approximately HK$51.46 million, a slight increase of approximately 0.5% when compared with the same period last year.

NJCTT's Tianqingning injections, which was launched in 2006, is a plasma-volume expander for patients with blood volume deficiencies. As this product can be used as plasma for all blood types, it has huge market potential. For the year ended 31 December, 2011, the product recorded sales of approximately HK$178.24 million, an increase of approximately 15% when compared with the same period last year. Sales of another pharmaceutical product, Yilunping tablets, amounted to approximately HK$191.82 million for the year ended 31 December, 2011, a remarkable increase of approximately 30.6% when compared with the same period last year.

Hepatitis medicines

Hepatitis medicines is one of JCTT's main product series which recorded sales of approximately HK$2,629.23 million for the year ended 31 December, 2011 and accounted for approximately 45.5% of the Group's turnover.

JCTT mainly produces two categories of hepatitis medicines that can protect the liver while lowering enzyme levels and combating hepatitis virus. Ganlixin injections and capsules made with ingredients extracted from Licorice are the number 1 hepatitis medicine brand in the PRC. For the year ended 31 December, 2011, its sales amounted to approximately HK$189.02 million, a decrease of approximately 9.6% when compared with the same period last year. After the protection period of the product expired, many replicas have emerged into the market, resulting in intensified competition. The Group thus developed Tianqingganping enteric capsules with better therapeutic effect than Ganlixin capsules and its intellectual property right being protected. Sales of the medicine continued to increase to approximately HK$252.43 million in the reviewing year, representing a growth of approximately 24.6% when compared with the same period last year. In 2005, JCTT launched the patented medicine Tianqingganmei injections, which was made with Isoglycyrrhizinate separated from Licorice. During the year under review, the product has bright prospects and recorded the sales of approximately HK$850.66 million, a huge increase of approximately 87.2% against the same period last year. The Group believes that medicine series made with ingredients extracted from Licorice will help to maintain JCTT's leadership in the market for medicines protecting the liver and lowering enzyme levels.

The Group launched a patented hepatitis medicine called Mingzheng capsules in 2006. As a first-tier synthetic drug for combating hepatitis virus in the international market, the product has been well received by the market since launched with sales increasing rapidly. Mingzheng capsules have become another blockbuster product for combating hepatitis virus. For the year ended 31 December, 2011, its sales amounted to approximately HK$710 million, an increase of approximately 9.6% when compared with the same period last year.

Tianqingfuxin injections and capsules are the modernized Chinese medicines for fighting hepatitis virus. For the year ended 31 December, 2011, sales amounted to approximately HK$75.28 million, a decrease of approximately 15.8% when compared with the same period last year.

JCTT's self-developed new medicine for hepatitis B, Runzhong (Entecavir) dispersible tablet, has obtained the new product approval certificate and production approval in February 2010, making JCTT the first pharmaceutical manufacturer to gain the approval for this product in the PRC. The product was launched to the market since March 2010. For the year ended 31 December, 2011, the sales amounted to approximately HK$496.65 million, a huge increase of approximately 243% against the same period last year. Runzhong dispersible tablet is the latest generation of guanine nucleoside analogue oral medicine used mainly for the treatment of hepatitis B. It inhibits viral replication and has lower risk of triggering the emergence of medicine-resistant virus. After Entecavir was launched in 2005, the medicine recorded strong sales growth around the world as one of the most efficacious hepatitis B medicines.

Oncology medicines

Tianqingyitai injections, Tianqingrian injections, Zhiruo injections and Renyi injections are mainly developed and manufactured by JCTT and NJCTT. For the year ended 31 December, 2011, sales of oncology medicines amounted to approximately HK$432.14 million, a significant increase of approximately 52.6% as compared with the same period last year.

Analgesic medicines

Launched in 2005, the analgesic medicine Kaifen injections is developed and manufactured by Beijing Tide. It is a Flurbiprofen Axetil microsphere target sustained release analgesic injection produced based on the DDS theory and enabled by advanced target technology. The product is famous for strong pain relieving effect with minimal side effects and has been well received by medical practitioners and patients since launched. Sales of the product for the year ended 31 December, 2011 amounted to approximately HK$416.84 million, approximately 44.7% significantly higher than that as compared with the same period last year.

