

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in RMB unless otherwise stated)

	Note	30 June 2006 Unaudited RMB'000	31 December 2005 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	343,752	336,726
Land use rights	5	6,980	7,014
Deferred income tax assets		7,708	7,436
Available-for-sale financial assets		609	609
<b>Total non-current assets</b>		<b>359,049</b>	<b>351,785</b>
<b>Current assets</b>			
Inventories		112,085	93,385
Trade and bills receivables	6	161,951	151,326
Prepayments, deposits and other receivables		43,984	66,000
Bank and cash balances		254,873	275,122
<b>Total current assets</b>		<b>572,893</b>	<b>585,833</b>
<b>Total assets</b>		<b>931,942</b>	<b>937,618</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	7	151,468	151,468
Reserves	8	328,813	349,257
		<b>480,281</b>	<b>500,725</b>
<b>Minority interest</b>		<b>897</b>	<b>93,647</b>
<b>Total equity</b>		<b>481,178</b>	<b>594,372</b>

	<i>Note</i>	<b>30 June 2006 Unaudited RMB'000</b>	<b>31 December 2005 Audited RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term payables	9	<b>17,742</b>	16,512
<b>Total non-current liabilities</b>		<b>17,742</b>	16,512
<b>Current liabilities</b>			
Trade and bills payables	10	<b>64,576</b>	60,264
Deposits and advance receipts from customers		<b>10,464</b>	14,516
Accrual and other payables		<b>85,016</b>	108,831
Income tax payable		<b>14,628</b>	14,628
Dividend payable		<b>11,742</b>	14,763
Short-term bank loans	11	<b>240,940</b>	108,000
Current portion of long-term bank loans	11	<b>5,000</b>	5,000
Current portion of long-term payables	9	<b>656</b>	732
<b>Total current liabilities</b>		<b>433,022</b>	326,734
<b>Total liabilities</b>		<b>450,764</b>	343,246
<b>Total equity and liabilities</b>		<b>931,942</b>	937,618
<b>Net current assets</b>		<b>139,871</b>	259,099
<b>Total assets less current liabilities</b>		<b>498,920</b>	610,884

The notes form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in RMB unless otherwise stated)

		Six months ended 30 June	
		2006 Unaudited RMB'000	2005 Audited RMB'000
	Note		
Sales	4	447,581	433,092
Cost of goods sold		(213,403)	(218,824)
<b>Gross profit</b>		<b>234,178</b>	214,268
Other gain/(losses), net		3,358	(842)
Selling and marketing costs		(121,996)	(102,678)
General and administrative expenses		(61,215)	(48,784)
<b>Operating profit</b>	12	<b>54,325</b>	61,964
Finance costs	11	(3,294)	(3,471)
<b>Profit before income tax</b>		<b>51,031</b>	58,493
Income tax	13	273	(11,885)
<b>Profit for the half year</b>		<b>51,304</b>	46,608
<b>Attributable to:</b>			
— Equity holders of the Company		41,615	37,556
— Minority interest		9,689	9,052
		<b>51,304</b>	46,608
<b>Basic earnings per share for profit attributable to the equity holders of the Company</b> (expressed in RMB per share)	14	<b>0.14</b>	0.18
<b>Dividends</b>	15	<b>20,933</b>	4,218

The notes form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

	Note	Audited				Total equity RMB'000
		Attributable to equity holders of the Company			Minority interest RMB'000	
		Capital	Reserves	Total		
		RMB'000	RMB'000	RMB'000		
Balance at 1 January 2005		1	259,318	259,319	86,022	345,341
Profit for the half year		—	37,556	37,556	9,052	46,608
Dividends		—	(3,374)	(3,374)	(844)	(4,218)
Balance at 30 June 2005		1	293,500	293,501	94,230	387,731

		Unaudited				
		Attributable to equity holders of the Company			Minority	Total
		Capital	Reserves	Total	interest	equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2006</b>		151,468	349,257	500,725	93,647	594,372
Profit for the half year		—	41,615	41,615	9,689	51,304
Exchange difference		—	(2,352)	(2,352)	—	(2,352)
Dividends		—	(47,848)	(47,848)	(11,742)	(59,590)
Acquisition of minority interest	16	—	(11,859)	(11,859)	(90,697)	(102,556)
<b>Balance at 30 June 2006</b>		151,468	328,813	480,281	897	481,178

