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## **The United Laboratories International Holdings Limited**

**聯邦制藥國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3933)**

**PROPOSED RIGHTS ISSUE OF RIGHTS SHARES  
AT THE SUBSCRIPTION PRICE OF HK\$2.21 EACH  
ON THE BASIS OF ONE RIGHTS SHARE  
FOR EVERY FOUR EXISTING SHARES  
HELD ON THE RECORD DATE  
AND  
CLOSURE OF REGISTER OF MEMBERS**

**Sole Underwriter of the Rights Issue**



### **PROPOSED RIGHTS ISSUE**

The Company proposes to raise not less than approximately HK\$719.1 million and not more than approximately HK\$793.6 million, before expenses, by way of a rights issue of not less than 325,375,000 Rights Shares and not more than 359,085,895 Rights Shares on the basis of one (1) Rights Share for every four (4) existing Shares held by the Qualifying Shareholders at the Subscription Price of HK\$2.21 per Rights Share.

Pursuant to the terms of the Rights Issue, the Qualifying Shareholders will be provisionally allotted one Rights Share in nil-paid form for every four existing Shares held on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The net proceeds of the Rights Issue are estimated to be not less than approximately HK\$700.1 million and not more than approximately HK\$774.6 million, after the deduction of all estimated expenses. The Company intends to apply the net proceeds of the Rights Issue for expanding its production capacity of 6-APA, being one of the intermediary products manufactured by the Group, at its production plant in Inner Mongolia and, as to the remaining, for general working capital purposes.

The Rights Shares (other than those that each of the Undertaking Shareholders has, pursuant to the Irrevocable Undertaking executed by him/her/it, irrevocably undertaken to take up by way of his/her/its rights entitlements under the Rights Issue) will be fully underwritten by the Sole Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

### **IRREVOCABLE UNDERTAKINGS OF THE UNDERTAKING SHAREHOLDERS**

As at the date of this announcement, the Undertaking Shareholders beneficially own, in aggregate, 764,502,000 Shares, which amount to approximately 58.74% of the issued share capital of the Company. Pursuant to stock borrowing and lending agreements entered into between the Undertaking Shareholders and HSBC Private Bank (Suisse) S.A., the Undertaking Shareholders lent 95,000,000 Shares, representing approximately 7.30% of the issued share capital of the Company, to HSBC Private Bank (Suisse) S.A.. Under the relevant stock borrowing and lending agreements, the Undertaking Shareholders have the right, with respect to the Rights Issue, to require HSBC Private Bank (Suisse) S.A. to redeliver, in addition to the 95,000,000 Shares lent to it, such number of Shares as is equivalent to the rights entitlements accruing to those 95,000,000 Shares under the Rights Issue. Under the Irrevocable Undertakings, the Undertaking Shareholders have undertaken to give notice to HSBC Private Bank (Suisse) S.A. to exercise this right.

Each of the Undertaking Shareholders has provided an irrevocable undertaking to the Company and the Sole Underwriter, among other things, by no later than 4:00 p.m. on the third Business Day after the Rights Issue is open for acceptance, to accept (or procure the acceptance of) (i) all of the Rights Shares to be provisionally allotted to it/him/her or to the Registered Shareholder in respect of the Shares which are beneficially owned by it/him/her as at the date of the undertaking; and (ii) in the case of Heren, if at any time on or before the Record Date, any of the Equivalent Securities have been redelivered to it by the borrower(s) in accordance with the stock borrowing agreement, all of the Rights Shares to be provisionally allotted with respect to those Equivalent Securities.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Underwriting Agreement contains provisions granting the Sole Underwriter a right to terminate its obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “Termination of the Underwriting Agreement” below for further details. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.**

**The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 3 April 2012. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 18 April 2012 to Wednesday, 25 April 2012 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (including the date on which the Sole Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

### **TRADING ARRANGEMENTS**

The last day of dealings in the Shares on a cum-rights basis is Monday, 2 April 2012. The Shares will be dealt with on an ex-rights basis from Tuesday, 3 April 2012. The Rights Shares are expected to be dealt with in their nil-paid form from Wednesday, 18 April 2012 to Wednesday, 25 April 2012 (both days inclusive).

To qualify for the Rights Issue, a Shareholder must (a) be registered as a member of the Company as on the Record Date and (b) not be a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, all transfer documents of the Shares must be lodged (together with the relevant share certificate(s)) with the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. (Hong Kong time) on Thursday, 5 April 2012. The register of members of the Company will be closed from Tuesday, 10 April 2012 to Thursday, 12 April 2012 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Holders of Convertible Bonds who wish to participate in the Rights Issue should exercise the Conversion Rights in accordance with the terms and conditions thereof and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company before 4:30 p.m. on Thursday, 5 April 2012.

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. on the Latest Acceptance Date, which is expected to be on Monday, 30 April 2012 or such other date as the Company and the Sole Underwriter may agree in writing. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

For details of the trading arrangements, please refer to the section headed "Expected Timetable" below.

## GENERAL

The Prospectus containing, among other things, further details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on or before Monday, 16 April 2012. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders and, if required by the terms and conditions of the Convertible Bonds, to the respective holders of the Convertible Bonds for their information only but will not send any PAL or EAF to them.