Diabetic medicines

The main diabetic medicine of the Group, Taibai sustained release tablets, which is used for lowering blood sugar level, was developed and manufactured by JCTT. There are more than 30 million diabetics in the PRC and Metformin Hydrochloride has been identified as a first-tier medicine for lowering blood sugar level. As Taibai sustained release tablets has sustained release capability, it can stabilize a patient's blood sugar level. For the year ended 31 December, 2011, the sales of the product have amounted to approximately HK$47.35 million, an increase by approximately 28.7% as compared with the same period last year.

RESEARCH AND DEVELOPMENT

The Group continued to focus R&D efforts on new cardio-cerebral, hepatitis, oncology, analgesia and respiratory system medicines. During the year under review, it received 1 new product certificate, 11 clinical approvals and 4 production approvals. Also, a total of 57 cases had completed clinical research, or were under clinical trial or applying for production approval, out of which, 10 cardio-cerebral medicines, 16 hepatitis medicines, 13 oncology medicines, 4 respiratory system medicines, 1 diabetic medicine and 14 other medicines are being developed.

The Group emphasizes on "development of proprietary innovative medicines and generic drugs by itself as well as through coordination with other domestic and foreign parties" in order to improve the R&D standard and progress. In light of the fact that R&D continues to be the foundation of the development of the enterprises and that the government encourages the direction of innovative development, the Group continues to focus on the injection of resources towards R&D. For the year ended 31 December, 2011, it invested approximately HK$372.14 million in R&D, which accounted for approximately 6.4% of turnover.

The Group also emphasizes on the protection of intellectual property rights. It encourages the active initiation of patent application in order to enhance the Group's core competitiveness. During the year under review, the Group has filed 28 invention patent rights, received 18 invention patent rights and 7 apparel design patent rights. Together, the Group has obtained 242 invention patent rights, 3 utility model patent rights and 31 apparel design patent rights.

INVESTOR RELATIONS

The Group is dedicated to maintaining high standards in corporate governance and understands the enlightment and importance of investor relations to corporate management. During the year under review, the Group has strived to keep close contact and maintain good communication with investors via a variety of communication channels so as to increase their knowledge of the Group. To further enhance corporate governance, efforts have also been undertaken to collect opinions from investors and what they consider as pertinent information.

During the year under review, the Group has proactively launched initiatives to communicate the latest information about its business to investors. It has participated in 43 large investor conferences and roadshows across Europe, the US and Asia. These events include the "JP Morgan 29th Annual Global Healthcare Conference", "Goldman Sachs 32nd Annual Global Healthcare Conference", "Bank of America Merrill Lynch New China Conference", "The 4th Annual Credit Suisse Asian Healthcare Conference" and "Nomura China Investor Conference". Besides, the Group has arranged for a number of factory site visits, teleconferences and one-to-one meetings with more than 227 international and domestic institutional investors. This outreach has served to increase the knowledge of these potential investors about the Group's operations and its latest developments, thus solidifying the confidence of shareholders, investors and customers.

In addition, the Group also posts its annual and interim reports, and issues quarterly, interim and annual results announcements, disclosures and circulars on its corporate website as well as on the website of Hong Kong Exchanges and Clearing Limited. The Group also issues news releases and organises media briefings to inform shareholders and investors about its latest developments, further facilitating a high degree of transparency.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company had complied with all the Code Provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules for the year ended 31 December, 2011, with the exception of a deviation from Code Provision E.1.2:-

> Code Provision E.1.2 – The Code Provision provides that the Chairman of the Board should attend the annual general meeting of the Company. Due to illness, Mr. Tse Ping, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 31 May, 2011. Mr. Xu Xiaoyang, Chief Executive Officer and an Executive Director, was elected in accordance with the Company's Articles of Association to act as the chairman of the annual general meeting and together with other Directors present at the meeting, answered questions raised by the shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, it was confirmed that all Directors have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remains strong. During the year under review, the Group's primary source of funds was cash derived from operating activities, disposal of Sino Concept Technology Limited in 2005 and top-up placings of existing shares in January and June 2010, respectively. As at 31 December, 2011, the Group's bank balance and cash in hand was approximately HK$2,110.15 million (31 December, 2010: approximately HK$2,338.50 million).