The notes form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

(All amounts in RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2006 Unaudited RMB'000	2005 Audited RMB'000
<b>Cash flows from operating activities — net</b>		<b>33,948</b>	25,887
<b>Cash flows from investing activities:</b>			
— acquisition of minority interests	16	(102,556)	—
— purchases of property, plant and equipment		(21,954)	(5,516)
— other investing cash flow — net		(16)	751
<b>Cash flows used in investing activities — net</b>		<b>(124,526)</b>	(4,765)
<b>Cash flows from financing activities:</b>			
— dividends paid		(62,611)	(20,500)
— new bank loans		172,940	30,000
— repayments of borrowings		(40,000)	(62,000)
— Pledged deposits for bank borrowings		(102,940)	—
— other finance cash flows — net		—	(2,337)
<b>Cash flows used in financing activities — net</b>		<b>(32,611)</b>	(54,837)
<b>Net decrease in cash and cash equivalents</b>		<b>(123,189)</b>	(33,715)
<b>Cash and cash equivalents at beginning of period</b>		<b>275,122</b>	138,674
<b>Cash and cash equivalents at end of period</b>		<b>151,933</b>	104,959

The notes form an integral part of this condensed consolidated interim financial information.

## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

*(All amounts in RMB unless otherwise stated)*

### **1. GENERAL INFORMATION**

Lijun International Pharmaceutical (Holding) Co., Ltd. ("the Company") and its subsidiaries (together, "the Group") are principally engaged in the research, development, manufacture and sale of a wide range of medicines and bulk pharmaceuticals through a network of independent retailers. The Group has manufacturing plants in the Shaanxi Province, the People's Republic of China ("PRC"), and sells mainly in places within the PRC.

The Company is a limited liability company incorporated in the Cayman Islands on 28 September 2004. The address of its registered office is Century Yard, Cricket Square Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman British West Indies.

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited since 20 December 2005.

This condensed consolidated interim financial information is presented in Renminbi (RMB), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 1 September 2006.

### **2. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the half year ended 30 June 2006 has been prepared in accordance with HKAS 34, "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

### **3. ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2005 as described in the annual financial statements for the year ended 31 December 2005.

The following new standards, amendments to standards and interpretations are mandatory for year ending 31 December 2006.

- Amendment to HKAS 19, "Actuarial gains and losses, group plans and disclosures", effective for annual periods beginning on or after 1 January 2006. The Group has decided to retain its former accounting policy regarding the recognition of actuarial gains and losses;
- Amendment to HKAS 39, Amendment to "The fair value option", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;
- Amendment to HKAS 21, Amendment "Net investment in a foreign operation", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;
- Amendment to HKAS 39, Amendment "Cash flow hedge accounting of forecast intragroup transactions", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the group;
- Amendment to HKAS 39 and HKFRS 4, Amendment "Financial guarantee contracts", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;
- HKFRS 6, "Exploration for and evaluation of mineral resources", effective for annual periods beginning on or after 1 January 2006. This standard is not relevant for the Group;
- HK(IFRIC)-Int 4, "Determining whether an arrangement contains a lease", effective for annual periods beginning on or after 1 January 2006. This interpretation is not relevant for the Group;

**3. ACCOUNTING POLICIES** *(Continued)*

- HK(IFRIC)-Int 5, "Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds", effective for annual periods beginning on or after 1 January 2006. This interpretation is not relevant for the Group; and
- HK(IFRIC)-Int 6, "Liabilities arising from participating in a specific market — waste electrical and electronic equipment", effective for annual periods beginning on or after 1 December 2005. This interpretation is not relevant for the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

- HK(IFRIC)-Int 7, "Applying the Restatement Approach under HKFRS 29", effective for annual periods beginning on or after 1 March 2006. Management do not expect the interpretation to be relevant for the Group;
- HK(IFRIC)-Int 8, "Scope of HKFRS 2", effective for annual periods beginning on or after 1 May 2006. This interpretation is not relevant for the Group;
- HK(IFRIC)-Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assess if embedded derivative should be separated using principles consistent with HK(IFRIC)-Int 9; and
- HKFRS 7, "Financial instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007. HKAS 1, "Amendments to capital disclosures", effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1 January 2007.



**4. SEGMENT INFORMATION**

The Group primarily operates in one business segment — manufacturing and sale of pharmaceutical products. It operates principally in one geographical segment — the PRC. Substantially all of the Group's assets were located in the PRC. Accordingly, no analysis of segment information is presented.