## PROPOSED RIGHTS ISSUE

### Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every four (4) existing Shares held on the Record Date
Subscription Price:	HK\$2.21 per Rights Share
Number of Shares in issue:	1,301,500,000 Shares as at the date of this announcement
Number of Rights Shares:	Not less than 325,375,000 Rights Shares (assuming no new Shares are allotted and issued pursuant to the exercise of the Conversion Rights on or before the Record Date) and not more than 359,085,895 Rights Shares (assuming 134,843,581 new Shares are allotted and issued pursuant to the full exercise of the Conversion Rights on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Not less than HK\$3,253,750.00 and not more than HK\$3,590,858.95
Sole Underwriter:	HSBC
Minimum enlarged issue share capital upon completion of the Rights Issue (assuming no new Shares (other than the Rights Shares) are allotted and issued before the completion of the Rights Issue):	1,626,875,000 Shares
Maximum enlarged issued share capital upon completion of the Rights Issue (assuming new Shares are allotted and issued pursuant to the full exercise of the Conversion Rights on or before the Record Date, but otherwise no other Shares (other than the Rights Shares) are allotted and issued before the completion of the Rights Issue):	1,795,429,476 Shares

As at the date of this announcement, there were outstanding Convertible Bonds in an aggregate principal amount of RMB790,000,000 convertible into 134,843,581 Shares at the conversion price of HK\$7.20 per Share (subject to adjustments). Assuming the Conversion Rights are exercised in full and the Shares are allotted and issued on or before the Record Date, a total of 134,843,581 new Shares would be issued, which would result in the issue of 33,710,895 additional Rights Shares. As at the date of this announcement, there were no outstanding share options granted under the Share Option Scheme.

Save for the outstanding Convertible Bonds as mentioned above, the Company has no other outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the date of this announcement.

The aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represent approximately 25% of the Company's issued share capital as at the Record Date and approximately 20% of the Company's issued share capital as enlarged by the Rights Issue.

### **Subscription Price**

The Subscription Price of HK\$2.21 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or, where applicable, application for excess Rights Shares or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 45.02% to the closing price per Share of HK\$4.02 as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 48.84% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK\$4.32;
- (c) a discount of approximately 51.75% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately HK\$4.58;
- (d) a discount of approximately 39.62% to the theoretical ex-rights price of approximately HK\$3.66 per Share based on the closing price of HK\$4.02 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (e) a discount of approximately 44.47% to the audited consolidated net asset value attributable to the Shareholders as at 31 December 2011 of approximately HK\$3.98 per Share.

Each Rights Share will have a par value of HK\$0.01.

The Subscription Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

The Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values indicated above), to be fair and reasonable to, and in the interests of, the Company and the Shareholders as a whole.

### **Basis of provisional allotment**

One (1) Rights Share (in nil-paid form) for every four (4) existing Shares held by the Qualifying Shareholders on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares with the Registrar on or before the latest time for acceptance.

### **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully-paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares in their fully-paid form.

### **Certificates for the Rights Shares and Refund Cheques**

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or around Wednesday, 9 May 2012 to those persons who have paid for and have accepted the Rights Shares, at their own risk. Applicant(s) will receive one share certificate for all the Rights Shares issued to him/her/it.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be sent by ordinary post on or around Wednesday, 9 May 2012 to the applicants at their own risk.

### **Fractions of the Rights Shares**

The Company will not provisionally allot and will not accept applications for any fraction of the Rights Shares. No odd lot matching services will be provided. All fractions of the Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to the Sole Underwriter or its nominee, and will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses) can be obtained. Any unsold Rights Shares arising from such aggregation will be made available for excess application by the Qualifying Shareholders.

### **Application for excess Rights Shares**

Qualifying Shareholders shall be entitled to apply for (a) any unsold Rights Shares which would have been allotted to Non-Qualifying Shareholders had they been Qualifying Shareholders, (b) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares, and (c) any unsold Rights Shares created by aggregating fractions of the Rights Shares. Application may be made only by Qualifying Shareholders and only by completing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by a time which is currently expected to be 4:00 p.m. on Monday, 30 April 2012 or such later time as may be agreed between the Company and the Sole Underwriter.

The Board will, upon consultation with the Sole Underwriter, allocate the excess Rights Shares being applied for at its discretion and on a fair and equitable basis and on the following principles:

- (1) subject to the availability of excess Rights Shares, preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings where it appears to the Directors that such applications are not made with the intention to abuse such mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allotted to Qualifying Shareholders who have applied for excess Rights Shares on a pro-rata basis with reference to their number of excess Rights Shares applied for, and with board lot allocations to be made on a best effort basis.

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for. No reference will be made to the Rights Shares comprised in applications by PALs or the existing number of Shares held by Qualifying Shareholders.

Investors whose Shares are held by a nominee company (or which are deposited in CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder on the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or which are deposited in CCASS) should note that the aforesaid odd lots arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the relevant Shares to be registered in their own names on or before the Record Date.

Investors whose Shares are held by nominee(s) (or which are deposited in CCASS) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Thursday, 5 April 2012.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 2,000 (as the Shares are currently traded on the Stock Exchange in board lots of 2,000). No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

### **Stamp duty and other applicable fees and charges**

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

## **Rights Shares will be eligible for admission into CCASS**

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must (a) be registered as a member of the Company as on the Record Date and (b) not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, all transfer documents of the Shares must be lodged (together with the relevant share certificate(s)) with the Registrar by 4:30 p.m. (Hong Kong time) on Thursday, 5 April 2012. The last day of dealings in the Shares on a cum-rights basis is Monday, 2 April 2012. The Shares will be dealt with on an ex-rights basis from Tuesday, 3 April 2012. The particulars of the Registrar are as follows:

### **Computershare Hong Kong Investor Services Limited**

Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

The Company will send the Rights Issue Documents to the Qualifying Shareholders on the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders and, if required by the terms and conditions of the Convertible Bonds, to the respective holders of the Convertible Bonds, for their information only but will not send any PAL or EAF to them.

