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石四藥集團有限公司

SSY Group Limited

(formerly known as Lijun International Pharmaceutical (Holding) Co., Ltd. 利君國際醫藥(控股)有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2005)

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN

JIANGSU BOSHENG YI YONG XIN CAI LIAO CO., LTD.

On 1 September 2015, the Company and Shijiazhuang No. 4 Pharma (a wholly-owned subsidiary of the Company) as the purchaser and the Vendors entered into the Agreement, pursuant to which the Company and Shijiazhuang No. 4 Pharma has conditionally agreed to purchase and the Vendors have conditionally agreed to sell all the Sale Shares at the Initial Consideration of RMB199,500,000 (subject to downward adjustment, if any).

As the applicable percentage ratio in respect of the Acquisition is more than 5% but less than 25%, the Acquisition contemplated under the Agreement constitutes a discloseable transaction of the Company and is only subject to the reporting and announcement requirements under the Listing Rules.

THE AGREEMENT

Date

1 September 2015 (after trading hours)

Parties

Vendors:

1. 張呂義 Zhang Luyi (holding 26,145,745 Sale Shares)
2. 趙京東 Zhao Jingdong (holding 21,884,255 Sale Shares)
3. 張恩波 Zhang Enbo (holding 1,000,000 Sale Shares)
4. 徐智勇 Xu Zhiyong (holding 750,000 Sale Shares); and
5. 湯恒榮 Tang Hengrong (holding 200,000 Sale Shares)

- Purchasers:**
1. the Company; and
 2. Shijiazhuang No. 4 Pharma, a company incorporated in the PRC which is wholly owned by the Company and is principally engaged in manufacturing and sale of pharmaceutical products in Hebei Province, Mainland China

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendors is a third party individual independent of the Company and the connected persons (as defined under the Listing Rules) of the Company.

Assets to be acquired

Subject to and in accordance with the terms and conditions of the Agreement, the Purchasers have conditionally agreed to purchase and the Vendors have conditionally agreed to sell all the Sale Shares, representing the entire issued share capital of the Target Company as at the date of this announcement as follows:

Vendors	No. of Sale Shares held	No. of Sale Shares to be sold to Shijiazhuang No. 4 Pharma	No. of Sale Shares to be sold to the Company	Initial Consideration to be received by the Vendors
Zhang Luyi	26,145,745 (52.31%)	1,655,545 (3.31%)	24,490,200 (49.00%)	RMB104,363,268
Zhao Jingdong	21,884,255 (43.79%)	21,884,255 (43.79%)	-	RMB87,353,119
Zhang Enbo	1,000,000 (2.00%)	1,000,000 (2.00%)	-	RMB3,991,597
Xu Zhiyong	750,000 (1.50%)	750,000 (1.50%)	-	RMB2,993,697
Tang Hengrong	200,000 (0.40%)	200,000 (0.40%)	-	RMB798,319
Total	<u>49,980,000</u> <u>(100.00%)</u>	<u>25,489,800</u> <u>(51.00%)</u>	<u>24,490,200</u> <u>(49.00%)</u>	<u>RMB199,500,000</u>

Consideration

The Consideration shall be the Initial Consideration of RMB199,500,000 or, if downward adjustment is required to be made to the Initial Consideration pursuant to the Agreement, the Final Consideration.

The Initial Consideration shall be satisfied in full in cash by Purchasers to the Vendors in the following manner:

- i. the Company shall pay the consideration of RMB107,755,000 (the "**First Payment**") to an escrow account jointly operated by Shijiazhuang No. 4 Pharma and Mr. Zhang Luyi (the current controlling shareholder of the Target Company) within 10 business days from the Completion Date (the "**Payment Date**"). If the account receivables of the Target Company of RMB52,739,740.10 are collected by the Target Company within one month from the Payment Date, the First Payment will then be fully released to Mr. Zhang Luyi from the joint escrow account; if not, only the difference between the First Payment and the outstanding accounts receivables will be released to Mr. Zhang Luyi from the joint escrow account; and

- ii. the second part of consideration shall be payable by Shijiazhuang No. 4 Pharma to the Vendors within one month from the date of the issue of the 2015 audited account of the Target Company (the "**Second Payment**") and shall be calculated according to the following formula, and in any event shall not exceed RMB71,745,000:

$$\text{Second Payment} = (\text{ANP of 2015} \times 9.5) - \text{RMB}107,755,000$$

ANP = the actual audited profit after tax before extraordinary items of the Target Company

- iii. the remaining consideration of RMB20,000,000 shall be payable by Shijiazhuang No. 4 Pharma to the Vendors within one month from the date of the issue of the 2016 audited account of the Target Company. If the ANP for the year ending 31 December 2016 falls below RMB27,000,000, the Vendors shall make up the shortfall directly to the Target Company, failing which Shijiazhuang No. 4 Pharma has the right pay part or all of the remaining consideration payable to the Vendors directly to the Target Company to make up the shortfall.