CAPITAL STRUCTURE

As at 31 December, 2011, the Group had short term loans of approximately HK$50.59 million (31 December, 2010: approximately HK$28.24 million) and long term loans of approximately HK$34.55 million (31 December, 2010: approximately HK$127.06 million).

CHARGE ON ASSETS

As at 31 December, 2011, the Group had no charge on assets (31 December, 2010: Nil).

CONTINGENT LIABILITIES

As at 31 December, 2011, the Group and the Company had no material contingent liabilities (31 December, 2010: Nil).

ASSETS AND GEARING RATIO

As at 31 December, 2011, the total assets of the Group amounted to approximately HK$6,295.50 million (31 December, 2010: approximately HK$5,620.84 million) whereas the total liabilities amounted to approximately HK$1,519.13 million (31 December, 2010: approximately HK$1,319.29 million). The gearing ratio (total liabilities over total assets) was approximately 24.1% (31 December, 2010: approximately 23.5%).

EMPLOYEE AND REMUNERATION POLICIES

The Group remunerates its employees based on their performance, experience and the prevailing market rates. Other employee benefits include mandatory provident fund, insurance and medical coverage, subsidized training programmes as well as a share option scheme. Total staff cost (including Directors' remuneration) for the year under review was approximately HK$641,678,000 (2010: approximately HK$398,552,000).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the assets and liabilities of the Group were denominated in Renminbi, US dollars and HK dollars. In the PRC, foreign investment enterprises are authorized to convert Renminbi to foreign currency in respect of current account items (including payment of dividend and profit to the foreign joint venture partner). The exchange rate of HK dollars and US dollars is pegged under the fixed linked system over a long period of time. The Directors consider that the Group is not significantly exposed to foreign currency risk and no hedging or other alternatives have been implemented.

OUTLOOK AND PROSPECT

The year 2012 will be a year with challenges overhanging over the pharmaceutical industry. The implementation of reform measures and related initiatives by the Government will influence different aspects of the pharmaceutical industry. Currently, many uncertainties linger in the domestic medical reform policy including standardization of medical products as well as medical administrative measures. As a result, a strong regulatory authority over medical insurance premium may become a fundamental focus of the policy. The pharmaceutical manufacturing enterprises on one hand, have to compete under an environment in which the Government continues to adjust prices downward and the carrying out of tenders of generic medicines under low prices. On the other hand, industry players have to invest tremendously in order to pass the new GMP certification. Faced with these pressures, the Group believes that 2012 will be a year of adjustment for the pharmaceutical industry which is set to undergo transformation and an upgrade in its professionalism. Growth of the pharmaceutical industry may slow down and the increasing competition within the industry may further intensify, which makes a consolidation of pharmaceutical manufacturing enterprises all but certain in the coming three years. However, a number of favourable factors indicate that the pharmaceutical industry shall still undergo stronger growth in the future. These include the rapidly aging population and rising standard of living in the PRC, the efforts of the Government to establish a basic medical and health care system both covering urban and rural citizens and offering better medical protection, and greater investment in the pharmaceutical industry. Thus, the Group remains optimistic about the long term development prospects of the industry.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Monday, 28 May, 2012 (the "AGM"), a notice of which will be published and despatched to the shareholders of the Company as soon as practicable in accordance with the memorandum and articles of association of the Company and the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our shareholders for their trust, support and understanding, as well as to all staff for their dedication and diligence.