Holders of Convertible Bonds who wish to participate in the Rights Issue should exercise the Conversion Rights in accordance with the terms and conditions thereof and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company before 4:30 p.m. on Thursday, 5 April 2012.

The latest time for acceptance of and payment for the Rights Shares is expected to be 4:00 p.m. on the Latest Acceptance Date.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his or her entitlement in full under the Rights Issue, his or her proportionate shareholding in the Company will be diluted.



## **Non-Qualifying Shareholders**

If there are Overseas Shareholders on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board is making enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares to the Overseas Shareholders and the results of the enquiries will be included in the Prospectus. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account of either the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Rights Shares to any of the Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders and no Rights Shares will be provisionally allotted to them. The Company will, to the extent reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for their information only on the Posting Date but will not send the PALs or the EAFs to them. The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The basis of exclusion of the Non-Qualifying Shareholders, if any, from the Rights Issue will be disclosed in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange but before the last date for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses and stamp duty, will be paid by the Company to the relevant Non-Qualifying Shareholder(s) pro rata to their shareholdings in the Company as on the Record Date in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for the benefit of the Company. Any unsold entitlements of the Non-Qualifying Shareholders will, as referred to above in this announcement, be made available to meet excess applications on EAFs by the Qualifying Shareholders.

**Overseas Shareholders and investors whose Shares are deposited in CCASS and who are resident outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, such Overseas Shareholders and investors should exercise caution when dealing in the Shares.**

## **Closure of the register of members**

The register of members of the Company will be closed from Tuesday, 10 April 2012 to Thursday, 12 April 2012 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

## **UNDERWRITING ARRANGEMENT**

### **Underwriting Agreement**

Date: 28 March 2012

Underwriter: HSBC

Number of Underwritten Shares: The Rights Shares (other than those that each of the Undertaking Shareholders has, pursuant to the Irrevocable Undertaking executed by him/her/it, irrevocably undertaken to take up by way of his/her/its rights entitlements under the Rights Issue) will be fully underwritten by the Sole Underwriter

Underwriter's fee: US\$1.6 million

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Sole Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Sole Underwriter has agreed to subscribe or procure the subscription for all Underwritten Shares that are not taken up by the Qualifying Shareholders.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Sole Underwriter and its ultimate holding company are Independent Third Parties.

### **Conditions of the Rights Issue and the Underwriting Agreement**

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms.

The obligations of the Sole Underwriter under the Underwriting Agreement are conditional upon:

- (a) the listing of and permission to deal in the Rights Shares (in both their nil-paid and fully-paid forms) having been granted by the Stock Exchange (subject only to allotment and despatch of the appropriate documents of title) and such permission not having been withdrawn or revoked prior to the Latest Time for Termination;
- (b) all relevant consents and approvals being obtained from the regulatory authorities, including the Stock Exchange and the SFC, as the case may require in connection with the Rights Issue before the Latest Time for Termination;
- (c) compliance with and performance of the obligations of the Company (to the extent such obligations are capable of being complied or performed before the Latest Time for Termination) in connection with the making of the Rights Issue and the allotment and offer of the Rights Shares;

- (d) compliance by the Undertaking Shareholders with their respective obligations under the Irrevocable Undertakings before the Latest Time for Termination;
- (e) the Sole Underwriter having received (in a form and substance satisfactory to the Sole Underwriter) all relevant documents by the times specified in the Underwriting Agreement; and
- (f) in respect of the warranties and undertakings in the Underwriting Agreement, by the Latest Time for Termination, (i) no breach of any of the warranties or undertakings has come to the knowledge of the Sole Underwriter, (ii) the Sole Underwriter not having any cause to believe that any breach of the warranties or undertakings has occurred or may occur, and (iii) no matter has arisen which might be expected to give rise to a claim under the Underwriting Agreement.

The Company shall use its best endeavours to procure the fulfilment of each of the above conditions by the due time and/or date referred to in each case (or if no date is specified, by the Latest Time for Termination) and in particular shall furnish such information, supply such documents, pay (in the case of the Company) such fees, give such undertakings and do all such acts and things as may reasonably be required by the Sole Underwriter and the Stock Exchange in connection with the making of the Rights Issue and the listing of the Rights Shares.

If any of the above conditions shall not have been fulfilled or waived in accordance with the terms of the Underwriting Agreement on or before the Latest Time for Termination, the Underwriting Agreement shall terminate (save in respect of certain rights and obligations under the Underwriting Agreement) and the Rights Issue will not proceed.

The Sole Underwriter shall have the right, in its absolute discretion, by giving notice to the Company on or before the latest time at which, or the latest day on which, any of the above conditions may be fulfilled:

- (a) to extend the deadline for the fulfilment of any such condition by such time or number of days or in such manner as the Sole Underwriter may determine; and
- (b) to waive such condition (other than conditions (a) and (b) above), and such waiver may be made subject to such terms and conditions as the Sole Underwriter may determine.

