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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)**

### **FORMATION OF JOINT VENTURE COMPANY**

The Board is pleased to announce that on 3 February 2015, No. 4 Pharma, an indirect wholly-owned subsidiary of the Company and the original shareholders of Hebei Hanlin entered into a Shareholders Agreement in relation to the reorganisation of Hebei Hanlin into a JV Company. After the reorganisation of the JV Company, No. 4 Pharma and the original shareholders of Hebei Hanlin own 50% and 50% of the shareholding interest in the JV Company respectively. The JV Company principally engages in the research and development of biotechnology and related products.

The transaction contemplated under the Shareholders Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios under Rule 14.07 of the Listing Rules were less than 5%. This announcement is made by the Company on a voluntary basis. The major terms of the Shareholders Agreement are set out below.

### **THE SHAREHOLDERS AGREEMENT**

**Date:**

3 February 2015

**Parties:**

(1) No. 4 Pharma, a company incorporated in the People's Republic of China with limited liability and an indirect and wholly-owned subsidiary of the Company; and

(2) Dr. Zhou Ximing and Mr. Wang Rui, the original shareholders of Hebei Hanlin.

To the best of the knowledge of the Directors, having made all reasonable enquiry, the original shareholder of Hebei Hanlin are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **Formation of the JV Company**

No. 4 Pharma and original shareholders of Hebei Hanlin agreed to reorganize Hebei Hanlin to make it a JV Company. After the reorganisation of the JV Company, No. 4 Pharma and Dr. Zhou Ximing and Mr. Wang Rui, the original shareholders of Hebei Hanlin own 50%, 35% and 15% of the shareholding interest in the JV Company respectively. The JV Company principally engages in the research and development of biotechnology and related products.

## **Capital contribution**

No. 4 Pharma will contribute RMB 20 million of which RMB 15 million to be paid to an original shareholder for 50% shareholding of Hebei Hanlin. The remaining RMB 5 million will be injected into Hebei Hanlin as capital for research works. The capital contribution was determined after arm's length negotiation of the JV parties with reference to the initial capital requirement of the JV Company

## **Board composition**

The board of directors of the JV Company shall consist of four (4) directors, two (2) of whom shall be nominated by No. 4 Pharma which can also nominate the Chairman. The other two directors are Dr. Zhou Ximing and Mr. Wang Rui. Dr. Zhou Ximing will also be appointed as the general manager of the JV Company.

## **INFORMATION ABOUT THE JV PARTIES**

No. 4 Pharma, an indirect wholly owned subsidiary of the Company, principally engages in manufacturing and trading of pharmaceutical products in PRC.

Dr. Zhou Ximing, was a Research Associate in the Department of Physiology of Yale University's School of Medicine, and one of the creative talents of Hebei's "Hundred Talents Program" who has a lot of achievements and owns a number of patents in the area of biological research.

## **REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY**

Hebei Hanlin is principally engaged in biotechnology and the research and development of relevant products. It has the technologies for the preparation of primary and secondary antibody, and erum Free Medium for Stem Cell, T-SPOT TB test and computer analytical system, expression of antigen protein and peptide synthetic technique etc. 583 types of antibodies and 3 types of Serum Free Medium for Stem Cell products have been prepared.

T-SPOT.TB test system is the most sensitive test for Mycobacterium tuberculosis infection. It is believed that T-SPOT test kits will bring up a fundamental change on the Mycobacterium tuberculosis test in China. The development of the technologies for the test system and test kits are almost completed and a GMP compliant manufacturing plant will be set up for mass production, and an application will be submitted to the relevant authority for approval.

The national patent application of the Alzheimer's disease test kits of Monoclonal antibodies preparation technology owned by Hebei Hanlin and the application for the Hebei SME Technology Innovation Funding have already been submitted. The products and technology if successfully be launched in the market can be used for the blood tests to identify suspected patients with early brain degeneration, which can help in early clinical diagnosis and treatments that save the healing costs and enhance the living quality of the patients.

The Company believes Hebei Hanlin will become the new business growth area of the Company. The Company will provide financial support as well as business operation support to Hebei Hanlin to expedite the commercialization of its products and to achieve economic benefits as soon as possible. The Company is confident in the development of Hebei Hanlin.

The Directors are of the view that the formation of the JV Company is in the usual and ordinary course of business of the Group, and that the terms of the Shareholders Agreement are on normal commercial terms, fair and reasonable and the transaction contemplated under the Shareholders Agreement is in the interests of the Company and the shareholders as a whole.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Lijun International Pharmaceutical (Holding) Co., Ltd. (stock code: 2005), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hebei Hanlin”	Hebei Hanlin Biotechnology Co., Ltd., a company incorporated in PRC with limited liability with registered capital of RMB 10 million. Before the reorganization, Dr. Zhou Ximing and Mr. Wang Rui owned 85% and 15% of the shareholding interest respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan.
“No. 4 Pharma”	Shijiazhuang No.4 Pharmaceutical Co., Ltd., a company incorporated in the People's Republic of China with limited liability and an indirect wholly-owned subsidiary of the Company;

“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**Chan Ka Kit**  
*Company Secretary*

Hong Kong, 3 February 2015

*As at the date of this announcement, the Board comprises Mr. Qu Jiguang, Mr. Wang Xianjun and Mr. Su Xuejun as executive Directors, and Mr. Wang Yibing, Mr. Leung Chong Shun and Mr. Chow Kwok Wai as independent non-executive Directors.*