RESULTS

The Board announces the condensed consolidated results of the Group for the year ended 31 December, 2011 together with the comparative condensed consolidated results for 2010 as follows:

Condensed Consolidated Income Statement

		For the year ended 31 December,	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**5,782,337**	4,086,144
Cost of sales		**(1,242,928)**	(784,858)
Gross profit		**4,539,409**	3,301,286
Other income and gains	*4*	**105,090**	243,391
Selling and distribution costs		**(2,485,414)**	(1,677,386)
Administrative expenses		**(568,963)**	(539,866)
Other expenses		**(578,953)**	(232,680)
Finance cost	*5*	**(11,289)**	(5,804)
Share of loss of an associate		**(4,122)**	(1,426)
PROFIT BEFORE TAX	*6*	**995,758**	1,087,515
Income tax expense	*7*	**(166,519)**	(228,146)
PROFIT FOR THE YEAR		**829,239**	859,369
Profit attributable to:			
Owners of the parent		**462,801**	566,897
Non-controlling interests		**366,438**	292,472
		829,239	859,369
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
– Basic		**HK9.35 cents**	HK11.68 cents
– Diluted		**N/A**	N/A

Details of the dividends payable and declared for the year are disclosed in note 8 to the financial statements.

Condensed Consolidated Statement of Comprehensive Income

	For the year ended 31 December,	
	2011	2010
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**829,239**	859,369
OTHER COMPREHENSIVE INCOME		
Available-for-sale investment:		
Changes in fair value, net of tax	**(5,821)**	—
Gains on property revaluation	**143,756**	41,080
Income tax effect	**(30,618)**	(7,160)
	113,138	33,920
Exchange differences on translation of foreign operations	**132,820**	94,252
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**240,137**	128,172
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,069,376**	987,541
Attributable to:		
Owners of the parent	**617,327**	662,847
Non-controlling interests	**452,049**	324,694
	1,069,376	987,541

Condensed Consolidated Statement of Financial Position

	Notes	31 December, 2011 HK$'000	31 December, 2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,687,824**	1,242,999
Prepaid land lease payments		**147,454**	140,907
Goodwill		**78,651**	67,308
Other intangible assets		**75,726**	65,156
Investment in an associate		**25,512**	29,338
Available-for-sale investments		**68,657**	29,820
Long term prepayments		**306,247**	—
Deferred tax assets		**34,244**	15,589
Total non-current assets		**2,424,315**	1,591,117
CURRENT ASSETS			
Inventories		**451,730**	369,158
Trade receivables	*10*	**914,286**	625,908
Prepayments, deposits and other receivables		**262,957**	97,693
Equity investments at fair value through profit or loss		**131,135**	491,223
Due from related companies		**922**	107,242
Cash and bank balances	*11*	**2,110,151**	2,338,495
Total current assets		**3,871,181**	4,029,719
CURRENT LIABILITIES			
Trade payables	*12*	**220,683**	159,515
Other payables and accruals		**1,023,627**	851,492
Interest-bearing bank borrowings		**50,590**	28,236
Tax payable		**57,770**	53,472
Due to related companies		**17,850**	2,845
Total current liabilities		**1,370,520**	1,095,560
NET CURRENT ASSETS		**2,500,661**	2,934,159
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,924,976**	4,525,276
NON-CURRENT LIABILITIES			
Deferred government grants		**62,539**	25,747
Interest-bearing bank borrowings		**34,549**	127,062
Deferred tax liabilities		**51,523**	70,919
Total non-current liabilities		**148,611**	223,728
Net assets		**4,776,365**	4,301,548
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*13*	**123,536**	123,916
Reserves		**3,663,054**	3,424,636
Proposed final dividend		**49,415**	99,133
		3,836,005	3,647,685
Non-controlling interests		**940,360**	653,863
Total equity		**4,776,365**	4,301,548

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December, 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Total comprehensive income within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interests; and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained; and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments:Disclosures Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]

[1] Effective for annual periods beginning on or after 1 July, 2011
[2] Effective for annual periods beginning on or after 1 January, 2012
[3] Effective for annual periods beginning on or after 1 July, 2012
[4] Effective for annual periods beginning on or after 1 January, 2013
[5] Effective for annual periods beginning on or after 1 January, 2014
[6] Effective for annual periods beginning on or after 1 January, 2015

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has three reportable segments as follows:

(a) the modernized Chinese medicines and chemical medicines segment comprises the manufacture, sale and distribution of the modernized Chinese medicine products and chemical medicine products;
(b) the investment segment is engaged in long term and short term investments; and
(c) the other segment comprises, principally, the Group's R&D sector which provides services to third-party.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