### **Lock up provisions under the Underwriting Agreement**

The Company has undertaken to the Sole Underwriter that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days from the Closing Date, except with the prior written consent of the Sole Underwriter, the Company will not (except for the Rights Shares, the Shares to be issued pursuant to the exercise of the Conversion Rights and any options or Shares to be issued pursuant to the Share Option Scheme):

- (a) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares;

- (b) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any Shares;
- (c) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (a) or (b) above; or
- (d) announce any intention to enter into or effect any such transaction described in paragraph (a), (b) and (c) above.

### **Termination of the Underwriting Agreement**

The Sole Underwriter may, by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement if:

- (a) there has been a breach on the part of the Company of any of the warranties set out in the Underwriting Agreement or any other provision of the Underwriting Agreement, or there has been a material breach on the part of any of the Undertaking Shareholders of any provision of the Irrevocable Undertakings;
- (b) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the warranties are deemed to be given pursuant to the Underwriting Agreement would have rendered any of the warranties untrue, incorrect or misleading;
- (c) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom;
- (d) the Company is required to produce a supplementary prospectus in circumstances where the matter to be disclosed, in the absolute opinion of the Sole Underwriter, prejudicially and materially affects or may prejudicially and materially affect the success of the Rights Issue, or makes or may make it inadvisable or inexpedient to proceed with the Rights Issue;
- (e) there is any adverse change or prospective adverse change in the results of operations, financial or trading prospects, business, shareholders' equity or in the financial or trading position of the Group taken as a whole which, in the sole opinion of the Sole Underwriter, is or may be material in the context of the Rights Issue;
- (f) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (g) there has occurred, happened, come into effect any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
  - (i) any change in, or any event or series of events likely to result in any change in, (whether or not permanent) local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting the PRC, Hong Kong, the United States, the European Union or any of its members; or

- (ii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, declaration of a state of emergency or calamity or crisis, in or affecting the PRC, Hong Kong, the United States, the European Union or any of its members; or
- (iii) the declaration of a banking moratorium by the authorities of the PRC, Hong Kong, United States, the European Union or any of its members; or
- (iv) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange, the London Stock Exchange, the New York Stock Exchange or NASDAQ; or
- (v) any suspension of dealings in the Shares for a period of more than one business day or longer (other than pending publication of announcements in respect of the Rights Issue); or
- (vi) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong or the PRC,

the effect of which events or circumstances referred to in paragraph (g) above, individually or in the aggregate (in the sole opinion of the Sole Underwriter after consultation with the Company where reasonably practicable): (1) is or may be materially adverse to, or may prejudicially and materially affect, the Group or its prospects; (2) is or may be material in the context of the Rights Issue; or (3) prejudicially affects or may prejudicially affect the success of the Rights Issue, or makes or may make it inadvisable or inexpedient to proceed with the Rights Issue.

If prior to the Latest Time for Termination any notice to rescind or terminate the Underwriting Agreement is given by the Sole Underwriter, the obligations of all parties thereunder shall terminate forthwith and no party will have any claim against any other for costs, damages, compensation or otherwise (save in respect of certain rights or obligations under the Underwriting Agreement including rights of the parties thereto in respect of any antecedent breach). If the Sole Underwriter exercises such right, the Rights Issue will not proceed.

## **IRREVOCABLE UNDERTAKINGS OF THE UNDERTAKING SHAREHOLDERS**

### **Background of the Undertaking Shareholders**

The Undertaking Shareholders are Heren, Mr Choy and Madam Ning (the spouse of Mr Choy). Heren is a company indirectly wholly-owned by The Choy Family Trust, which is a discretionary trust set up by Mr Choy, the discretionary beneficiaries of which include Madam Ning and other immediate family members of Mr Choy.

As at the date of this announcement, Heren beneficially owns 710,000,000 Shares, and each of Mr Choy and Madam Ning beneficially owns 54,322,000 Shares and 180,000 Shares in their personal capacity, respectively. Hence, the Undertaking Shareholders beneficially own, in aggregate, 764,502,000 Shares, which amount to approximately 58.74% of the issued share capital of the Company as at the date of this announcement.

Pursuant to a stock borrowing and lending agreement dated 30 October 2011 and entered into between Heren on the one hand and Mr Choy and Madam Ning on the other, Heren lent 95,000,000 Shares, representing approximately 7.30% of the issued share capital of the Company, to Mr Choy and Madam Ning. In accordance with the terms of that agreement, title in those Shares passed to Mr Choy and Madam Ning once they were lent but Heren has a contractual right to call for the redelivery by Mr Choy and Madam Ning of an equivalent number of Shares to those that were lent to them. Under such stock borrowing and lending agreement, Heren also has the right, with respect to the Rights Issue, to require Mr Choy and Madam Ning to redeliver, in addition to the 95,000,000 Shares lent to them, such number of Shares as is equivalent to the rights entitlements accruing to those 95,000,000 Shares under the Rights Issue. Under the Irrevocable Undertaking, Heren has undertaken to give notice to Mr Choy and Madam Ning to exercise this right.

Pursuant to a stock borrowing and lending agreement dated 31 October 2011 and entered into between Mr Choy and Madam Ning on the one hand and HSBC Private Bank (Suisse) S.A. on the other, Mr Choy and Madam Ning on-lent the 95,000,000 Shares they borrowed from Heren to HSBC Private Bank (Suisse) S.A.. In accordance with the terms of that agreement, title in those Shares passed to HSBC Private Bank (Suisse) S.A. once they were lent but Mr Choy and Madam Ning have a contractual right to call for the redelivery by HSBC Private Bank (Suisse) S.A. of an equivalent number of Shares to those that were lent to it. Under such stock borrowing and lending agreement, Mr Choy and Madam Ning also have the right, with respect to the Rights Issue, to require HSBC Private Bank (Suisse) S.A. to redeliver, in addition to the 95,000,000 Shares lent to it, such number of Shares as is equivalent to the rights entitlements accruing to those 95,000,000 Shares under the Rights Issue. Under the Irrevocable Undertakings, Mr Choy and Madam Ning have undertaken to give notice to HSBC Private Bank (Suisse) S.A. to exercise this right.

