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利君國際醫藥(控股)有限公司

Lijun International Pharmaceutical (Holding) Co., Ltd.

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2005)

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL AND THE SHAREHOLDER'S LOAN OF NEW ORIENT INVESTMENTS LIMITED

Financial adviser to Lijun International Pharmaceutical (Holding) Co., Ltd.



Goldbond Capital (Asia) Limited

The Board is pleased to announce that on 25 March 2007, the Company entered into the Acquisition Agreement with the Vendor and CPCL pursuant to which the Company has agreed to purchase and the Vendor has agreed to sell the entire interests in, and a shareholder loan of, New Orient at the Consideration which is equivalent to the aggregate sum of (i) 7.5 times the audited profit attributable to the shareholders of the New Orient Group (excluding any profit or loss generated in connection with foreign exchanges) for the year ended 31 December 2006; and (ii) any income generated in connection with foreign exchanges for the year ended 31 December 2006. However, in any event, the Consideration shall not exceed HK\$510,000,000.

The Acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules. As Mr. Qu Jiguang is an independent non-executive Director and also the ultimate controlling shareholder of the Vendor, the entering into of the Acquisition Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition Agreement is therefore subject to approval of the Independent Shareholders at the EGM.

The EGM will be held to consider, and if thought fit, passing the resolutions to approve (i) the Acquisition; (ii) the issue of the Consideration Shares; and (iii) the transactions contemplated under the Acquisition Agreement. Mr. Qu, who has an interest in the Acquisition, together with his associates, is required to abstain from voting for the approval of the Acquisition at the EGM. As at the date of this announcement, Mr. Qu has no shareholding interest in the Company.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

A circular containing, among other things, (i) further details of the Acquisition; (ii) a letter of recommendation in respect of the Acquisition Agreement, the issue of the Consideration Shares and the transactions contemplated thereunder from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice on the Acquisition Agreement, the issue of the Consideration Shares and the transactions contemplated thereunder from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the accountants' report of New Orient; and (v) a notice of EGM for the purposes of approving the Acquisition Agreement, the issue of the Consideration Shares and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 26 March 2007 pending publication of this announcement. An application has been made to the Stock Exchange for resumption of trading of the Shares with effect from 9:30 a.m. on 2 April 2007.

THE ACQUISITION AGREEMENT

Date

25 March 2007

Parties

The Vendor (as the vendor)
The Company (as the purchaser)
CPCL (as guarantor of the Vendor)

The Vendor is owned as to about 55.14% by CPCL which is beneficially owned as to about 72.93% by Mr. Qu and as to about 27.07% by 39 shareholders. The remaining interests of the Vendor are owned as to about 17.48% by Bowley Limited which is in turn wholly-owned by Mr. Ding Ergang and as to about 27.38% by two Independent Third Parties.

Mr. Qu is an independent non-executive Director. Mr. Ding Ergang and Bowley Limited are Independent Third Parties.

Subject matter of the Acquisition

The Sale Shares and the Shareholder's Loan

Consideration

The Consideration has been arrived at after arm's length negotiations between the parties and is equivalent to the aggregate sum of (i) 7.5 times the audited profit attributable to the shareholders of the New Orient Group (excluding any profit or loss generated in connection with foreign exchanges) for the year ended 31 December 2006; and (ii) any income generated in connection with foreign exchanges for the year ended 31 December 2006. However, in any event, the Consideration shall not exceed HK\$510,000,000. Given most of the pharmaceutical companies listed in Hong Kong were traded at price-earning multiples of higher than 7.5 times, the Directors consider 7.5 times the audited net profit as the basis of Consideration to be fair and reasonable.

The Consideration for the purchase of the Sale Shares and the Shareholder's Loan will be satisfied by the Company in the following manner upon Completion:

1. 17.48% of the Consideration shall be paid by the Company by the cashier's orders issued by licensed banks in Hong Kong to Bowley Limited, and the cashier's orders shall be available on the date of signing of the Acquisition Agreement, of which HK\$70,000,000 were held in escrow (details of which are set out below);
2. HK\$319,000,000 shall be paid by the Company by way of the allotment and issue of 110,000,000 Consideration Shares to CPCL; and
3. the balance of the Consideration shall be paid by the Company in cash to CPCL.

