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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)**

### **ANNOUNCEMENT PLACING OF EXISTING SHARES**

The Company has been informed that Success Manage entered into a placing agreement on 8 June 2007 with the Placing Agent, Guotai Junan Securities (Hong Kong) Limited, pursuant to which the Placing Agent agreed to place not more than 20,000,000 existing Shares held by Success Manage to Independent Third Parties, but in any event not less than the shortfall between the minimum public float requirement and the actual number of Shares held by the public as of Completion. Pursuant to the placing agreement, completion of the Acquisition Agreement and the placing will take place on the same day.

#### **BACKGROUND**

Reference is made to the announcement of Lijun International Pharmaceutical (Holding) Co., Ltd. (the “**Company**”) dated 30 March 2007 (the “**Announcement**”) in relation to the major and connected transaction regarding the acquisition of the entire issued share capital and the shareholder’s loan of New Orient Investments Limited. Unless defined otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

## **PLACING OF EXISTING SHARES BY A CONCERT PARTY OF THE CONTROLLING SHAREHOLDER**

The Company has been informed that Success Manage International Limited (“**Success Manage**”), being a concert party of the controlling Shareholder, entered into a placing agreement (the “**Placing Agreement**”) on 8 June 2007 with Guotai Junan Securities (Hong Kong) Limited (the “**Placing Agent**”). As far as the Directors are aware, the Placing Agent and the ultimate beneficial owner(s) of the Placing Agent are third parties independent of the Company and connected persons of the Company (“**Independent Third Party(ies)**”). Pursuant to the Placing Agreement, the Placing Agent agreed to place not more than 20,000,000 existing Shares held by Success Manage to Independent Third Parties, but in any event not less than the shortfall between the minimum public float requirement and the actual number of Shares held by the public as of Completion. Pursuant to the Placing Agreement, completion of the Acquisition Agreement and the placing will take place on the same day. The placing price for such placing will be determined with reference to the closing prices of the Shares for the five trading days up to and including the EGM date as quoted on the Stock Exchange.

As stated in the Announcement, as the Stock Exchange will not grant the listing of the Consideration Shares, being one of the conditions precedent to the Acquisition, if there may be insufficient public float upon issuance of the Consideration Shares, Success Manage is currently in negotiations with the Placing Agent regarding the means and measures to be adopted to secure the successful placing of the Shares held by it.

## CHANGES IN THE SHAREHOLDING STRUCTURE

The table below illustrates (i) the shareholding structure of the Company as at the date of this announcement; (ii) the shareholding structure of the Company after the issuance of the Consideration Shares but before the completion of the placing down of the Shares held by Success Manage; and (iii) the shareholding structure of the Company after the issuance of the Consideration Shares and the completion of the placing down of the Shares held by Success Manage:

Shareholders	Shareholdings of the Company before the issue of the Consideration Shares		After the issue of the Consideration Shares and before completion of the placing down of the Shares held by Success Manage		After the issue of the Consideration Shares and completion of the placing down of the Shares held by Success Manage	
	Shares	%	Shares	%	Shares	%
<b>Controlling Shareholder and its concert parties:</b>						
Prime United Industries Limited (Notes 1 & 3)	123,984,000	42.68%	123,984,000	30.96%	123,984,000	30.96%
Success Manage (Note 2)	22,344,000	7.69%	22,344,000	5.58%	2,657,000	0.66%
Fame World Investments Limited (Notes 3 & 4)	2,499,000	0.86%	2,499,000	0.62%	2,499,000	0.62%
Flying Success Investments Limited (Notes 3 & 5)	1,738,000	0.60%	1,738,000	0.43%	1,738,000	0.43%
Bondwise Trading Limited (Notes 3 & 6)	1,197,000	0.41%	1,197,000	0.30%	1,197,000	0.30%
<b>Sub-total</b>	<b>151,762,000</b>	<b>52.24%</b>	<b>151,762,000</b>	<b>37.89%</b>	<b>132,075,000</b>	<b>32.97%</b>
<b>Other Shareholders:</b>						
Grand Ocean Shipping Limited (Note 7)	58,300,000	20.07%	58,300,000	14.56%	58,300,000	14.56%
CPCL	—	0.00%	110,000,000	27.47%	110,000,000	27.47%
Public Shareholders	80,438,000	27.69%	80,438,000	20.08%	100,125,000	25.00%
<b>Sub-total</b>	<b>138,738,000</b>	<b>47.76%</b>	<b>248,738,000</b>	<b>62.11%</b>	<b>268,425,000</b>	<b>67.03%</b>
<b>Total</b>	<b>290,500,000</b>	<b>100.00%</b>	<b>400,500,000</b>	<b>100.00%</b>	<b>400,500,000</b>	<b>100.00%</b>

*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 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, 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) 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.
- (5) 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.
- (6) 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.
- (7) 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.

In view of the change in the shareholding of the Company in relation to the Acquisition, the Directors believe that, after the completion of the Acquisition and the placing down of the Shares held by Success Manage, the Company will be in compliance with the minimum public float requirements prescribed by down of the Shares the Listing Rules.

By order of the Board

**Lijun International Pharmaceutical (Holding) Co., Ltd.**

**Wu Qin**

*Chairman*

Hong Kong, 8 June 2007

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