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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)

ANNOUNCEMENT CANCELLATION OF RMB16,000,000 HK\$ SETTLED ZERO COUPON CONVERTIBLE BONDS DUE 2010

On 14 December 2009, the Company entered into the Cancellation Agreements with the Bondholders pursuant to which the Bondholders agreed to surrender and the Company agreed to accept the RMB16 million in principal amount of the Bonds for cancellation at the Consideration of HK\$19,068,000.

Reference is made to the announcements of Lijun International Pharmaceutical (Holding) Co., Ltd. (the “**Company**”) dated 17 May 2007, 21 May 2007, 15 August 2007, 29 August 2007, 26 September 2008, 8 June 2009 and 28 August 2009 in relation to the HK Dollar Settled Zero Coupon Convertible Bonds due 2010 of an aggregate principal amount of RMB160 million issued by the Company (the “**Bonds**”).

THE CANCELLATION AGREEMENTS

On 14 December 2009, the Company entered into cancellation agreements (the “**Cancellation Agreements**”) with the Bondholders (the “**Bondholders**”) pursuant to which the Bondholders agreed to surrender with full title and the Company agreed to accept RMB16 million in principal amount of the Bonds (the “**Subject Bonds**”) at the consideration of HK\$19,068,000 (the “**Consideration**”). The Consideration shall be payable by the Company to the Bondholders upon signing of the Cancellation Agreements. Pursuant to the terms of the Cancellation Agreements, the Subject Bonds will be surrendered by the Bondholders upon signing of the Cancellation Agreements.

The Consideration was agreed after arm’s length negotiations between the Company and the Bondholders with reference to the prevailing market conditions and the terms of the Bonds. The Consideration will be settled by the Company in cash by means of bank borrowing.

Upon completion of the Cancellation Agreements which took place upon signing on 14 December 2009, the Subject Bonds have been cancelled pursuant to the terms and conditions of the Bonds. Upon cancellation of the Subject Bonds, the Bondholders hold outstanding Bonds in the principal amount of RMB23 million.

REASONS AND BENEFITS FOR THE CANCELLATION

The directors of the Company consider that it is in the interest of the Company and its shareholders to enter into the Cancellation Agreements based on its terms.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Upon completion of the Cancellation Agreements and assuming full conversion of the outstanding Bonds at the adjusted conversion price of HK\$0.81 each at a fixed exchange rate of HK\$1 = RMB0.98339, the shareholding structure of the Company before and after such conversion would be as follows:

Shareholders of the Company	As at the date of this announcement		Immediately after full conversion of the outstanding Bonds	
	<i>No. of Shares</i>	<i>Approximate percentage of issued share capital of the Company</i>	<i>No. of Shares</i>	<i>Approximate percentage of enlarged issued share capital of the Company</i>
Prime United Industries Limited and its associates	641,655,000	30.69%	641,655,000	30.27%
China Pharmaceutical Company Limited and its associates	571,500,000	27.33%	571,500,000	26.96%
Victory Rainbow Investment Limited and its associates	291,500,000	13.94%	291,500,000	13.75%
Holder of the Bonds	–	–	28,874,669	1.36%
Other shareholders	586,374,819	28.04%	586,374,819	27.66%
Total	<u>2,091,029,819</u>	<u>100.00%</u>	<u>2,119,904,488</u>	<u>100.00%</u>

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

Hong Kong, 14 December 2009

As at the date of this announcement, the Board comprises Mr. Wu Qin, Mr. Qu Jiguang, Mr. Huang Chao, Mr. Xie Yunfeng, Ms. Sun Xinglai, Mr. Wang Xianjun, Mr. Duan Wei, Ms. Zhang Guifu, Mr. Bao Leyuan and Ms. Gao Shuping 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.