### **Undertakings by the Undertaking Shareholders under the Irrevocable Undertakings**

Each of the Undertaking Shareholders has provided an irrevocable undertaking to the Company and the Sole Underwriter, among other things:

- (a) to accept (or procure the acceptance of):
  - (i) all of the Rights Shares to be provisionally allotted to it/him/her as at the date of the undertaking, or to each of its/his/her nominee (the “**Registered Shareholder**”) in respect of the Shares which are beneficially owned by it/him/her and registered in the name of such Registered Shareholder as at the date of the undertaking, under the Rights Issue; and

- (ii) in the case of Heren, if at any time on or before the Record Date, any of the Shares or securities or properties equivalent (the “**Equivalent Securities**”) to the Shares that have been lent pursuant to the stock borrowing agreement (the “**Loaned Securities**”) have been redelivered to it by the borrower(s) in accordance with the stock borrowing agreement and the Rights Shares which have been provisionally allotted with respect to those Equivalent Securities have yet to be accepted at the time of redelivery, then subject to the registration of the transfer of those Equivalent Securities on the register of members of the Company so that it has become the legal and beneficial owner thereof on or before the Record Date, all of those Rights Shares,
- (b) in the case of Heren, to procure that the PAL(s) in respect of the Rights Shares provisionally allotted to it shall be lodged with the Registrar with payment therefor in accordance with the terms of the Rights Issue as set out in the Prospectus by no later than 4:00 p.m. on the third Business Day after the Rights Issue is open for acceptance, and in the case of Mr Choy and Madam Ning, to give irrevocable written notices to their respective brokers of his/her intention to accept all of the Right Shares provisionally allotted to him/her and pay the broker the subscription monies in respect of those Rights Shares; and
- (c) subject to the respective stock borrowing agreement not having been terminated in accordance with its terms, it/he/she will, by no later than 4:00 p.m. on the third Business Day after the Rights Issue is open for acceptance, (i) give irrevocable written notice to the respective borrower(s) pursuant to the respective stock borrowing agreement to indicate its/his/her intention to accept all of the Rights Shares to be provisionally allotted in respect of the Loaned Securities which have yet to be redelivered to it/him/her at the time as if such Loaned Securities were legally and beneficially held by it/him/her on the Record Date, such that on redelivery of Equivalent Securities, it/he/she will receive such number of Equivalent Securities as is equivalent to those Loaned Securities and Rights Shares; and (ii) pay (or procure to be paid) to the respective borrower(s) the subscription monies in respect of the Rights Shares to be provisionally allotted in respect of those Loaned Securities.

Each of the Undertaking Shareholders has also undertaken that it/he/she will not and will procure that the Registered Shareholder will not, without the prior written consent of the Company and the Sole Underwriter, among other things:

- (a) transfer or otherwise dispose of (including, without limitation, agreeing to dispose of, or creating any option or derivative with respect to) any Shares beneficially owned by it/him/her (and, in the case of Heren, any Equivalent Securities redelivered to it in accordance with the respective stock borrowing agreement), or acquire any Shares in which it/he/she would have a beneficial interest or any interest therein (except any Equivalent Securities redelivered to it/him/her in accordance with the respective stock borrowing agreement) between the date of the undertaking and the Record Date; or
- (b) transfer or otherwise dispose of (including, without limitation, agreeing to dispose of, or creating any option or derivative with respect to) any Shares beneficially owned by it/him/her (and, in the case of Heren, any Equivalent Securities redelivered to it in accordance with the respective stock borrowing agreement), or acquire any Shares in which it/he/she would have a beneficial interest or any interest therein (except for (i) any Equivalent Securities redelivered to it/him/her in accordance with the respective stock borrowing agreement; (ii) taking up Rights Shares provisionally allotted to it/him/her and applying for excess Rights Shares pursuant to the Rights Issue; or (iii) acquiring Shares in circumstances which do not contravene the Listing Rules and/or the Code on Takeovers and Mergers and which do not render information contained in this announcement and the Prospectus to become untrue, inaccurate or misleading in any material respect (whether by omission or otherwise)) between the Record Date and the latest time for acceptance.

Each of the Undertaking Shareholders has further undertaken to the Company and the Sole Underwriter that from the latest time for acceptance until 90 days thereafter, except pursuant to the respective stock borrowing agreement or with the prior written consent of the Company and the Sole Underwriter, it/he/she will not and will procure that the Registered Shareholder (whether individually or together and whether directly or indirectly) will not, among other things:

- (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares beneficially owned by it/him/her (and, in the case of Heren, any Equivalent Securities redelivered to it in accordance with the respective stock borrowing agreement), any Rights Shares provisionally allotted to it/him/her with respect to Shares beneficially owned by it/him/her and any excess Rights Shares which are allotted to it/him/her under the Rights Issue (the “**Lock-Up Shares**”) or any interests therein beneficially owned or held by it/him/her or its/his/her controlled companies or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests;
- (b) enter into any swap or other agreement that transfers to another, in whole or in part, the economic consequences of ownership of such Lock-up Shares or any interests therein;
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or
- (d) offer to or agree to or announce any intention to enter into or effect any such transaction described in paragraphs (a), (b) or (c) above,

in each case, whether the transaction specified in paragraphs (a), (b) or (c) above is to be settled by the delivery of Shares or such other securities of the Company or in cash or otherwise.