Segment assets exclude deferred tax assets and investment in an associate as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

The segment results for the year ended 31 December, 2011

	Modernized Chinese medicines and chemical medicines *HK$'000*	Investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	**5,765,720**	**—**	**16,617**	**5,782,337**
Total	**5,765,720**	**—**	**16,617**	**5,782,337**
Segment results	**1,281,263**	**(196,832)**	**10,031**	**1,094,462**
Reconciliation:				
Interest and unallocated gains				**54,468**
Unallocated expenses				**(149,050)**
Share of loss of an associate				**(4,122)**
Profit before tax				**995,758**
Income tax expense				**(166,519)**
Profit for the year				**829,239**
Assets and liabilities				
Segment assets	**5,424,908**	**625,984**	**184,848**	**6,235,740**
Reconciliation:				
Investment in an associate				**25,512**
Other unallocated assets				**34,244**
Total assets				**6,295,496**
Segment liabilities	**1,308,400**	**101,438**	**—**	**1,409,838**
Reconciliation:				
Other unallocated liabilities				**109,293**
Total liabilities				**1,519,131**
Other segment information:				
Depreciation and amortisation	**136,387**	**172**	**2,299**	**138,858**
Capital expenditure	**293,025**	**5,552**	**2,248**	**300,825**
Other non-cash expenses	**3,484**	**—**	**—**	**3,484**

The segment results for the year ended 31 December, 2010

	Modernized Chinese medicines and chemical medicines *HK$'000*	Investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	4,085,215	—	929	4,086,144
Total	4,085,215	—	929	4,086,144
Segment results	1,105,474	155,204	(5,709)	1,254,969
Reconciliation:				
Interest and unallocated gains				21,669
Unallocated expenses				(187,697)
Share of loss of an associate				(1,426)
Profit before tax				1,087,515
Income tax expense				(228,146)
Profit for the year				859,369
Assets and liabilities				
Segment assets	4,719,189	825,100	31,620	5,575,909
Reconciliation:				
Investment in an associate				29,338
Other unallocated assets				15,589
Total assets				5,620,836
Segment liabilities	1,092,372	98,522	4,003	1,194,897
Reconciliation:				
Other unallocated liabilities				124,391
Total liabilities				1,319,288
Other segment information:				
Depreciation and amortisation	85,524	23	2,584	88,131
Capital expenditure	438,622	322	30	438,974
Other non-cash expenses	5,730	—	—	5,730

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are based in Mainland China.

No information about a major customer is presented as no single customer contributes to over 10% of the Group's revenue for years ended 31 December, 2011 and 2010.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	For the year ended 31 December,	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**5,782,337**	4,086,144
Other income		
Dividend income	**14,800**	11,182
Bank interest income	**36,965**	18,597
Government grants	**21,842**	17,483
Sale of scrap materials	**20,088**	10,658
Others	**11,345**	3,072
	105,040	60,992
Gains		
Gain on disposal of items of property, plant and equipment	**50**	563
Fair value gains, net		
Equity investments at fair value through profit or loss		
– held for trading	**—**	181,836
	50	182,399
Total other income and gains	**105,090**	243,391

5. FINANCE COST

	For the year ended 31 December,	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**11,289**	5,804

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the year ended 31 December,	
	2011	2010
	HK$'000	*HK$'000*
Cost of sales	**1,242,928**	784,858
Depreciation	**131,710**	82,244
Recognition of prepaid land lease payments	**2,912**	2,465
Amortization of other intangible assets	**4,236**	3,422
Write-off of other intangible assets	**—**	278
Research and development costs	**361,270**	229,720
Revaluation deficit of property, plant and equipment	**639**	559
Gain on disposal of property, plant and equipment	**(50)**	(563)
Loss on disposal of property, plant and equipment	**3,534**	6,293
Bank interest income	**(36,965)**	(18,597)
Dividend income	**(14,800)**	(11,182)
Loss on disposal of equity interest in a jointly-controlled entity	**—**	1,084
Fair value loss/(gain), net:		
Equity investments at fair value through profit or loss		
– held for trading	**210,381**	(181,836)
Minimum lease payments under operating leases:		
Land and buildings	**18,308**	10,110
Auditors' remuneration	**3,535**	2,737
Staff cost (including directors' remuneration)		
Wages and salaries	**549,861**	361,536
Pension contributions	**91,817**	37,016
	641,678	398,552
Impairment loss of trade receivables recognised	**(739)**	7,353
Foreign exchange (gain)/loss, net	**(10,973)**	616