	<b>Six months ended 30 June</b>	
	<b>2006</b>	2005
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Sales:		
— Sales of pharmaceutical products	<b>446,386</b>	430,544
— Sales of raw materials and by products	<b>366</b>	780
— Processing income	<b>829</b>	1,768
	<b>447,581</b>	433,092

**5. CAPITAL EXPENDITURE**

	<b>Property, plant and equipment</b>	<b>Land use rights</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Six months ended 30 June 2005</b>		
<b>Opening net book amount 1 January 2005</b>	335,313	10,014
Additions	9,180	—
Depreciation and amortisation	(17,671)	(64)
<b>Closing net book amount 30 June 2005</b>	326,822	9,950
<b>Six months ended 30 June 2006</b>		
<b>Opening net book amount at 1 January 2006</b>	336,726	7,014
Additions	22,540	—
Depreciation and amortisation	(15,704)	(34)
Reversal of impairment	190	—
<b>Closing net book amount at 30 June 2006</b>	343,752	6,980

**6. TRADE AND BILLS RECEIVABLES**

The Group generally required its customers to settle sales invoices within 3 months. Ageing analysis of trade and bills receivables is as follows:

	<b>As at</b>	
	<b>30 June 2006 Unaudited RMB'000</b>	<b>31 December 2005 Audited RMB'000</b>
<b>Trade and bills receivables</b>		
Within 3 months	<b>133,615</b>	127,698
4-6 months	<b>24,790</b>	18,525
7-12 months	<b>9,273</b>	9,534
1-2 years	<b>2,845</b>	2,204
2-3 years	<b>2,139</b>	2,234
More than 3 years	<b>3,166</b>	13,638
	<b>175,828</b>	173,833
Less: provision for impairment of receivables	<b>(13,877)</b>	(22,507)
	<b>161,951</b>	151,326

**7. CAPITAL**

<b>Capital</b>	<b>Number of shares (thousands)</b>	<b>Ordinary shares RMB'000</b>	<b>Share premium RMB'000</b>	<b>Total RMB'000</b>
Balance at 1 January 2005 and 30 June 2005	10	1	—	1
Balance at 1 January 2006 and 30 June 2006	290,500	30,229	121,239	151,468

The total authorised number of ordinary share is 1,000,000,000 with par value of HK\$0.10 per share. All issued shares are fully paid.

**8. RESERVES**

	Capital reserve (note a) RMB'000	Statutory reserves (note b) RMB'000	Translation difference RMB'000	Acquisition of minority interest RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Balance at 1 January 2005</b>	168,752	45,949	—	—	44,617	259,318
Profit for the half year	—	—	—	—	37,556	37,556
Dividends	—	—	—	—	(3,374)	(3,374)
<b>Balance at 30 June 2005</b>	168,752	45,949	—	—	78,799	293,500
<b>Balance at 1 January 2006</b>	168,752	59,753	—	—	120,752	349,257
Profit for the half year	—	—	—	—	41,615	41,615
Exchange difference	—	—	(2,352)	—	—	(2,352)
Dividends	—	—	—	—	(47,848)	(47,848)
Acquisition of minority interest (note 16)	—	—	—	(11,859)	—	(11,859)
<b>Balance at 30 June 2006 (unaudited)</b>	168,752	59,753	(2,352)	(11,859)	114,519	328,813

**(a) Capital reserve**

Capital reserve of the Company represents the difference between the Company's 80% share in paid-up capital of Xi'an Lijun Pharmaceutical Co., Ltd. and the nominal value of the share capital issued by the Company upon the Reorganisation.

**(b) Statutory reserves**

In accordance with the PRC regulations and the Articles of the Association of the Group's subsidiaries established in the PRC, each of the Group's subsidiaries is required to set aside 10% of its statutory net profit for the year after offsetting any prior years' accumulative losses as determined under the PRC accounting regulations to the statutory surplus reserve fund before distributing their net profit. When the balance of such reserve reaches 50% of each PRC subsidiary's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of the PRC subsidiary's share capital after such issuance.

**9. LONG TERM PAYABLES**

The balance mainly represents the retirement benefits and early retirement allowance payable to the employees of Xi'an Lijun Pharmaceutical Co., Ltd.