Other than the Undertaking Shareholders, the Company has not received any undertakings from any other Shareholders to subscribe for all or any of the Rights Shares to be provisionally allotted to them.

## **EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY**

### **Changes in the Shareholding Structure of the Company arising from the Rights Issue**

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:



## Scenario 1:

Assuming no Shares (other than the Rights Shares) are allotted and issued before completion of the Rights Issue:

	Shareholding immediately after completion of the Rights Issue					
	As at the date of this announcement		Assuming 0% taken up by the Qualifying Shareholders other than the Undertaking Shareholders		Assuming 100% taken up by the Qualifying Shareholders	
			Approximate % of the total		Approximate % of the total	
	No. of Shares	issued Shares	No. of Shares	issued Shares	No. of Shares	issued Shares
The Undertaking Shareholders (Notes 1, 2 and 3)	764,502,000	58.74%	955,627,500	58.74%	955,627,500	58.74%
Tradewinds Global Investors LLC	90,862,000	6.98%	90,862,000	5.59%	113,577,500	6.98%
Other Shareholders	446,136,000	34.28%	446,136,000	27.42%	557,670,000	34.28%
The Sole Underwriter (Note 4)	–	–	134,249,500	8.25%	–	–
<b>Total</b>	<b>1,301,500,000</b>	<b>100%</b>	<b>1,626,875,000</b>	<b>100%</b>	<b>1,626,875,000</b>	<b>100%</b>

Notes:

- (1) Including (i) 710,000,000 Shares beneficially held by Heren, which is indirectly held by DBS Trustee H.K. (Jersey) Limited, being the trustee of The Choy Family Trust. The Choy Family Trust is a discretionary trust set up by Mr Choy, the discretionary beneficiaries of which include Madam Ning and other immediate family members of Mr Choy; (ii) 54,322,000 Shares beneficially held by Mr Choy; and (iii) 180,000 Shares beneficially held by Madam Ning, the spouse of Mr Choy.
  - (2) Pursuant to the stock borrowing and lending arrangements described in the section headed “Irrevocable Undertakings of the Undertaking Shareholders”, Heren lent 95,000,000 Shares to Mr Choy and Madam Ning. Hence, as at the date of this announcement, Heren has an aggregate long position of 805,000,000 Shares (amounting to approximately 61.85% of the total issued share capital of the Company), comprising the 710,000,000 Shares beneficially owned by it and the 95,000,000 Shares lent by it to Mr Choy and Madam Ning and in respect of which it has a contractual right of redelivery.
- Mr Choy and Madam Ning on-lent the 95,000,000 Shares they borrowed from Heren to HSBC Private Bank (Suisse) S.A.. Hence, as at the date of this announcement, each of Mr Choy and Madam Ning has an aggregate long position of 954,502,000 Shares, comprising (i) the 805,000,000 Shares with respect to which Heren holds a long position (and in which Mr Choy is indirectly interested as the settler of The Choy Family Trust and Madam Ning is indirectly interested as the spouse of Mr Choy), (ii) the 95,000,000 Shares on-lent by them to HSBC Private Bank (Suisse) S.A. and in respect of which they have a contractual right of redelivery and, (iii) 54,322,000 Shares and 180,000 Shares beneficially held by Mr Choy and Madam Ning respectively. Mr Choy and Madam Ning also have a short position of 95,000,000 Shares, being the Shares they borrowed from Heren. Hence, each of Mr Choy and Madam Ning has a net long position of 859,502,000 Shares (amounting to approximately 66.04% of the total issued share capital of the Company).
- (3) If all the Equivalent Securities have been redelivered to the Undertaking Shareholders by the respective borrower(s) in accordance with the respective stock borrowing agreements, and subject to the registration of the transfer of those Equivalent Securities on the register of members of the Company so that it/he/she has become the legal and beneficial owner thereof on or before the Record Date, the total number of Shares held by the Undertaking Shareholders on the Record Date will be 859,502,000 Shares and, after taking up 214,875,500 Rights Shares provisionally allotted to it/him/her under the Rights Issue, will be interested in 1,074,377,500 Shares, representing approximately 66.04% (assuming no new Shares are allotted and issued pursuant to the exercise of the Conversion Rights) or approximately 59.84% (assuming full exercise of the Conversion Rights on or before the Record Date) of the issued share capital of the Company.
  - (4) Pursuant to its underwriting obligations under the Underwriting Agreement.

