

PHARMESIS INTERNATIONAL LTD.
(the “**Company**”)
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200309641E)

PROPOSED SUBSCRIPTION OF 3,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

The board of directors (the “**Directors**”) of Pharmesis International Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has, on 16th September 2015, entered into a subscription agreement (the “**Subscription Agreement**”) with 深圳思创美式药物研发有限公司 (Shenzhen Sichuang Meishi Pharmaceuticals Research And Development Co., Ltd), (the “**Subscriber**”), pursuant to which the Subscriber shall subscribe for 3,000,000 new ordinary shares in the capital of the Company (the “**Subscription Shares**”) for an aggregate cash consideration of S\$1.5 million (the “**Subscription**”).

2. PROPOSED SUBSCRIPTION

2.1 Subscription Shares

Subject to the terms and conditions of the Subscription Agreement, the Subscriber shall subscribe for, and the Company shall allot and issue, 3,000,000 Subscription Shares for an aggregate cash consideration of S\$1.5 million, representing an issue price of S\$0.50 per Subscription Share. The issue price represents a premium of approximately 67% to the volume weighted average price of S\$0.30 per share of the Company (“**Share**”) for trades done on the Shares on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the full market day on 16th September 2015, being the full market day on which the Subscription Agreement was signed.

The Subscription Shares when issued shall be credited as fully paid-up and shall rank *pari passu* in all respects with all existing Shares, except that they will not rank for any dividend, right, allotment or other distribution, the record date for which falls on or before completion of the Subscription (“**Completion**”).

2.2 Authority for allotment and issue of the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the general mandate granted by shareholders of the Company at the annual general meeting of the Company on 30 April 2015 (“**General Mandate**”).

As at the date of this announcement, no new Shares had previously been issued pursuant to the General Mandate. The Subscription Shares represent 15.00% of the Company’s total number of issued Shares of 20,000,000 Shares (with no treasury shares) as at the date of this announcement. Accordingly, the proposed allotment and issue of the Subscription Shares is within the limit of the General Mandate.

2.3 Conditions Precedent

Completion is conditional upon the following conditions having been fulfilled or waived in accordance with the terms of the Subscription Agreement:

- (a) approval in-principle being granted by the SGX-ST pursuant to the additional listing application for the listing of and quotation for the Subscription Shares on the Main Board of the SGX-ST ("**Additional Listing Application**"), and such approval not having been revoked or amended (and if the approval is subject to conditions, such conditions being acceptable to the Company and the Subscriber) and the SGX-ST not having made any ruling the effect of which is to restrict or impede the listing and quotation of the Subscription Shares;
- (b) the allotment and issue of the Subscription Shares not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Company; and
- (c) the representations, warranties and undertakings of the parties to the Subscription Agreement being true, accurate and correct in all material respects as if made on Completion, with reference to the then existing circumstances and the parties having performed in all material respects all of its respective material obligations under the Subscription Agreement to be performed on or before Completion.

If any of the aforesaid conditions are not fulfilled on or before 30 November 2015, the Subscription Agreement shall cease and determine and the Company and the Subscriber shall automatically be released from all their respective obligations thereunder, save for any liability arising from an antecedent breaches of the Subscription Agreement.

Completion is scheduled to take place on the date falling five (5) business days after satisfaction of the condition set out in paragraph 2.3(a) above or such later date as the Company and the Subscriber may agree in writing.

2.4 Application for the Listing of and Quotation for the Subscription Shares

The Company will be submitting the Additional Listing Application in due course and will make further announcements on this matter as and when appropriate.

3. **INFORMATION ON THE SUBSCRIBER**

The Subscriber is a company incorporated in the People's Republic of China and is engaged in the business of research and development (R&D) of pharmaceutical drugs. The Subscriber was independently introduced to the Company through mutual business contacts of the Directors.

As at the date of this announcement, the Subscriber does not hold any Shares. The Subscriber had also represented and warranted to and undertaken with the Company under the Subscription Agreement that it is not a corporation or entity in whose shares the Directors and/or substantial shareholders of the Company have an interest.

4. RATIONALE AND USE OF PROCEEDS

4.1 Rationale for the Subscription

The Directors envisage that the addition of the Subscriber as a strategic investor in the Company will provide the Group with considerable advantages by, amongst others, allowing the Group to benefit from the Subscriber's expertise in R&D, as well as the creation of new relationships and opportunities and achieving potential synergies for the businesses of the Group.

4.2 Use of Proceeds

Assuming the full allotment and issue of the Subscription Shares, the net proceeds from the Subscription to be received by the Company, after deducting estimated expenses incurred in connection with the Subscription are expected to be approximately S\$1.43 million (the "**Net Proceeds**").

The Company intends to use approximately 80% – 100% of the Net Proceeds for the acquisition of an office space in Singapore to house its headquarter and the balance (if any) for general working capital purposes.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed and will provide a status report on the use of the Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of the Net Proceeds set out in this announcement, the Company will announce the reasons for such deviation.

5. FINANCIAL EFFECTS

Pursuant to the allotment and issue of the Subscription Shares, the Company's total number of issued Shares will increase from 20,000,000 Shares as at the date of this announcement, to 23,000,000 Shares immediately after Completion. The Subscription Shares represent 15.00% of the existing issued share capital of the Company and approximately 13.04% of the enlarged issued share capital of the Company immediately after Completion.

Based on the unaudited consolidated financial statements of the Group for the six (6) months ended 30 June 2015 (as announced by the Company on 14 August 2015), the Group's net asset value per Share and earnings per Share were approximately RMB 4.39 yuan and RMB 2.23 cents respectively. For the purpose of computing the earnings per Share of the Group after the Subscription, it is assumed that the Subscription was completed on 1 January 2015. For the purpose of computing the net asset value per Share of the Group after the Subscription, it is assumed that the Subscription was completed on 30 June 2015.

Based on the assumptions above and assuming that all the Subscription Shares are issued on the same date, the Group's pro forma net asset value per Share and pro forma earnings per Share, after adjusting for the issue of the Subscription Shares, would be approximately RMB 4.10 yuan and RMB 1.94 cents respectively (based on an exchange rate of S\$1:RMB 4.6068 as at 30 June 2015).

The financial effects of the Subscription on the Group set out above are purely for illustrative purposes only and do not reflect the future financial position or performance of the Company or the Group after completion of the Subscription.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders has any interest, direct or indirect, in the Subscription (other than through their respective shareholdings in the Company) and/or the Subscriber.

7. CAUTION IN TRADING

Shareholders and potential investors should note that the Subscription is subject to the fulfilment in accordance with the Subscription Agreement of, *inter alia*, the conditions set out above, and accordingly should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

BY ORDER OF THE BOARD

Jiang Yun
Executive Chairman

16 September 2015