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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF FORMATION OF JOINT VENTURE

This Announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 21 July 2010, the Company entered into the MOU with Tonghua Dongbao, pursuant to which the JV Company will be established in Jilin Province, the PRC. The JV Company will be engaged principally in the manufacture and sale of large volume intravenous infusion solutions.

The JV Company will be owned beneficially as to 55% by the Company and as to 45% by Tonghua Dongbao. Upon establishment, the JV Company will become a non-wholly owned subsidiary of the Company. Pursuant to the terms of the MOU, the registered capital of the JV Company will be RMB120,000,000 and the total investment will be RMB180,000,000. The Company will contribute in aggregate up to RMB90,000,000 in cash for 55% interests in the JV Company and Tonghua Dongbao will contribute in kind by assets for 45% interests in the JV Company.

This Announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board (“**Board**”) of directors of Lijun International Pharmaceutical (Holding) Co., Ltd. (the “**Company**”) is pleased to announce that on 21 July 2010, the Company entered into a memorandum of understanding (“**MOU**”) with Tonghua Dongbao Pharmaceutical Co., Ltd. (通化東寶藥業股份有限公司) (“**Tonghua Dongbao**”), a company listed on the Shanghai Stock Exchange (under stock code: 600867.SH) in the People’s Republic of China (“**PRC**”), pursuant to which they will establish a joint venture company (“**JV Company**”) in Jilin Province, the PRC. The JV Company will be engaged principally in the manufacture and sale of large volume intravenous infusion solutions.

The JV Company will be owned beneficially as to 55% by the Company and as to 45% by Tonghua Dongbao. Upon establishment, the JV Company will become a non-wholly owned subsidiary of the Company. Pursuant to the terms of the MOU, the registered capital of the JV Company will be RMB120,000,000 and the total investment will be RMB180,000,000. The Company will contribute in aggregate up to RMB90,000,000 in cash for 55% interests in the JV Company and Tonghua Dongbao will contribute in kind by assets for 45% interests in the JV Company. The Company’s investment in the JV Company is expected to be financed by internal resources.

To the best of the Board’s knowledge, information and belief, having made all reasonable enquiries, Tonghua Dongbao and its substantial shareholders are not connected persons of the Company and are third parties independent of and not connected with the Company or its connected persons.

The Company is one of the leading pharmaceutical manufacturers in the PRC, and is principally engaged in the research, development, manufacture and sale of a wide range of pharmaceutical products, including antibiotics, intravenous infusion solution, non-antibiotics finished medicines, bulk pharmaceuticals and OTC and healthcare products. Tonghua Dongbao, listed on the Shanghai Stock Exchange, is engaged principally in the manufacture and sale of pharmaceutical products and construction materials in the PRC.

The Company is constantly expanding its production capacity and exploring high growth and potential projects in order to broaden its income stream and increase shareholders’ value. The establishment of the JV Company represents a further step by the Company to expand its intravenous infusion solution business. The directors of the Company consider that the formation of the JV Company will contribute to the revenue and profit of the Company in the coming years and that the transaction is in the interests of the Company and its shareholders as a whole.

The proposed formation of the JV Company may or may not materialize. Shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 July 2010

As at the date of this announcement, the Board comprises Mr. Wu Qin, Mr. Qu Jiguang, Mr. Xie Yunfeng, Mr. Huang Chao, Ms. Sun Xinglai, Mr. Wang Xian Jun, 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.