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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)**

### **PLACING AND SALE OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES AND RESUMPTION OF TRADING**

On 14 April 2010, the Company entered into the Placing Agreement with China Pharmaceutical, Mr. Qu and Value Partners pursuant to which Value Partners agreed to procure, on a best effort basis, the Funds to purchase and China Pharmaceutical agreed to sell 205,000,000 existing Shares at a price of HK\$1.9 per Share to the Funds.

On the same day, the Company also entered into the Share Sale Agreement with China Pharmaceutical, Mr. Qu and Atlantis Investment pursuant to which Atlantis Investment agreed to purchase and China Pharmaceutical agreed to sell 30,000,000 existing Shares at a price of HK\$1.9 per Share to Atlantis Investment or its nominee, being a fund managed by Atlantis Investment.

The Placing Price was determined after arm's length negotiation between China Pharmaceutical and Value Partners while the Sale Price was determined after arm's length negotiation between China Pharmaceutical and Atlantis Investment.

The Placing Price and Sale Price both being HK\$1.9 per Share, represent (i) a discount of approximately 11.21% to the closing price of HK\$2.14 per Share as quoted on the Stock Exchange on 13 April 2010, being the last trading day prior to the entering of the Placing Agreement and the Share Sale Agreement; (ii) a discount of approximately 3.06% to the average closing price of approximately HK\$1.96 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 13 April 2010; and (iii) a premium of approximately 1.6% to the average closing price of approximately HK\$1.87 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 13 April 2010.

The number of Placing Shares represents approximately 9.67% of the existing issued share capital of the Company and approximately 8.82% of the issued share capital of the Company as enlarged by the VP Subscription while the number of Sale Shares represents approximately 1.42% of the existing issued share capital of the Company and approximately 1.4% of the issued share capital of the Company as enlarged by the AI Subscription.

The existing aggregate nominal value of the 205,000,000 Placing Shares is HK\$4,100,000 and the existing aggregate nominal value of the 30,000,000 Sale Shares is HK\$600,000.

On the same day, China Pharmaceutical entered into two conditional Subscription Agreements with the Company for the subscription of 205,000,000 new Shares at the Placing Price and 30,000,000 new Shares at the Sale Price respectively.

The number of the Subscription Shares pursuant to the VP Subscription Agreement represents approximately 9.67% of the existing issued share capital of the Company and approximately 8.82% of the issued share capital of the Company as enlarged by the VP Subscription while the number of the Subscription Shares pursuant to the AI Subscription Agreement represents approximately 1.42% of the existing issued share capital of the Company and approximately 1.4% of the issued share capital of the Company as enlarged by the AI Subscription.

The existing aggregate nominal value of the 205,000,000 new Shares is HK\$4,100,000 and the existing aggregate nominal value of the 30,000,000 new Shares is HK\$600,000.

The aggregate number of the Subscription Shares pursuant to the two Subscription Agreements represents in aggregate approximately 11.09% of the existing issued share capital of the Company and approximately 9.98% of the issued share capital of the Company as enlarged by the Subscriptions. The existing aggregate nominal value of the 235,000,000 new Shares pursuant to the Subscriptions is HK\$4,700,000.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscriptions.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 April 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 15 April 2010.

## **1. PLACING AGREEMENT AND THE SHARE SALE AGREEMENT BOTH DATED 14 APRIL 2010**

### **A. Placing Agreement**

#### *Parties*

- (a) the Company;
- (b) Mr. Qu, a major shareholder of China Pharmaceutical acting as the guarantor of China Pharmaceutical;
- (c) China Pharmaceutical; and
- (d) Value Partners.

### ***The Placing of Shares***

Pursuant to the Placing Agreement, Value Partners will procure, on a best effort basis, the Funds to purchase the 205,000,000 existing Shares and China Pharmaceutical agreed to sell 205,000,000 existing Shares at the Placing Price to the Funds subject to the terms and conditions of the Placing Agreement. It is expected that not less than six Funds will purchase the Placing Shares.

The 205,000,000 Placing Shares represents approximately 9.67% of the existing issued share capital of the Company and approximately 8.82% of the issued share capital of the Company as enlarged by the Subscription. The existing aggregate nominal value of the 205,000,000 existing Shares is HK\$4,100,000.

## **B. Share Sale Agreement**

### ***Parties***

- (a) the Company;
- (b) Mr. Qu, a major shareholder of China Pharmaceutical acting as the guarantor of China Pharmaceutical;
- (c) China Pharmaceutical; and
- (d) Atlantis Investment.