The disposal of the Sale Shares and the Shareholder's Loan by the Vendor to the Company and the direct settlement of the Consideration to CPCL and Bowley Limited have been approved by all shareholders of the Vendor in a shareholders' meeting of the Vendor held on 22 March, 2007. To the best knowledge of the Company, it was a commercial decision amongst the shareholders of the Vendor that no Consideration will be directed to these two Independent Third Parties.

Upon signing of the Acquisition Agreement, the Vendor, the Company, Bowley Limited and the Escrow Agent entered into the Escrow Agreement. Pursuant to the Escrow Agreement, each of the Company, the Vendor and Bowley Limited has agreed that the Cashier's Orders in favour of Bowley Limited would be held in escrow by the Escrow Agent in accordance with the terms of the Escrow Agreement. Upon receipt by the Escrow Agent of the written completion notice issued by the Company and the Vendor, the Escrow Agent will deliver the Cashiers' Orders to Bowley Limited on Completion, subject to at least 3 Business Days prior written notification being given to the Escrow Agent (i) as to the Long Stop Date if such date is not 30 June 2007; and (ii) as to the time and date of Completion, in accordance with the terms of the Escrow Agreement. In the event that the Escrow Agent does not receive the aforesaid written completion notice on or before the third day after the Long Stop Date, the Escrow Agent will return the Cashier's Orders to the Company. In the event that 17.48% of the Consideration to be paid to the Vendor payable under the Acquisition Agreement on Completion is in excess or falls short of HK\$70,000,000, the Company undertakes to pay the excess to Bowley Limited as directed and authorised by the Vendor or Bowley Limited undertakes to repay the shortfall to the Company, in both cases, by way of cashier's order on Completion. The Company entered into the Escrow Agreement with, amongst others, the Escrow Agent after commercial negotiations with the Vendor in connection with the Acquisition Agreement. The Directors consider that the appointment of the Escrow Agent is in the interests of the Company and the Shareholders as a whole.

The Company currently intends to finance the Acquisition partly by its internal resources and/or bank borrowings and partly by capital market financing as the Directors consider appropriate. The Directors consider that the Acquisition is on normal commercial terms and is in the ordinary course of business of the Company. The Directors also consider that the terms of the Acquisition (including the basis of Consideration), which is determined on an arm's length basis, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Consideration Shares represent about 37.9% of the existing issued share capital of the Company and about 27.5% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares.

The Consideration Shares will be issued to CPCL at a price of HK\$2.90 per Share (without adjustments), which represents:

1. a discount of about 5.2% to the closing price of about HK\$3.06 per Share quoted on the Stock Exchange on the Last Trading Day;
2. a discount of about 5.8% to the average of the closing price of about HK\$3.08 per Share quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
3. a discount of about 6.1% to the average of the closing price of about HK\$3.09 per Share quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day; and
4. a premium of about 81.3% over the unaudited net asset value of about HK\$1.60 per Share (equivalent to about RMB1.65, based on the then prevailing exchange rate of HK\$1.00 to RMB1.03) as at 30 June 2006 as stated in the 2006 interim report of the Company.

The Consideration Shares will rank equally in all respects with the issued Shares as at the relevant date of allotment. The Company will apply to the Stock Exchange for the listing of, and permission to deal in the Consideration Shares on the Stock Exchange.

The Consideration Shares shall be subject to a lock-up period of 12 months from Completion, during which the Consideration Shares shall not be transferred, sold, lent, charged, mortgaged, otherwise used as security or otherwise encumbered, except that out of the Consideration Shares, 10,000,000 Shares will be placed with the Company as security for the profit guarantee mentioned below.

Conditions Precedents

The Acquisition Agreement is conditional upon, among other things, the following conditions being fulfilled by the Company:

1. the passing by the Independent Shareholders of resolution(s) approving the Acquisition, the issuance of the Consideration Shares and transactions contemplated under the Acquisition Agreement at the EGM; and
2. the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares.

No conditions above could be waived. If conditions are not fulfilled on or before 30 June 2007 or such other date as the Vendor and the Company may agree in writing, the Acquisition Agreement shall forthwith become null and void and cease to have any effect whatsoever (save for any antecedent breach).

Completion

Completion shall take place within three Business Days immediately after all the conditions under the Acquisition Agreement have been fulfilled but the Completion Date may be extended for a further period of 14 days by either party in the event the other party fails to fulfil its obligations under the Acquisition Agreement.