## Scenario 2:

Assuming Shares have been allotted and issued before the Record Date pursuant to the full exercise of all outstanding Conversion Rights, but otherwise no other Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue:

	Shareholding immediately after completion of the Rights Issue					
	As at the date of this announcement		Assuming 0% taken up by the Qualifying Shareholders other than the Undertaking Shareholders		Assuming 100% taken up by the Qualifying Shareholders	
	<i>No. of Shares</i>	<i>Approximate % of the total issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of the total issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of the total issued Shares</i>
The Undertaking Shareholders (Notes 1, 2 and 3)	764,502,000	53.23%	955,627,500	53.23%	955,627,500	53.23%
Tradewinds Global Investors LLC Holders of the Convertible Bonds (Note 4)	90,862,000	6.33%	90,862,000	5.06%	113,577,500	6.33%
Other Shareholders	134,843,581	9.39%	134,843,581	7.51%	168,554,476	9.39%
The Sole Underwriter (Note 5)	446,136,000	31.06%	446,136,000	24.85%	557,670,000	31.06%
	–	–	167,960,395	9.35%	–	–
<b>Total</b>	<b><u>1,436,343,581</u></b>	<b><u>100%</u></b>	<b><u>1,795,429,476</u></b>	<b><u>100%</u></b>	<b><u>1,795,429,476</u></b>	<b><u>100%</u></b>

### Notes:

- (1) See Note 1 in scenario 1 above.
- (2) See Note 2 in scenario 1 above.
- (3) See Note 3 in scenario 1 above.
- (4) Pursuant to the full exercise of the Conversion Rights.
- (5) Pursuant to its underwriting obligations under the Underwriting Agreement.

## RIGHTS ISSUE TIMETABLE

### Expected Timetable

Last day for dealings in the Shares on a cum-rights basis . . . . .	Monday, 2 April 2012
Commencement of dealings in the Shares on an ex-rights basis . . . . .	Tuesday, 3 April 2012
Latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue. . . . .	4:30 p.m. on Thursday, 5 April 2012
Closure of the register of members for determining entitlements under the Rights Issue (both days inclusive) . . . . .	Tuesday, 10 April 2012 to Thursday, 12 April 2012
Record Date for determining entitlements under the Rights Issue . . . . .	Thursday, 12 April 2012
Despatch of the Rights Issue Documents. . . . .	Monday, 16 April 2012
First day for dealings in nil-paid Rights Shares. . . . .	Wednesday, 18 April 2012
Latest time for splitting of nil-paid Rights Shares. . . . .	4:30 p.m. on Friday, 20 April 2012
Last day for dealings in nil-paid Rights Shares . . . . .	Wednesday, 25 April 2012
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares . . . . .	4:00 p.m. on Monday, 30 April 2012
Rights Issue expected to become unconditional . . . . .	4:00 p.m. on Friday, 4 May 2012
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company on or before . . . . .	Tuesday, 8 May 2012
Certificates for the Rights Shares expected to be despatched on or around . . . . .	Wednesday, 9 May 2012
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or around . . . . .	Wednesday, 9 May 2012
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Thursday, 10 May 2012

**Note:** All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be varied by agreement between the Company and the Sole Underwriter. In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

## **Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take effect if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning is in force in Hong Kong between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. In such event, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 12:00 noon and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable” section above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

## **Warning of the risks of dealing in the Shares and the nil-paid Rights Shares**

**The Underwriting Agreement contains provisions granting the Sole Underwriter a right to terminate its obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed “Termination of the Underwriting Agreement” above for further details. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.**

**The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 3 April 2012. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 18 April 2012 to Wednesday, 25 April 2012 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (including the date on which the Sole Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

## REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Directors consider that taking into account current market conditions and the funding requirements of the Group in the light of its expansion plans, it would be in the interest of the Company and the Shareholders to raise long-term equity financing primarily for funding the expansion of its production capacity of 6-APA, being one of the intermediary products manufactured by the Group, at its production plant in Inner Mongolia, PRC.

Having considered other fund raising alternatives for the Group, including debt financing, and having assessed the cost and benefit of such alternatives, the Directors are of the view that the Rights Issue is the preferred means of fund raising as it allows the Company to raise long-term funds without subjecting it to additional debt and interest payments, while at the same time, it also enables the Company to improve its debt to equity ratio. The Rights Issue will also enable the Company to raise funds without dilution to Shareholders (other than the Non-Qualifying Shareholders) as they will have the opportunity to participate in the Rights Issue on a pro rata basis. **However, Qualifying Shareholders who do not take up in full the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted as a result of the Rights Issue.**

The expenses in relation to the Rights Issue (including the underwriting fee, printing, registration, legal, accounting and documentation charges) are estimated to be approximately HK\$19 million, and will be payable by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$2.15 to HK\$2.16.

The net proceeds of the Rights Issue are estimated to be not less than approximately HK\$700.1 million after the deduction of all estimated expenses (assuming none of the Conversion Rights have been exercised and hence, no new Shares have been allotted or issued pursuant to the Conversion Rights on or before the Record Date) and not more than approximately HK\$774.6 million after the deduction of all estimated expenses (assuming all of the Conversion Rights have been exercised and 134,843,581 new Shares have been allotted or issued pursuant to the exercise of the Conversion Rights on or before the Record Date).

The Company intends to apply the net proceeds of the Rights Issue for expanding its production capacity of 6-APA at its production plant in Inner Mongolia and, as to the remaining, for general working capital purposes.

## TAXATION

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

## **EQUITY FUND RAISING OF THE COMPANY**

The following table summaries the capital raising activity of the Group for the 12 months immediately before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
7 November 2011	Issuance of the Convertible Bonds	HK\$930,663,000	For refinancing of existing indebtedness, capacity expansion, further business development and for general corporate purposes	All proceeds have been used for the intended purpose

Other than the issuance of the Convertible Bonds, the Company has not engaged in or initiated any equity fund raising exercises or any rights issue exercise during the past 12 months immediately preceding the date of this announcement.

### **SHAREHOLDERS' APPROVAL NOT REQUIRED**

There is no requirement under the Listing Rules for the Rights Issue to be approved by the Shareholders in general meeting.