### ***The Sale of Shares***

Pursuant to the Share Sale Agreement, Atlantis Investment agreed to purchase the 30,000,000 existing Shares and China Pharmaceutical agreed to sell 30,000,000 existing Shares at the Sale Price to Atlantis Investment or its nominee, being a fund managed by it subject to the terms and conditions of the Share Sale Agreement.

The 30,000,000 Sale Shares represents approximately 1.42% of the existing issued share capital of the Company and approximately 1.4% of the issued share capital of the Company as enlarged by the AI Subscription. The existing aggregate nominal value of the 30,000,000 existing Shares is HK\$600,000.

### ***The Placing Price and the Sale Price***

The Placing Price and the Sale Price both being HK\$1.9 per Share represent (i) a discount of approximately 11.21% to the closing price of HK\$2.14 per Share as quoted on the Stock Exchange on 13 April 2010, being the last trading day prior to the entering of the Placing Agreement and the Share Sale Agreement; (ii) a discount of approximately 3.06% to the average closing price of approximately HK\$1.96 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 13 April 2010; and (iii) a premium of approximately 1.6% to the average closing price of approximately HK\$1.87 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 13 April 2010.

After deduction of the placing and other related expenses of approximately HK\$1,000,000 in aggregate, the net proceeds from the Placing will be approximately HK\$388,500,000 and the net placing price is approximately HK\$1.895 per Share. While after deduction of the expenses of approximately HK\$200,000 in aggregate in relation to the Sale, the net proceeds from the Sale will be approximately HK\$56,800,000 and the net sale price is approximately HK\$1.893 per Share.

The Placing Price was determined after arm's length negotiation between China Pharmaceutical and Value Partners while the Sale Price was determined after arm's length negotiation between China Pharmaceutical and Atlantis Investment both have taken into account recent market price of the Shares and the current market condition. The Directors consider that the Placing Price and the Sale Price are fair and reasonable.

### ***Rights of the Placing Shares and the Sale Shares***

Both the Placing Shares and the Sale Shares are sold free from any lien, charge, encumbrance or third party right whatsoever and together with all rights attaching thereto as at the Placing Completion Date and the Sale Completion Date respectively, including the right to receive all dividends declared on or after the Placing Completion Date and the Sale Completion Date.

### ***Independence of Value Partners***

To the best knowledge and information of the Directors, Value Partners are independent of and not connected with and are not acting in concert with the Company and the directors, chief executive or the substantial shareholders of the Company.

### ***Independence of Atlantis Investment***

To the best knowledge and information of the Directors, Atlantis Investment and the funds managed by Atlantis Investment (and their respective ultimate beneficial owners), are independent of and not connected with and are not acting in concert with the Company and the directors, chief executive or the substantial shareholders of the Company or any of its subsidiaries and their respective associates or parties acting in concert with any of them (as those terms are defined in the Listing Rules or Takeovers Code (as the case may be)).

### ***Completion of the Placing and the Sale***

The Placing and the Sale are both not subject to any condition. The parties expect that the Placing and the Sale will both be completed by 22 April 2010 or such later date as China Pharmaceutical, and Value Partners or Atlantis Investment, as the case may be, may agree in writing.

## **2. THE VP SUBSCRIPTION AGREEMENT AND THE AI SUBSCRIPTION AGREEMENT BOTH DATED 14 APRIL 2010**

The VP Subscription Agreement and the AI Subscription Agreement have substantially the same terms except for the number of Share being subscribed by China Pharmaceutical and the respective conditions precedent.

### **Parties**

- (a) China Pharmaceutical; and
- (b) the Company

### **The Subscriptions**

The VP Subscription and the AI Subscription are not inter-conditional. Pursuant to the VP Subscription Agreement and the AI Subscription Agreement, the Company agreed to issue and China Pharmaceutical agreed to subscribe for 205,000,000 new Shares and 30,000,000 new Shares to be issued by the Company respectively.

The number of the Subscription Shares pursuant to the VP Subscription Agreement represents approximately 9.67% of the existing issued share capital of the Company and approximately 8.82% of the issued share capital of the Company as enlarged by the VP Subscription while the number of the Subscription Shares pursuant to the AI Subscription Agreement represents approximately 1.42% of the existing issued share capital of the Company and approximately 1.4% of the issued share capital of the Company as enlarged by the AI Subscription.