Profit Guarantee and Share Charge

The Vendor and CPCL have guaranteed to the Company that the audited consolidated net profit of the New Orient Group for the financial year ending 31 December 2007, which shall be calculated in accordance with the accounting principles, standards and normal practices adopted by the auditors appointed by the Company in preparing the audited financial information of the New Orient Group for the year ending 31 December 2007, will not be less than RMB70,000,000.

The Vendor has agreed and will procure CPCL to place 10,000,000 Consideration Shares with the Company (together with the relevant duly signed instrument of transfer, board minutes and power of attorney) as security for the profit guarantee above. In the event that the audited consolidated net profit of New Orient Group for the financial year ending 31 December 2007 is less than RMB70,000,000, the Vendor agreed that the Company, at any time and date after 31 December 2007, sell or dispose of the Charged Shares in open market, and the proceeds of which will be used to compensate the shortfall between the audited consolidated net profit of the New Orient Group for the financial year ending 31 December 2007 and RMB70,000,000 on a dollar-for-dollar basis. If the proceeds from the sale of the Charged Shares is not sufficient to cover the shortfall, CPCL will compensate the remaining of the shortfall to the Company by cash. If the proceeds from the sale of the Charged Shares is in excess of such shortfall, the Company will refund the excess of the shortfall to CPCL.

IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The effects on the shareholding structure of the Company taking into account the issue of the Consideration Shares are as follows:

Shareholders	Shareholdings of the Company			
	Before the issue of the Consideration Shares		After the issue of the Consideration Shares	
	Shares	%	Shares	%
<i>Controlling Shareholder and its concert parties:</i>				
Prime United Industries Limited (Notes 1 & 3)	123,984,000	42.68%	123,984,000	30.96%
Success Manage International Limited (Note 2)	22,344,000	7.69%	22,344,000	5.58%
Triuniverse Group Limited (Notes 3 & 4)	3,738,000	1.29%	3,738,000	0.93%
Fame World Investments Limited (Notes 3 & 5)	2,499,000	0.86%	2,499,000	0.62%
Flying Success Investments Limited (Notes 3 & 6)	1,738,000	0.60%	1,738,000	0.43%
Bondwide Trading Limited (Notes 3 & 7)	1,197,000	0.41%	1,197,000	0.30%
<i>Sub-total</i>	155,500,000	53.53%	155,500,000	38.82%
<i>Other Shareholders:</i>				
Grand Ocean Shipping Limited (Notes 8)	58,300,000	20.07%	58,300,000	14.56%
CPCL	—	0.00%	110,000,000	27.47%
Public Shareholders				
Japan Trustee Services Bank, Ltd.	15,016,000	5.17%	15,016,000	3.75%
Others	61,684,000	21.23%	61,684,000	15.40%
<i>Sub-total</i>	135,000,000	46.47%	245,000,000	61.18%
Total	290,500,000	100.00%	400,500,000	100.00%

Notes:

- (1) Prime United Industries Limited is held as to about 2.43% by Mr. Wu Qin, an executive Director, as to about 2.43% by Mr. Wu Zhihong, an executive Director, as to about 2.41% by Mr. Huang Chao, an executive Director, as to about 4% by Mr. Xie Yunfeng, an executive Director, as to about 4% by Ms. Han Yamei, a member of the management of Xi'an Lijun Pharmaceutical Co., Ltd (西安利君製藥有限責任公司) ("Xi'an Lijun") and as to about 84.73% by Mr. Wu Qin, Mr. Wu Zhihong, Mr. Huang Chao, Mr. Xie Yunfeng and Ms. Han Yumei who jointly hold such shares on trust for 4,965 individuals who are present and former employees or their respective estates of Xi'an Lijin and Rejoy Group Limited Liability Company (利君集團有限責任公司) ("Rejoy Group"). Mr. Wu Qin, Mr. Wu Zhihong, Mr. Huang Chao and Mr. Xie Yunfeng, the executive Directors, are also directors of the Prime United Industries Limited. Xi'an Lijun is a company established in the PRC with limited liability and wholly-owned by the Company. Rejoy Group is a company established in the PRC with limited liability and 100% owned by Shaanxi Pharmaceutical Company (陝西省醫藥總公司), a state-owned enterprise under the direct supervision of the Shaanxi Provincial Government.
- (2) Success Manage International Limited is held as to about 37.88% by Mr. Wu Qin, an executive Director, as to about 10.03% by Mr. Wu Zhihong, an executive Director, as to about 10.03% by Mr. Huang Chao, an executive Director, as to about 3.06% by Mr. Xie Yunfeng, an executive Director, as to about 3.06% by Ms. Sun Xinglai, an executive Director, as to about 3.06% by Mr. Zhang Yabin, a member of the management of Xi'an Lijun and as to about 32.87% by Mr. Zhang Yabin on trust for 24 individuals, all of whom are part of the management of Xi'an Lijun.
- (3) Prime United Industries Limited, Triuniverse Group Limited, Fame World Investments Limited, Flying Success Investments Limited and Bondwide Trading Limited were controlling shareholders of the Company as stated in the prospectus of the Company dated 2 December 2005.
- (4) Triuniverse Group Limited is owned as to 73.10% by Mr. Yang Genli, 10.75% by Mr. Zhang Yuliang, 5.01% by Mr. Chen Qiang and 11.14% by Ms. Chen Jing, all of whom are beneficial shareholders of Xi'an Sanjiang Enterprise (Group) Co., Ltd. (西安三江實業(集團)有限責任公司) ("Xi'an Sanjiang"). Xi'an Sanjiang is a company established in the PRC with limited liability and the entire registered capital of which is wholly-owned by the beneficial shareholders of Triuniverse Group Limited.
- (5) Fame World Investments Limited is owned as to 45% by Mr. Li Peirong, 30% by Mr. Li Pai and 25% by Newtronic Pharmaceuticals & Chemicals Limited ("Newtronic"), all of whom are beneficial shareholders of Xi'an Combel Pharmaceutical Co., Ltd. (西安康拜爾製藥有限公司) ("Xi'an Combel"). Newtronic is held as to 50% by Mr. Shing Ting Chun and 50% by Ms. Cheung Ming Man. Xi'an Combel is a company established in the PRC with limited liability and its entire registered capital is wholly-owned by the beneficial shareholders of Fame World Investments Limited.
- (6) Flying Success Investments Limited is owned as to 80% by Mr. Zhao Lisheng and 20% by Ms. Chan Lok San, all of whom are beneficial owners of Shenzhen Jinhua Enterprise Co., Ltd. (深圳市金活實業有限公司) ("Shenzhen Jinhua"). Shenzhen Jinhua is a company established in the PRC with limited liability and its entire registered capital is wholly-owned by the beneficial shareholders of Flying Success Investments Limited.
- (7) Bondwide Trading Limited is owned as to 92.03% by Mr. Han Zhichao, 6.38% by Mr. Zhao Lisheng, and 1.59% by Ms. Chan Lok San, all of whom are beneficial shareholders of Liaoning Huabang Pharmaceutical Co., Ltd. (遼寧華邦醫藥有限公司) ("Liaoning Huabang") (formerly known as Pharmaceutical Sales Department of Northeast Pharmaceutical Group Company (東北製藥集團公司醫藥經營部)). Liaoning Huabang is a company established in the PRC with limited liability and its entire registered capital is wholly-owned by the beneficial shareholders of Bondwide Trading Limited.
- (8) Grand Ocean Shipping Company Limited, a company incorporated in the Republic of Liberia on 1 November 1996 and engaged in the business of shipping, which in turn is owned as to 50% by Ms. Chen Lin-Dong and 50% by Mr. Xu Ming.

Prime United Industries Limited, Success Manage International Limited, Triuniverse Group Limited, Fame World Investments Limited, Flying Success Investments Limited and Bondwide Trading Limited are acting in concert with each other in holding the Shares pursuant to The Code on Takeovers and Mergers owning in aggregate about 53.53% shareholding in the Company as at the date of the Acquisition Agreement. Upon completion, Prime United Industries Limited and its concert parties will own about 38.82% shareholding in the Company and will continue to control the Board. Therefore, the Directors consider that there is no change in control pursuant to The Code on Takeovers and Mergers.

INFORMATION ON THE NEW ORIENT GROUP

New Orient is an investment holding company incorporated in Samoa on 26 October 2004 with limited liability and its sole subsidiary, No.4 Pharm, is principally engaged in the production and sale of human pharmaceuticals, and infusion pharmaceuticals are its principal human pharmaceutical products. Products produced and sold by No.4 Pharm are human infusion pharmaceuticals and other human pharmaceuticals including western drugs and traditional Chinese medicines and are sold under the brand names of “石門” (“Shimen”) and “CSPC”.