The maturity profile of the long-term payable is as follows:

	<b>As at</b>	
	<b>30 June 2006 Unaudited RMB'000</b>	<b>31 December 2005 Audited RMB'000</b>
Within 1 year	656	732
Between 1 to 2 years	656	659
Between 2 to 5 years	1,967	1,680
More than 5 years	15,119	14,173
	<b>18,398</b>	17,244
Less: Current portion included in current liabilities	<b>(656)</b>	(732)
	<b>17,742</b>	16,512

**10. TRADE AND BILLS PAYABLES**

The ageing analysis of accounts and bills payable at respective balance sheet dates are as follows:

	<b>As at</b>	
	<b>30 June 2006 Unaudited RMB'000</b>	<b>31 December 2005 Audited RMB'000</b>
<b>Trade and bills payables</b>		
Within 3 months	58,083	55,037
4-6 months	1,121	1,003
7-12 months	974	897
1-3 years	2,454	1,709
More than 3 years	1,944	1,618
	<b>64,576</b>	60,264

**11. BANK BORROWINGS**

	<b>As at</b>	
	<b>30 June 2006 Unaudited RMB'000</b>	31 December 2005 Audited RMB'000
Long-term loans		
— Due within one year	<b>5,000</b>	5,000
Short-term loans	<b>240,940</b>	108,000
<b>Total borrowings</b>	<b>245,940</b>	113,000
Representing:		
Unsecured	<b>138,000</b>	108,000
Secured	<b>107,940</b>	5,000
	<b>245,940</b>	113,000

As at 30 June 2006 and 31 December 2005, the net book amount of the Group's land use rights of approximately RMB6,980,000 and RMB4,000,000, respectively, was pledged as collateral for the Group's long-term loans.

As at 30 June 2006, the bank deposits with the amount of HK\$100,000,000 was pledged as collateral for the Group's Short-term loans amounted HK\$100,000,000.

Interest expense on bank borrowings for the six months ended 30 June 2006 is RMB3,294,000 (30 June 2005: RMB3,471,000).

**12. OPERATING PROFIT**

The following items have been credited/charged to the operating profit during the interim period:

	<b>Six months ended 30 June</b>	
	<b>2006</b>	2005
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
<b>Crediting</b>		
Reversal of inventory write down	—	(1,015)
Reversal of impairment charge relating to property, plant and equipment	<b>(190)</b>	—
<b>Charging</b>		
Cost of inventories	<b>161,981</b>	156,531
Staff costs, including directors' emoluments	<b>45,518</b>	44,716
Depreciation and amortisation	<b>15,738</b>	17,735
Provision for impairment of receivables	<b>4,963</b>	992
Operating leases-rental expenses in respect of land use right in the PRC	<b>2,782</b>	2,702
Advertising expenses	<b>34,580</b>	23,667
Research and development costs	<b>3,561</b>	2,680

**13. INCOME TAXES**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

No Hong Kong profits tax was provided as the Group had no assessable profit in Hong Kong for the six months ended 30 June 2006.

**13. INCOME TAXES** *(Continued)*

In May 2005, the PRC Enterprise Income Tax ("EIT") rate of Xi'an Lijun Pharmaceutical Co., Ltd has been approved to be 24%, which was effective from 1 January 2005. Being incorporated as foreign investment enterprise in PRC, Xi'an Lijun Pharmaceutical Co., Ltd. has obtained approvals in May 2005 from the relevant tax authorities in Xi'an, which is also effective from 1 January 2005, for their entitlement to exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in PRC.

	Six months ended 30 June	
	2006 Unaudited RMB'000	2005 Audited RMB'000
Deferred income tax	273	(11,885)

**14. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of RMB41,615,000 by the weighted average number of 290,500,000 ordinary shares in issue during the period.

The comparative basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company of RMB37,556,000 by an aggregate of 210,000,000 shares, comprising 1 share issued after incorporation of the Company and 209,999,999 shares issued after the capitalisation issue completed, which were deemed to have been in issue since 1 January 2004.

No diluted earnings per share is presented, as the Company has no dilutive potential shares.

**15. DIVIDENDS**

A dividend in respect of the six months ended 30 June 2006 of HK\$0.07 per share, amounting to a total dividend of RMB20,933,000, was proposed by the directors on 1 September 2006. This condensed consolidated financial information has not reflected this dividend payable.

**16. BUSINESS COMBINATIONS**

On 16 May 2006, the Company entered into an agreement with Rejoy Group Limited Liability Company ("Rejoy Group") to acquire an additional 20% equity interests in Xi'an Lijun Pharmaceutical Co.,Ltd. ("Xi'an Lijun"), for a cash consideration of RMB102,556,452 (the "Transaction").

Pursuant to the agreement, the Company paid the consideration of RMB102,556,452 to Rejoy Group in June 2006 and thereafter Xi'an Lijun has become a 100% subsidiary.

