

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



BEIJING YU SHENG TANG PHARMACEUTICAL GROUP LIMITED

北京御生堂藥業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

RADLAND INTERNATIONAL LIMITED

On 28 September 2010 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a fully underwritten basis, 517,000,000 Placing Shares at a price of HK\$0.285 per Placing Share. The Placing Shares represent approximately 20% of the existing issued share capital of the Company of 2,585,479,760 Shares as at the date of this announcement and approximately 16.67% of its issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$5,170,000.

The Placing Price of HK\$0.285 per Placing Share represents (i) a discount of approximately 17.39% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on 28 September 2010, being the date of the Placing Agreement; and (ii) a discount of approximately 18.10% to the average closing price of HK\$0.348 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 28 September 2010.

The gross proceeds from the Placing will be approximately HK\$147.3 million. The Company plans to use the net proceeds of approximately HK\$142.9 million from the Placing for the general working capital of the Group.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

28 September 2010 (after trading hours)

Issuer

The Company

Placing Agent and the Placees

Radland International Limited is the Placing Agent, has conditionally agreed to place 517,000,000 Placing Shares on a fully underwritten basis and in consideration thereof, it will receive a placing commission of 2.5% on the gross proceeds of the Placing upon completion of the Placing. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its Connected Persons.

The Placing Agent will place the Placing Shares to not less than six Placees, being individuals, institutional or other professional investors, and who and whose ultimate beneficial owners will not be Connected Persons of the Company and will be independent of and not connected with the Company and its Connected Persons. It is expected that none of the Placees will become substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Placing.

Number of Placing Shares

517,000,000 Placing Shares represent approximately 20% of the existing issued share capital of the Company of 2,585,479,760 Shares as at the date of this announcement and approximately 16.67% of its issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$5,170,000.

Placing Price

The Placing Price of HK\$0.285 per Placing Share represents (i) a discount of approximately 17.39% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on 28 September 2010, being the date of the Placing Agreement; and (ii) a discount of approximately 18.10% to the average closing price of HK\$0.348 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 28 September 2010.

The net placing price under the Placing is approximately HK\$0.276 per Placing Share.

The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 8 September 2010 pursuant to which the Directors are allowed to allot and issue up to 517,095,952 Shares.

As at the date of this announcement, no Shares have been issued and allotted pursuant to such general mandate.

Condition Precedent of the Placing

The Placing Precedent, which is not subject to the approval of the Shareholders, is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

The condition must be fulfilled on or before 15 October 2010 (or such other date as agreed by the Company and the Placing Agent), failing which the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

Termination and force majeure events

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 10:00 a.m. on the date of completion for the Placing Agreement, in the reasonable opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by any force majeure events (as defined below):

- (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
- (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (d) a change or development involving a prospective change in taxation in Hong Kong, Bermuda or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (e) any change or deterioration in the conditions of local, national or international securities markets occurs.

Completion of the Placing

Completion of the Placing shall take place not later than the second Business Day after the Placing Agreement has become unconditional (or such later date as may be agreed between the Company and the Placing Agent).

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the business of supply and procurement of metal minerals and recyclable metal materials, pharmaceutical, provision of finance and securities investment.

The gross proceeds from the Placing will be approximately HK\$147.3 million. The Company plans to use the net proceeds of approximately HK\$142.9 million from the Placing for the general working capital of the Group.

The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for future development of the Group. Accordingly, they consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISES DURING THE PAST 12 MONTHS

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
11 March 2010	Placing of existing shares and subscription of 425,912,000 new shares at HK\$1.14 per share	HK\$476 million	approximately HK\$300 million for general working capital and the development of the Group's Chinese medicine business, and as to the remaining approximately HK\$176 million as the Group's general working capital as well as future opportunistic investments (if suitable opportunities do so arise in the future)	Used as intended
8 January 2010	Placing of convertible notes in an aggregate principal amount of HK\$244,900,000, which was completed on 28 January 2010	HK\$241 million	General working capital and potential investments opportunities	Used as intended (approximately HK\$200 million has been designated to fund the acquisitions of the Yu Sheng Tang Group and Beijing Unioncom, and their respective intended financial obligations and general working capital, and the remaining HK\$41 million has been used as general working capital of the Group)

Save as disclosed above, the Company has not conducted any other fund raising exercises in the past twelve months before the date of this announcement.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing is as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Substantial Shareholders:				
Global Wealthy Limited	437,433,866	16.92	437,433,866	14.10
Directors:				
Suen Cho Hung, Paul	10,000,000	0.39	10,000,000	0.32
Other Shareholders:				
– Placees	–	–	517,000,000	16.67
– Others	2,138,045,894	82.69	2,138,045,894	68.91
Total	2,585,479,760	100.00	3,102,479,760	100.00

Note: Global Wealthy Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly owned subsidiary of Excelsior Kingdom Limited, which in turn is wholly owned by Mr. Suen Cho Hung, Paul, an Executive Director and the Chairman of the Company.

GENERAL

Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the Placing Agreement prior to the date of completion of the Placing Agreement. Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Placing Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Beijing Unioncom”	Beijing Unioncom Pharmaceutical Company Limited (now known as Jinhua Qinggan (Beijing) Pharmaceutical Company Limited* (金花清感(北京)藥業有限公司)
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Company”	Beijing Yu Sheng Tang Pharmaceutical Group Limited (Stock Code: 1141), a company incorporated in Bermuda with limited liability and the shares of which are listed on main board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of 517,000,000 new Shares by the Placing Agent on a fully underwritten basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Radland International Limited, a licensed corporation within the meaning of the SFO

“Placing Agreement”	a conditional placing agreement dated 28 September 2010 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.285 per Placing Share
“Placing Shares”	517,000,000 Shares to be placed under the Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Yu Sheng Tang Group”	Beijing Yu Sheng Tang Holdings Limited and its subsidiaries
“%”	per cent

By Order of the Board
Suen Cho Hung, Paul
Chairman

Hong Kong, 28 September 2010

As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Bai Jianjiang and Mr. Chau Chung Tak as Executive Directors and Mr. Wong Kwok Tai, Mr. Weng Yixiang, Mr. Lu Xinsheng and Mr. Xiong Wei as Independent Non-executive Directors.

* *For identification purpose only*