### **POSSIBLE ADJUSTMENT TO THE CONVERTIBLE BONDS**

As a result of the Rights Issue, the conversion price of the outstanding Convertible Bonds may be adjusted in accordance with the terms and conditions of the Convertible Bonds. The Company will make further announcements on the appropriate adjustments (if any) and the date it is to take effect in due course.

### **INFORMATION ON THE GROUP**

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of antibiotics finished products as well as the bulk medicine and intermediary products used to produce them. The Group also manufactures and sells cough syrup, anti-allergy medicine, capsule casings, insulin, anti-viral products and eye drops.

### **GENERAL**

The Prospectus containing, among other things, further details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on or before Monday, 16 April 2012. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders and, if required by the terms and conditions of the Convertible Bonds, to the respective holders of the Convertible Bonds for their information only but will not send any PAL or EAF to them.

## DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any weekday (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks generally are open for business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Closing Date”	such date falling on the third Business Day after the latest time for acceptance or such later date as the Company and the Sole Underwriter may agree in writing;
“Company”	The United Laboratories International Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed and traded on the Stock Exchange (Stock Code: 3933);
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Conversion Rights”	the conversion rights attaching to the Convertible Bonds;
“Convertible Bonds”	the RMB denominated 7.5% convertible bonds due 2016 of a principal amount of RMB790,000,000 issued by the Company on 14 November 2011, which are listed on and traded on the Singapore Exchange Securities Trading Limited;
“Director(s)”	the director(s) of the Company;
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders in respect of applications for excess Rights Shares;
“Group”	the Company and its subsidiaries;
“Heren”	Heren Far East Limited, a company incorporated in the British Virgin Islands, which is a controlling shareholder of the Company;
“HKSCC”	Hong Kong Securities Clearing Company Limited;

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HSBC” or the “Sole Underwriter”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO, registered with the SFC under Central Entity number AAA523 and registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not connected person(s) of the Company;
“Irrevocable Undertakings”	the irrevocable undertakings all dated 28 March 2012 and given by each of the Undertaking Shareholders to the Company and HSBC as described in the paragraph headed “Irrevocable Undertakings of the Undertaking Shareholders” in this announcement;
“Last Trading Day”	Wednesday, 28 March 2012, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement;
“Latest Acceptance Date”	Monday, 30 April 2012, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company and the Sole Underwriter may agree in writing;
“latest time for acceptance”	4:00 p.m. on the Latest Acceptance Date;
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the latest time for acceptance or such later date as the Company and the Sole Underwriter may agree in writing;
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Madam Ning”	Madam Ning Kwai Chun, a shareholder of the Company and the spouse of Mr Choy;
“Mr Choy”	Mr Choy Kam Lok, the settler of The Choy Family Trust, an executive Director and the Chairman of the Company, and a shareholder of the Company;



“Non-Qualifying Shareholders”	the Overseas Shareholders to whom the Directors, after making relevant enquiries, consider it necessary or expedient not to offer the Rights Shares on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction;
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company as on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong;
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue;
“Posting Date”	Monday, 16 April 2012 or such other date as the Sole Underwriter may agree in writing with the Company for the despatch of the Rights Issue Documents;
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue;
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company as on the Record Date, other than the Non-Qualifying Shareholders;
“Record Date”	Thursday, 12 April 2012 being the record date to determine entitlements to the Rights Issue (or such other date as the Sole Underwriter may agree in writing with the Company);
“RMB”	Renminbi, the lawful currency of the PRC;
“Registrar”	Computershare Hong Kong Investor Services Limited, the share registrar of the Company at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Rights Issue”	the proposed issue by the Company of the Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every four (4) existing Shares held on the Record Date payable in full on acceptance;
“Rights Issue Documents”	the Prospectus, the PAL(s) and the EAF(s);
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue;
“SFC”	the Securities and Futures Commission of Hong Kong;

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Share Option Scheme”	the share option scheme adopted by the Company 25 May 2007;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$2.21 per Rights Share;
“subsidiary”	has the same meaning ascribed to it under the Listing Rules;
“taken up/take up/taking up”	the taking up of those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged and accompanied by cheques or other remittances for the full amount payable in respect thereof;
“Undertaking Shareholders”	Heren, Mr Choy and Madam Ning and “Undertaking Shareholder” refers to any or a specific one of them;
“Underwriting Agreement”	the underwriting agreement dated 28 March 2012 and entered into between the Company and the Sole Underwriter in relation to the Rights Issue;
“Underwritten Shares”	the Rights Shares, other than the Rights Shares to be provisionally allotted to the Undertaking Shareholders, underwritten by the Sole Underwriter pursuant to the terms of the Underwriting Agreement;
“United States” or “US”	the United States of America (including its territories and possessions, any state in the US and the District of Columbia);
“%”	per cent or percentage.

By order of the Board of  
**The United Laboratories International Holdings Limited**  
**Choy Kam Lok**  
*Chairman and Executive Director*

Hong Kong, 29 March 2012

*As at the date of this announcement, the Board comprises Mr Choy Kam Lok (Chairman), Ms Peng Wei, Mr Leung Wing Hon, Mr Tsoi Hoi Shan, Ms Zou Xian Hong, Ms Zhu Su Yan and Mr Fang Yuping as executive directors; Ms Choy Siu Chit as non-executive director; and Mr Chong Peng Oon, Mr Huang Bao Guang and Mr Song Ming as independent non-executive directors.*