7. INCOME TAX

	For the year ended 31 December,	
	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**(151)**	(362)
Current – Mainland China income tax	**216,324**	175,660
Deferred tax	**(49,654)**	52,848
Total tax charge for the year	**166,519**	228,146

Hong Kong profits tax has been provided at a rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

JCTT, Beijing Tide, Jiangsu Fenghai, Jiangsu Qingjiang, Qingdao Haier and Shanghai Tongyong were subject to a corporate income tax rate of 15% for three years successively from 2008 because they qualified as a "High and New Technology Enterprise".

NJCTT was subject to a preferential income tax rate of 15% for three years from 2009 onwards because it was qualified as a "High and New Technology Enterprise". In addition, pursuant to the transition provisions of the New CIT tax law, NJCTT is entitled to a tax concession period between 2006 to 2010, NJCTT is entitled to a 50% tax exemption on corporate income tax rate in 2010. Hence, NJCTT is subject to a corporate income tax rate of 11% in 2010 (being the lower of 11% (due to a 50% tax exemption) and the preferential tax rate of 15%) and 15% in 2011, respectively.

Other than the above mentioned entities, the other entities located in the PRC are subject to a corporate income tax rate of 25% in 2011.

8. DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended a final dividend of HK1 cent per ordinary share for the year ended 31 December, 2011 (2010: HK2 cents). The dividend will be paid to shareholders on Monday, 18 June, 2012 whose names appear on the Register of Members of the Company on Friday, 8 June, 2012.

The Register of Members of the Company will be closed for the following periods:–

(a) For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 25 May, 2012 to Monday, 28 May, 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attendance and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Thursday, 24 May, 2012.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed from Thursday, 7 June, 2012 to Friday, 8 June, 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Wednesday, 6 June, 2012.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent for the year of approximately HK$462,801,000 (2010: approximately HK$566,897,000), and the weighted average number of ordinary shares of 4,951,647,884 (2010: 4,854,152,092)(as adjusted to reflect the shares repurchased in 2011) in issue during the year.

Diluted earnings per share amounts for the years ended 31 December, 2011 and 2010 have not been disclosed as there were no diluting events during these two years.

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period ranges from 60 days to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

An aged analysis of the Group's trade receivables as at the end of reporting period, based on invoice date and net of provisions, is as follows:

	31 December, 2011 *HK$'000*	31 December, 2010 *HK$'000*
Current to 90 days	**774,413**	558,643
91 days to 180 days	**127,969**	60,329
Over 180 days	**11,904**	6,936
	914,286	625,908

11. CASH AND BANK BALANCES

	31 December, 2011 *HK$'000*	31 December, 2010 *HK$'000*
Cash and bank balances, unrestricted	**1,241,816**	920,947
Time deposits with original maturity of less than three months	**775,922**	698,175
Time deposits with original maturity of more than three months	**92,413**	719,373
	2,110,151	2,338,495

12. TRADE PAYABLES

An aged analysis of the Group's trade payables as at the end of reporting period, based on invoice date, is as follows:

	31 December, 2011 *HK$'000*	31 December, 2010 *HK$'000*
Current to 90 days	**212,214**	138,569
91 days to 180 days	**2,853**	14,530
Over 180 days	**5,616**	6,416
	220,683	159,515

13. SHARE CAPITAL

	31 December, 2011 *HK$'000*	31 December, 2010 *HK$'000*
Authorised:		
8,000,000,000 ordinary shares of HK$0.025 each (2010: 8,000,000,000 ordinary shares of HK$0.025 each)	**200,000**	200,000
Issued and fully paid:		
4,941,461,473 ordinary shares of HK$0.025 each (2010: 4,956,645,473 ordinary shares of HK$0.025 each)	**123,536**	123,916

INDEPENDENT NON-EXECUTIVE DIRECTORS, AUDIT COMMITTEE AND REVIEW OF RESULTS

The Group has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to appointment of a sufficient number of the independent non-executive directors ("INEDs") and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed four INEDs including one with financial management expertise, details of their biographies will be set out in the 2011 Annual Report of the Company.

