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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)

CLARIFICATION ANNOUNCEMENT

The Company issued an announcement on 28 December 2012 (the “**Announcement**”) pursuant to Rule 13.09 (1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with the following content:

“The board of directors (the “**Board**”) of Lijun International Pharmaceutical (Holding) Co., Ltd. (the “**Company**”) announces that it has been informed by the substantial shareholders of the Company, namely Prime United Industries Limited (“**Prime United Industries**”) and China Pharmaceutical Company Limited (“**China Pharmaceutical**”), that Prime United Industries and China Pharmaceutical (the “**Vendors**”) have respectively entered into a conditional sale and purchase agreement (the “**Agreement**”) with Sichuan Kelun Pharmaceutical Co., Ltd. (the “**Purchaser**”), pursuant to which Prime United Industries and China Pharmaceuticals have agreed to sell to the Purchaser 180,000,000 shares and 180,000,000 shares of the Company at HK\$2.9167 per share (representing approximately 6.14% and 6.14% of the issued share capital of the Company respectively) (the “**Disposal**”). The principal conditions precedent set forth in the Agreement are as follows:

- (i) the Purchaser and/or the Vendors having received and obtained from the relevant government authorities, the Stock Exchange or any other stock exchanges and regulatory bodies (in whatever form) all authorizations, approvals, waivers, licenses or recordation (including approvals of other third parties) required under the applicable laws, regulations and rules (including but not limited to the Listing Rules or the rules of other stock exchanges) for entering into the Agreement, performance of the transactions under the Agreement, and valid signing of each of the documents required for completing the transactions under the Agreement;

- (ii) during the period from the signing date of the Agreement to the transaction date (inclusive of the signing date of the Agreement and the transaction date), there being nothing occurring to the Company and its subsidiaries (the “**Group**”), which has caused or may reasonably be expected to cause any material adverse change of or variation in the Group as a whole, and as a result affecting the decision of Purchaser (in the Purchaser’s reasonable judgment) to proceed with the transaction;
- (iii) in respect of the transactions under the Agreement and the impact of completing the transactions under the Agreement, the Purchaser having obtained from all relevant authorities in or outside of China all necessary approvals, permits or authorizations required in accordance with the relevant domestic provisions of China;
- (iv) the Purchaser and/or the Vendors not being required to make a mandatory general offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers as a result of carrying out or completing the transactions under the Agreement; and
- (v) the Company having maintained its listing status and the trading of its shares on the Stock Exchange being continuing.

Under the Agreement, the Purchaser may waive or exempt the above principal condition precedent (ii) in whole or in part. If all conditions precedent cannot be fulfilled in full or waived or exempted before 30 June 2013 (or such other date as agreed between the Purchaser and the Vendors in writing), the Agreement shall be terminated immediately. After the termination of the Agreement, the parties to the Agreement shall not be under any obligation to continue the performance of the responsibilities and obligations under the Agreement.

In addition, under the Agreement, the Vendors and its related parties shall not within six months after the transaction increase their holdings or enter into any agreement with a view to increasing their holdings of any shares, bonds, share options, stock options or other similar securities of the Company, exception made for share options having been granted before the Agreement was entered into.

On the date of this announcement and before the completion of the Disposal, Prime United Industries and China Pharmaceutical respectively hold the interest in 769,986,000 shares and 685,800,000 shares of the Company (representing approximately 26.28% and 23.41% of the issued share capital of the Company). Assuming no additional new shares are issued by the Company, upon completion of the Disposal, Prime United Industries and China Pharmaceutical will respectively hold the interest in 589,986,000 shares and 505,800,000 shares of the Company (representing approximately 20.14% and 17.26% of the issued share capital of the Company) and the Purchaser will hold 360,000,000 shares of the Company (representing approximately 12.29% of the issued share capital of the Company) and will become another substantial shareholder of the Company.

As the conditions precedent may or may not be fulfilled, shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.”

The Purchaser is a company listed on the Shenzhen Stock Exchange (stock code: 002422). Subsequent to the Announcement, it has come to the Company's notice that the Purchaser issued an announcement dated 29 December 2012 ("**A-share Announcement**") regarding the Agreements. The A-share Announcement stated that the Purchaser intended to use an aggregate amount not exceeding HK\$2.463 billion (the HK\$ equivalent of RMB2.000 billion, using a specific conversion rate of HK\$1.00 to RMB0.812) to acquire no more than (not including) 30% of the shares of the Company by way of the Agreements, purchases from open market and other legal means with a view to becoming the single largest shareholder of the Company; the management of the Purchaser is mandated to acquire the Company's shares from open market or other legal means at a price not exceeding HK\$2.9167 per share initially within six months after completion of the Agreements, using an aggregate amount not exceeding HK\$1.413 billion (the HK\$ equivalent of RMB1.147 billion, using the aforesaid conversion rate) and the mandate has a validity period of 12 months from the completion of the Agreements.

The Vendors have informed the Company that, apart from the Agreements, they have not made other arrangements with the Purchaser in connection with the shareholding retained by them or otherwise affecting the Company. The Vendors are not aware what other legal means the Purchaser may use to acquire additional shares of the Company as described in the A-share Announcement.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.

On behalf of the Board
Chow Hing Yeung
Company Secretary

Hong Kong, 3 January 2013

As at the date of this announcement, the Board comprises Mr. Wu Qin, Mr. Qu Jiguang, Mr. Xie Yunfeng, Mr. Wang Xianjun and Mr. Duan Wei as executive Directors, and Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai as independent non-executive Directors.

The directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement and the Announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement and the Announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement and the Announcement, the omission of which would make any statement in this announcement and the Announcement misleading.