The Consideration is determined on an arm's length commercial basis between the Purchasers and the Vendors by reference to the business development and prospects of the Target Company in the medium to long term, the audited report for the period ended 30 June 2015 of the Target Company, the overall existing operating results and the financial performance of the Target Company and the valuation of the Target Company of RMB196,415,900 as at 30 June 2015 prepared by Vocation (Beijing) International Assets Appraisal Co., Ltd.

The Group will settle the Consideration through its internal resources and external financing including bank borrowings.

Conditions precedent

Completion of the Agreement is conditional upon the obtaining of the approval from the MOFCOM of the province where the Target Company is located. In the event that the conditions precedent is not fulfilled within 3 months from date of the Agreement (before 1 December 2015), the Agreement shall cease and terminate.

Completion

After the satisfactory fulfilment of the conditions precedent (the "**Completion Date**"), the First Payment of the Consideration will be paid to the Vendor within 10 business days

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company. The results and assets and liabilities of the Target Company will be consolidated with, and accounted for as subsidiaries in the Group's financial statements.

INFORMATION ON THE TARGET COMPANY

The Target Company is principally engaged in the manufacturing and sales of medicinal butyl rubber stoppers, synthetic polyisoprene liners and non-PVC multi-layer co-extrusion film for infusion solution with a registered capital of RMB49,980,000. As at the date of this announcement, the Target Company is entirely owned by the Vendors.

The following information is extracted respectively from the audited interim results of the Target Company for the six-month period ended 30 June 2015 and the audited financial statements of the Target Company for the two financial years ended 31 December 2014:

	For the six months ended 30 June 2015	For the year ended 31 December	
	RMB million (audited)	2014 RMB million (audited)	2013 RMB million (audited)
Revenue	92.47	171.27	181.38
Profit before taxation	7.12	23.64	17.85
Net profit after taxation	6.03	20.30	15.61

The audited total asset value and net asset value of the Target Company was approximately RMB330.60 million and RMB106.80 million, respectively as at 30 June 2015.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal business activity of the Group is research, development, manufacture and sale of a wide range of pharmaceutical products mainly intravenous infusion solution.

Currently, part of raw materials for infusion solution products (mainly multi-layer co-extrusion film for non PVC soft bag infusion solution as well as rubber stopper and liners for infusion solution in various type of packaging) are purchased from the Target Company. Therefore, the Board expects the Completion will create synergy between the Group and the Target Company such that the stability in supply and quality of raw materials can be guaranteed and the material cost of the Group can be lowered.

The Directors consider that the Agreement is entered into after arm's length negotiation between the Company and the Vendor and the terms (including the Consideration) therein are on normal commercial terms and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratio in respect of the Acquisition is more than 5% but less than 25%, the Acquisition contemplated under the Agreement constitutes a discloseable transaction of the Company and is only subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Company of the Sale Shares pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement entered into between the Purchasers and the Vendors on 1 September 2015 in relation to the Acquisition
“Board”	the board of Directors
"Company"	SSY Group Limited 石四藥集團有限公司 (formerly known as Lijun International Pharmaceutical (Holding) Co., Ltd. 利君國際醫藥(控股)有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	the completion of the Acquisition contemplated under the Agreement
“Consideration”	the consideration for the Acquisition
“Director(s)”	the directors of the Company
“Final Consideration”	the Initial Consideration after taking into account the downward adjustment (if any) to be made pursuant to the Agreement, details of which are set out in the section headed “Consideration” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Consideration”	the aggregate consideration of RMB199,500,000 for the Sale Shares pursuant to the Agreement, which is subject to adjustment set out in the section headed “Consideration” in this announcement
“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, the Macau Special Administrative Region of the PRC and Taiwan

“Purchasers”	collectively, the Company and Shijiazhuang No. 4 Pharma, the purchasers under the Agreement
“Sale Shares”	49,988,000 shares of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement and at Completion
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shijiazhuang No. 4 Pharma”	Shijiazhuang No. 4 Pharmaceutical Co., Ltd, the purchasers under the Agreement, a company in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	江蘇博生醫用新材料股份有限公司 Jiangsu Bosheng Yi Yong Xin Cai Liao Co., Ltd., a company established in the PRC with limited liability
“Vendors”	the existing five individual shareholders of the Target Company, , the vendors under the Agreement
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent.

By Order of the Board

Chow Hing Yeung

Company Secretary

Hong Kong

1 September 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.