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## **利君國際醫藥(控股)有限公司**

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

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

**(Stock Code: 2005)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF LAND-USE RIGHTS IN THE PRC**

The Board is pleased to announce that Xi'an Lijun, a direct wholly-owned subsidiary of the Company, entered into the Land Transfer Contract on 9 December 2008 to acquire the Land-use Rights of the Land at an aggregate consideration of approximately RMB126,721,320 (equivalent to approximately HK\$143,195,092).

The Acquisition constituted a discloseable transaction of the Company as the relevant percentage ratios pursuant to Chapter 14 of the Listing Rules are more than 5% but less than 25%. A circular containing, among others, further information in respect of the Acquisition will be despatched to the shareholders of the Company as soon as practicable in accordance with the requirements under the Listing Rules.

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## **LAND TRANSFER CONTRACT**

**Date:** 9 December 2008

**Vendor:** 利君集團有限責任公司 (Rejoy Group Limited Liability Company)

Save as Mr. Wu Qin, Mr. Xie Yunfeng and Mr. Bao Leyuan, all being executive Directors of the Company, are also directors of the Vendor, the Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiry, the Vendor and its beneficial owners are Independent Third Parties.

**Purchaser:** Xi'an Lijun, a direct wholly-owned subsidiary of the Company

### **Subject Matter**

The Land-use Rights of the Land which comprises four parcels of land with an aggregate area of approximately 180,256.73 square meters located at Han Cheng Nan Lu, Lian Hu Qu, Xi'an, PRC and Hong Guang Lu, Wang Si Zhen, Chang'an Qu, Xi'an, PRC for warehouse and industrial use.

### **Consideration and Payment Terms**

The aggregate consideration for the Acquisition is approximately RMB126,721,320 (equivalent to approximately HK\$143,195,092) and is payable by the Purchaser in the following manners:

- (a) RMB50,000,000, representing 39.46% of the Consideration, shall be payable within 5 working days from the date the Land Transfer Contract takes effect; and
- (b) RMB76,721,320, representing the remainder of the Consideration, shall bear interest calculated at the bank lending rate during the corresponding period, and shall be payable together with interest before 30 June 2009 after the completion of transfer of Land-use Rights or change in ownership registration of the aforesaid land, and the title certificate is registered under the name of Xi'an Lijun.

The Acquisition will be financed by internal resources of the Group and /or banking facilities.

The Consideration was arrived at after arms' length negotiation between the parties with reference to the valuation of the Land as at 31 December 2007 in the amount of RMB129,510,812 and after deducting the amortisation of land use right from January to November 2008 in the amount of RMB2,789,492. The Consideration also reflects the directions given by National Asset Supervisory Management Committee of Xi'an People's Government in the "Approval in relation to the adjustment to the consideration of land transfer" (*XiGuoZhiFa [2008]390*) issued on 5 December 2008.

## **Completion**

The Land Transfer Contract will take effect after signing by the parties and upon issuance of the property right transfer certificate by the Xian Equity Exchange (西安產權交易中心).

Completion of the Acquisition shall take place within 15 days from the date the Land Transfer Contract takes effect. The Vendor shall deliver the relevant certificates in respect of the Land-use Rights to the Purchaser at completion.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

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

Part of the Land with an aggregate area of 113,768 square meters has been leased by the Vendor to Xi'an Lijun under a tenancy agreement dated 1 January 2008 for a term of 3 years from 1 January 2008 to 31 December 2010 at a monthly rental of RMB455,072 for the usage of production, warehouse and office. Pursuant to the Land Transfer Contract, both the Vendor and Xi'an Lijun agreed that the tenancy agreement will be terminated on 30 November 2008.

The Directors consider the Acquisition provides a good opportunity for the Group to acquire the Land-use Rights at a reasonable price and to continue its use of the Land to expand the Group's production scale, thus enabling the Group to broaden the earning base of its business and avoid any increase in rental expenses from leasing of the Land in the long run.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition under the Land Transfer Contract are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## INFORMATION ON THE VENDOR

The Vendor is a company established in the PRC with limited liability and is 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 (陝西省人民政府).

The Vendor is an investment holding company which has three principal subsidiaries as at the date of this announcement, including Shaanxi Xi'an Pharmaceutical Factory (陝西西安製藥廠), Xi'an Rejoy Medicine Co., Ltd. (西安利君醫藥有限責任公司) and Shaanxi Lijun Modern Chinese Medicine Co., Ltd. (陝西利君現代中藥有限公司), all of which are principally engaged in pharmaceutical business.

## GENERAL

The Acquisition constituted a discloseable transaction of the Company as the relevant percentage ratios pursuant to Chapter 14 of the Listing Rules are more than 5% but less than 25%. A circular containing, among others, further information in respect of the Acquisition will be despatched to the shareholders of the Company as soon as practicable in accordance with the requirements under the Listing Rules.

“Acquisition”	acquisition of the Land-use Rights by the Purchaser;
“associate”	has the meaning ascribed under the Listing Rules;
“Board”	the board of Directors;
“Company”	Lijun International Pharmaceutical (Holding) Co., Ltd.;
“Consideration”	total consideration of approximately RMB126,721,320 payable by the Purchaser for the Acquisition in accordance with the terms of the Land Transfer Contract;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;

“Independent Third Parties”	independent third parties not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates;
“Land”	four parcels of land with an aggregate area of approximately 180,256.73 square meters located at Han Cheng Nan Lu, Lian Hu Qu, Xi’an, PRC and Hong Guang Lu, Wang Si Zhen, Chang’an Qu, Xi’an, PRC;
“Land-use Rights”	the land use rights in respect of the Land with terms of use commencing from 2001 and expiring in 2045 for 1 parcel of Land and expiring in 2049 for the remainder;
“Land Transfer Contract”	the Land Transfer Contract dated 9 December 2008 entered into between the Vendor and the Purchaser in relation to the Acquisition;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“Purchaser/Xi’an Lijun”	西安利君製藥有限責任公司(Xi’an Lijun Pharmaceutical Co., Ltd.), a limited liability company established in the PRC and a direct wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC; and
“Vendor ”	利君集團有限責任公司 (Rejoy Group Limited Liability Company), a limited liability company established in the PRC.

*Unless otherwise specified, the RMB amount shown in this announcement have been translated into HK\$ at an exchange rate of HK\$113=RMB100 for indication purposes only.*

By order of the Board  
**Sze Wing Kin, Pierre**  
*Company Secretary*

Hong Kong, 9 December, 2008.

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wu Qin, Mr. Qu Jiguang, Mr. Huang Chao, Mr. Xie Yunfeng, Ms. Sun Xinglai, Mr. Wang Xianjun, Mr. Duan Wei, Mr. Wang Zhizhong, Ms. Zhang Guifu and Mr. Bao Leyuan as executive Directors, Mr. Liu Zhiyong as non-executive Director, and Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai as independent non-executive Directors.*