Infusion pharmaceuticals were mostly sold to public hospitals through the collective tender process as required by the PRC medical regulations. The New Orient Group either tenders directly or collaborates with its distributors to participate in these tenders. Similar to infusion pharmaceuticals, sales of prescriptive human pharmaceuticals to public hospitals are mostly through the collective tender process.

New Orient does not have the audited accounts for the two years ended 31 December 2006 pursuant to the resolution passed by the Vendor. The table below sets forth the unaudited consolidated management accounts of New Orient for the two years ended 31 December 2006 and as at 31 December 2005 and 31 December 2006 respectively:

	Unaudited consolidated management accounts for the year ended 31 December	
	2005	2006
	<i>RMB' 000</i>	<i>RMB' 000</i>
Turnover	321,660.97	318,543.57
Profit before taxation and extraordinary items	65,598.37	68,751.12
Profit after taxation and extraordinary items	65,598.37	68,751.12
	As at 31 December	
	2005	2006
Total asset value	347,226.02	426,151.28
Net asset value	79,832.58	148,906.55

As at 31 December 2006, the Shareholder's Loan owing by New Orient to the Vendor amounted to HK\$76,240,000. To the best knowledge of the Company, the Shareholder's Loan was advanced by the Vendor to New Orient for acquisition of No. 4 Pharm in December 2004. New Orient will settle the Shareholders' Loan with the Vendor and the remaining balance will not be more than HK\$11,284,200 upon Completion.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 which can be broadly categorized into finished medicines and bulk pharmaceuticals.

As stated in the prospectus of the Company dated 2 December 2005, the Group's finished medicines are used in the treatment of various diseases, in particular, microbial infection and cardiovascular disease and are mainly in the forms of tablet, capsule, granule, injection, powder for injection and lyophilized powder for injection. Though the Group produces a wide variety of pharmaceutical products, it is renowned for the manufacturing of antibiotics. All of the antibiotics currently produced by the Group are prescriptive medicines.

As stated in the 2005 annual report of the Company, antibiotics products will remain the focal sale products of the Company; however, in the meantime, the Company will devote to the development of non-antibiotics medicines and non-prescriptive products to continue enhancing its product mix and reinforcing its efforts to develop value-added end products. In view of the strategy to enhance its product mix, the Directors believe that the products of the New Orient Group are complementary to the products of the Group and thereby enhancing the product mix of the Group. The Directors also consider that the Acquisition will enhance the distribution network of the Group's products as well as enlarge the earnings base of the Group. In view of the above, the Directors consider the Acquisition to be in line with the strategy of the Group.

MAINTENANCE OF THE LISTING STATUS OF THE SHARES

The Company will maintain the listing of the Shares on the Stock Exchange after the Completion. Each of the Company and the Directors will undertake to the Stock Exchange that they will ensure that the public float of the Company will not be less than 25% (or such lower percentage as may be allowed under the Listed Rules) of its issued share capital before and after issuance of the Consideration Shares as required under the Listing Rules.

Each of Prime United Industries Limited, Success Manage International Limited, Triuniverse Group Limited and Flying Success Investments Limited on 28 March 2007 have undertaken to the Company that they will dispose of their Shares in whole or in part (where appropriate) prior to the issuance of the Consideration Shares in order to maintain the minimum public float as required under the Listing Rules.

Shareholders and potential investors are advised that the Exchange will not grant the listing of the Consideration Shares, being one of the condition precedents to the Acquisition if there may be insufficient public float upon issuance of the Consideration Shares.

If less than 25% (or such lower percentage as may be allowed under the Listing Rules) of the Shares are held by the public, it will constitute a breach of the Listing Rules, and if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are too few Shares in public hands to maintain an orderly market, then it may consider exercising its discretion to suspend trading in the Shares until a sufficient public float is attained. Shareholders and investors are advised to exercise caution when dealing in the Shares.

GENERAL

Upon Completion, CPCL will nominate four representatives to the Board and Mr. Qu, as one of the four representatives of CPCL, will be re-designated as an executive Director. As a result, the Board will have a total of 14 members. All six existing executive Directors are appointed by Prime United Industries Limited and its associates.