The Audit Committee is comprised of three INEDs. It has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the condensed consolidated financial statements of the Company for the year ended 31 December, 2011.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR, CHANGE OF CHAIRMAN AND MEMBER OF THE REMUNERATION COMMITTEE AND APPOINTMENT OF A MEMBER OF THE NOMINATION COMMITTEE

The Board is pleased to announce that, with effect from 30 March, 2012, Mr. Mei Xingbao has been appointed as an independent non-executive director of the Company. Mr. Tse Ping (the Chairman and an executive director of the Company) resigned as Chairman and member of the Remuneration Committee and Mr. Mei Xingbao be appointed as the Chairman and member of the Remuneration Committee in replacement thereof. Mr. Mei Xingbao has also been appointed as a member of the Nomination Committee of the Company.

Particulars of Mr. Mei Xingbao are set out below:

Mr. Mei Xingbao ("Mr. Mei"), aged 62, is an external supervisor of Bank of China. He is currently a member of the Eleventh National Committee of the Chinese People's Political Consultative Conference. From October 2003 to May 2010, Mr. Mei served as Vice President and President of China Orient Asset Management Corporation. Mr. Mei previously served as Vice Mayor of ZhangJiaJie Municipal People's Government in Hunan Province, Deputy Director General of Economic and Trade Commission of Hunan Province, Head of the Science and Education Group of the Research Office of the General Office of Central Committee of Communist Party of China, Director General of the General Office of the Financial Work Committee of Central Committee of Communist Party of China, Director General of the Propaganda Department of China Banking Regulatory Commission. Majoring in Agricultural Economy Management, Mr. Mei graduated from Renmin University of China in 1982.

Save for the position mentioned above, Mr. Mei has not previously held and is not holding any position with the Company or any of its subsidiaries. Save as disclosed above, Mr. Mei has not held any directorship in any listed company for the last three years.

Mr. Mei has entered into a letter of appointment with the Company, which can be terminated by either party with one month's notice in writing served to the other side. Under the said letter of appointment, his length of service with the Company is fixed at two years. Mr. Mei is entitled to HK$200,000 per annum based on his anticipated time and effort to be spent on the Company's matter.

Mr. Mei does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the date of this announcement, Mr. Mei does not have any interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance. Save for the information disclosed above, the Board would like to confirm that there is no other information required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

The Board would like to welcome Mr. Mei for joining the Board.

FORMATION OF THE NOMINATION COMMITTEE

The Board announced that the Nomination Committee has been set up on 30 March, 2012 comprising Mr. Tse Ping as the Chairman and Mr. Lu Zhengfei, Ms. Li Jun and Mr. Mei Xingbao as members of the Nomination Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the period from 1 January, 2011 to 31 December, 2011, the Company repurchased a total of 15,184,000 ordinary shares of HK$0.025 each on the Stock Exchange at an aggregate consideration of HK$32,912,080. All of the purchased shares were cancelled.

Date of the repurchase	Total number of ordinary shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration
		HK$	*HK$*	*HK$*
31 August, 2011	12,076,000	2.20	2.20	26,567,200
14 September, 2011	3,108,000	2.10	2.00	6,344,880
	15,184,000			32,912,080

Save as disclosed herein, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from 1 January, 2011 to 31 December, 2011.

By Order of the Board
Sino Biopharmaceutical Limited
Tse Ping
Chairman

PRC, 30 March, 2012

As at the date of this announcement, the Board of the Company comprises seven Executive Directors, namely Mr. Tse Ping, Mr. Zhang Baowen, Mr. Xu Xiaoyang, Mr. Tse Hsin, Ms. Cheng Cheung Ling, Mr. Tao Huiqi and Mr. He Huiyu and four Independent Non-Executive Directors, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Li Jun and Mr. Mei Xingbao.