The existing aggregate nominal value of the 205,000,000 new Shares is HK\$4,100,000 and the existing aggregate nominal value of the 30,000,000 new Shares is HK\$600,000.

The aggregate number of the Subscription Shares pursuant to the two Subscription Agreements in aggregate represents approximately 11.09% of the existing issued share capital of the Company and approximately 9.98% of the issued share capital of the Company as enlarged by the Subscriptions. The existing aggregate nominal value of the 235,000,000 new Shares is HK\$4,700,000. China Pharmaceutical had confirmed that completion of the Subscriptions will not trigger any obligation for it (and parties acting in concert with) to make a general offer for all the issued Shares (other than those already owned by it) under Note 6 to Rule 26 of the Takeovers Code.

### **The Subscription Price**

China Pharmaceutical shall subscribe for the Subscription Shares at the Subscription Price of HK\$1.9 per Share for both the VP Subscription Agreement and the AI Subscription Agreement which is equivalent to both the Placing Price per Share and the Sale Price per Share. The Subscription Price was determined after arm's length negotiation between the Company and China Pharmaceutical with reference to the Placing Price of the Placing Shares and the Sale Price of the Sale Shares. Based on the estimated expenses for the Placing, the Sale and the Subscription, the net Subscription Price per Share in relation to the VP Subscription Agreement is the same as the net Placing Price per Share and the net Subscription Price per Share in relation to the AI Subscription Agreement is the same as the net Sale Price per Share.

### **Mandate to issue new Subscription Shares**

The 235,000,000 new Shares will be issued pursuant to the General Mandate and not subject to further shareholders' approval. Pursuant to the General Mandate, the Directors are authorized to allot and issue up to 405,400,675 Shares representing 20% of the total number of Shares in issue and a share capital of HK\$40,540,068. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate.

### **Ranking of the new Shares**

The 235,000,000 new Shares, when issued and fully paid, will rank equally with the existing Shares in issue as at the date of issue of the new Shares.



## **Conditions of the VP Subscription and the AI Subscription**

Completion of the VP Subscription is conditional upon the fulfilment of the following conditions:–

- (i) completion of the Placing; and
- (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the VP Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares.

While, Completion of the AI Subscription is conditional upon the fulfilment of the following conditions:–

- (i) completion of the Sale; and
- (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the AI Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares.

## **Completion of the VP Subscription and AI Subscription**

Subject to fulfilment of the above respective conditions for the VP Subscription and the AI Subscription, completion of the VP Subscription and the AI Subscription shall take place on or before the third business day after the date upon which the respective conditions set out above shall have been so satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing Agreement or the Share Sale Agreement, as the case may be, (or such other time and/or date as China Pharmaceutical and the Company may agree in writing).

If the respective conditions to the VP Subscription and the AI Subscription are not fulfilled within 14 days after the date of the Placing Agreement or the Sale Agreement, as the case may be, (or such later date as may be agreed between China Pharmaceutical and the Company), China Pharmaceutical and the Company shall not be bound to proceed with the subscription and allotment and issue of the new Shares under the VP Subscription Agreement or the AI Subscription Agreement respectively and such agreement shall cease to be of any effect and save in respect of claims arising out of antecedent breach of the VP Subscription Agreement or the AI Subscription Agreement as the case may be.

### **Application for listing**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscriptions.

### **3. EFFECT ON THE SHAREHOLDING FOLLOWING COMPLETION OF THE PLACING AND THE SALE AND THE SUBSCRIPTIONS**

The shareholdings in the Company before and after the Placing and the Sale and the Subscriptions are summarised as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing and the Sale but before the Subscriptions		Immediately after completion of the Placing and the Sale and the Subscriptions	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
China Pharmaceutical (and parties acting in concert)	571,500,000	26.96%	336,500,000	15.88%	571,500,000	24.27%
Funds	–	–	205,000,000	9.67%	205,000,000	8.71%
Atlantis Investment	121,000,000	5.71%	151,000,000	7.12%	151,000,000	6.41%
Other shareholders	1,427,404,488	67.33%	1,427,404,488	67.33%	1,427,404,488	60.61%
	<u>2,119,904,488</u>	<u>100.00%</u>	<u>2,119,904,488</u>	<u>100.00%</u>	<u>2,354,904,488</u>	<u>100.00%</u>

#### **4. REASONS FOR THE PLACING AND THE SALE AND THE SUBSCRIPTIONS AND USE OF PROCEEDS**

The Group is one of the leading pharmaceutical manufacturers in the PRC, and is principally engaged in the research, development, manufacture and sale of a wide range of pharmaceutical products, including antibiotics, intravenous infusion solution, non-antibiotics finished medicines, bulk pharmaceuticals and OTC and healthcare products.