Upon Completion, New Orient will become a wholly-owned subsidiary of the Company. The Acquisition constitutes a major acquisition for the Company under the Listing Rules. Since Mr. Qu is an independent non-executive Director, the Acquisition also constitutes a connected transaction for the Company under the Listing Rules and is therefore subject to approval by the Independent Shareholders. As at the date of this announcement, Mr. Qu and his associates hold no Share, and therefore no Shareholder will be required to abstain from voting at the EGM.

An Independent Board Committee has been established to advise the Independent Shareholders on the Acquisition. Independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Acquisition; (ii) a letter of recommendation in respect of the Acquisition Agreement, the issue of the Consideration Shares and the transactions contemplated thereunder from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice on the Acquisition Agreement, the issue of the Consideration Shares and the transactions contemplated thereunder from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) the accountants' report of New Orient; and (v) a notice of EGM for the purposes of approving the Acquisition Agreement, the issue of the Consideration Shares and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Company of the Sale Shares and the Shareholder’s Loan pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 25 March 2007 entered into among the Company, the Vendor and CPCL for the sale and purchase of the Sale Shares and Shareholder’s Loan
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday) on which commercial banks in Hong Kong are generally opened for business
“Cashier’s Orders”	cashier’s orders in amounts of HK\$65,000,000 and HK\$5,000,000 in favour of Bowley Limited issued by licensed banks in Hong Kong provided by the Company, which were held in escrow by the Escrow Agent
“Charged Shares”	10,000,000 Consideration Shares to be issued to CPCL

“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
“Completion”	completion of the Acquisition Agreement
“Completion Date”	the date on which the Completion takes place
“Consideration”	consideration for the sale and purchase of the Sale Shares and the Shareholder’s Loan pursuant to the Acquisition Agreement
“Consideration Shares”	110,000,000 Shares to be issued by the Company to CPCL for partial payment of the Consideration on Completion
“CPCL”	China Pharmaceutical Company Limited, a private company incorporated in Samoa, being the guarantor of the Vendor under the Acquisition Agreement
“Directors”	the directors of the Company
“Escrow Agent”	Goldbond Capital (Asia) Limited
“Escrow Agreement”	the escrow agreement dated 25 March 2007 entered into between, among others, the Company and the Vendor regarding the escrow arrangement of the Cashier’s Orders with the Escrow Agent
“EGM”	the extraordinary general meeting to be convened in connection with the Acquisition, the issue of the Consideration Shares and the transactions contemplated under the Acquisition Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the board of Directors formed for the purpose of advising the Independent Shareholders in connection with the Acquisition, the issue of the Consideration Shares and transactions contemplated under the Acquisition Agreement
“Independent Shareholders”	the Shareholders other than Mr. Qu and his associates
“Independent Third Party(ies)”	any person(s) or company(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of the Company in accordance with the Listing Rules
“Last Trading Day”	23 March 2007, being the last trading day prior to the entering into of the Acquisition Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	30 June 2007 (or such later date as may be agreed between the Company, the Vendor and Bowley Limited)
“Mr. Qu”	Mr. Qu Jiguang, being an independent non-executive Director and the controlling shareholder of the Vendor
“New Orient”	New Orient Investments Limited, a company incorporated in Samoa on 26 October 2004 with limited liability
“New Orient Group”	New Orient and its subsidiary
“No. 4 Pharm”	石家庄四药有限公司(Shijiazhuang No.4 Pharmaceutical Co. Ltd.), a company established in the PRC with limited liability on 28 June 1994
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the total issued shares of New Orient as at the date of the Acquisition Agreement
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“Shareholder’s Loan”	an interest-free shareholder’s loan of not more than HK\$11,284,200 owing by New Orient to the Vendor immediately before Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	CMP Group Limited
“%”	per cent.

By order of the Board
Lijun International Pharmaceutical (Holding) Co., Ltd.
Wu Qin
Chairman

Hong Kong, 30 March 2007

As at the date of this announcement, the Board comprises Wu Qin, Wu Zhihong, Huang Chao, Xie Yunfeng, Sun Xinglai, and Wang Xianjun as executive Directors, Liu Zhiyong as non-executive Director and Qu Jiguang, Leung Chong Shun and Chow Kwok Wai as independent non-executive Directors.