Details of the Transaction are as follows:

*RMB'000*

**Purchase consideration:**

— cash paid	102,556
Less: 20% Minority Interest of Xi'an Lijun	(90,697)

Excess of the consideration over the carrying amount of the interests acquired	11,859
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Such excess of the consideration over the carrying amount of the interests acquired is recognised directly in equity and attributed to the equity holders of the Company.



**17. RELATED-PARTY TRANSACTIONS**

- (a) Apart from the acquisition of the 20% equity interest in Xi'an Lijun from Rejoy Group (Note 16), the Group had the following significant transactions with related parties:

Nature of transactions	Name of related party	Six months ended 30 June	
		2006 Unaudited RMB'000	2005 Audited RMB'000
Purchasing of raw materials and packaging materials	Rejoy Group Zhenjiang Pharmaceutical Co., Ltd. ("Zhenjiang Pharmaceutical")	—	5,143
	Rejoy Baichuan Medicines Chemical Engineering Co., Ltd. ("Rejoy Baichuan")	11	60
	Xi'an Rejoy Packaging Materials Co., Ltd. ("Rejoy Packaging")	798	496
	Global Printing Co.,Ltd. ("Global Printing")	6,953	4,057
		<b>7,762</b>	9,756
Sales of finished goods	Xi'an Rejoy Medicine Co., Ltd. ("Rejoy Medicine")	6,965	8,403
	Rejoy Baichuan	8,991	5,250
	Liaoning Huabang Pharmaceutical Co., Ltd. ("Huabang Pharmaceutical")	—	3,369
		<b>15,956</b>	17,022

**17. RELATED-PARTY TRANSACTIONS** *(Continued)*

(a) *(Continued)*

Nature of transactions	Name of related party	Six months ended 30 June	
		2006 Unaudited RMB'000	2005 Audited RMB'000
Provision of utilities from	Shaanxi Xi'an Pharmaceutical Factory ("Xi'an Pharmacy Factory")	27,670	23,217
Sharing of administrative costs from	Xi'an Pharmacy Factory	6,500	6,341
Lease of land use rights from	Rejoy Group	2,730	2,730
Lease of office premises to	Rejoy Group	100	100
Provision of building construction services by	Xiyao Construction and Installation Co., Ltd. ("Xiyao Construction")	738	1,650
Guarantee of loans by a related party	Rejoy Group	—	10,000

**(b) Key management compensation**

	Six months ended 30 June	
	2006 Unaudited RMB'000	2005 Audited RMB'000
Salaries and other benefits	1,261	295
Contributions to state-sponsored retirement plans	25	19
	1,286	314

**17. RELATED-PARTY TRANSACTIONS** *(Continued)*

(c) The Group had the following significant balances with related parties:

	<b>As at</b>	
	<b>30 June 2006 Unaudited RMB'000</b>	31 December 2005 Audited RMB'000
Amounts due from related parties included in trade receivables		
— Rejoy Medicine	4,580	4,879
— Rejoy Baichuan	7,297	1,627
— Huabang Pharmaceutical	—	1,733
	<b>11,877</b>	8,239
Amounts due from related parties included in prepayments, deposits and other receivables		
— Xi'an Rejoy Real Estate Co., Ltd.	—	30
— Rejoy Group	—	60
— Xi'an Rejoy Technology Investment Co., Ltd.	59	59
— Xi'an Pharmaceutical Factory	3,539	404
— Xiyao Construction	128	—
	<b>3,726</b>	553
Amounts due to related parties included in trade payables		
— Rejoy Baichuan	—	5
— Rejoy Packaging	154	177
— Global printing	1,921	1,656
	<b>2,075</b>	1,838

As at 30 June 2006, amounts due from and due to the related parties mainly arose from the above transactions as mentioned in note 17(a) and payments made by the Group and related parties on behalf of each other. These amounts are unsecured interest-free and are repayable within 1 year.

**18. COMMITMENTS**

**(a) Capital commitments**

	<b>As at</b>	
	<b>30 June 2006 Unaudited RMB'000</b>	31 December 2005 Audited RMB'000
Purchase of property, plant and equipment		
— Contracted but not provided for	<b>8,636</b>	10,158

**(b) Operating lease commitments**

The future aggregate minimum lease rental expenses in respect of office premises in the PRC and Hong Kong under non-cancellable operating leases are payable as follows:

	<b>As at</b>	
	<b>30 June 2006 Unaudited RMB'000</b>	31 December 2005 Audited RMB'000
Not later than one year	<b>7,065</b>	6,821
Later than one year and not later than five years	<b>3,919</b>	6,824
	<b>10,984</b>	13,645