The Group is constantly expanding its production capacity and the Directors had considered various ways of raising funds for such purpose and concluded that the Placing, the Sale and the Subscriptions represent an opportunity to raise capital for the Company while broadening the shareholder base and the capital base of the Company and are the most appropriate means of raising funds in a timely manner given the existing stock market conditions in Hong Kong and the general economic environment. Accordingly, the Directors consider the Placing Agreement, the Share Sale Agreement and the Subscription Agreements are in the interest of the Company and the Shareholders as a whole. The net proceeds from the Subscriptions will primarily be used to expand production capacity in the PRC and also for general working capital of the Company.

#### **5. FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company has not conducted any fund raising activity in the past 12 months before the date of this announcement.

#### **6. RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 April 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 15 April 2010.

## 7. DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings as set out below:

“acting in concert”	has the meaning defined in the Takeovers Code
“AI Subscription”	the conditional subscription by China Pharmaceutical of 30,000,000 new Shares to be subscribed by China Pharmaceutical pursuant to the AI Subscription Agreement
“AI Subscription Agreement”	the subscription agreement dated 14 April 2010 entered into between China Pharmaceutical and the Company in respect of the AI Subscription
“Atlantis Investment”	means Atlantis Investment Management Limited, a company incorporated under the laws of the United Kingdom with limited liability whose principal business is fund management
“associate”	has the meaning as defined in the Listing Rules
“Board”	the board of directors of the Company
“Business day”	being any day, excluding Saturday and Sunday on which banks generally are open for business in Hong Kong
“China Pharmaceutical”	China Pharmaceutical Company Limited, the beneficial owner of 571,500,000 Shares, representing approximately 26.96% of the issued share capital of the Company as at the date of this announcement

“Company”	Lijun International Pharmaceutical (Holding) Co., Ltd., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Funds”	investment or collective investment fund(s) and managed account(s) managed or advised by Value Partners or Value Partners’ affiliates
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 5 June 2009
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	Has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Qu”	Mr. Qu Jiguang, Director and a major shareholder of China Pharmaceutical

“Placing Agreement”	the share purchase agreement relating to certain shares of Lijun International Pharmaceutical (Holding) Co., Ltd. dated 14 April 2010 entered into between the Company, China Pharmaceutical, Mr. Qu and Value Partners in respect of the placing of the Placing Shares
“Placing Completion Date”	22 April 2010 or such other date as China Pharmaceutical and Value Partners may agree in writing
“Placing Price”	price payable for the Placing Shares at HK\$1.9 per Share
“Placing Shares”	205,000,000 existing Shares to be sold by China Pharmaceutical pursuant to the Placing Agreement
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong
“Sale Completion Date”	22 April 2010 or such other date as China Pharmaceutical and Atlantis Investment may agree in writing
“Sale Price”	price payable for the Sale Shares in respect of the Sale at HK\$1.9 per Share
“Sale Shares”	30,000,000 existing Shares to be sold by China Pharmaceutical pursuant to the Share Sale Agreement
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Share Sale Agreement”	the share purchase agreement relating to certain shares of Lijun International Pharmaceutical (Holding) Co., Ltd. dated 14 April 2010 entered into between the Company, China Pharmaceutical, Mr. Qu and Atlantis Investment in respect of the sale of the Sale Shares

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the VP Subscription and the AI Subscription
“Subscription Agreements”	the VP Subscription Agreement and the AI Subscription Agreement
“Subscription Price”	price payable for the new Shares in respect of the Subscriptions at HK\$1.9 per Share
“Subscription Shares”	the aggregate 235,000,000 new Shares to be subscribed by China Pharmaceutical pursuant to the VP Subscription Agreement and the AI Subscription Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“VP Subscription”	the conditional subscription by China Pharmaceutical of 205,000,000 new Shares to be subscribed by China Pharmaceutical pursuant to the VP Subscription Agreement
“VP Subscription Agreement”	the subscription agreement dated 14 April 2010 entered into between China Pharmaceutical and the Company in respect of the VP Subscription

“Value Partners”

Value Partners Limited, a company incorporated under the laws of the British Virgin Islands with limited liability whose principal business is fund management

“%”

per cent.

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

Hong Kong, 14 April 2010

*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 Xian Jun, 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.*