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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 RMB20,000,000 HK\$ SETTLED ZERO COUPON CONVERTIBLE BONDS DUE 2010**

On 8 June 2009, the Company entered into the Cancellation Agreement with the Bondholder pursuant to which the Bondholder agreed to surrender and the Company agreed to accept the RMB20 million in principal amount of the Bonds for cancellation at the Consideration of HK\$21,200,000.

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 and 26 September 2008 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 AGREEMENT**

On 8 June 2009, the Company entered into a cancellation agreement (the “**Cancellation Agreement**”) with Potent Holdings Limited (the “**Bondholder**”) pursuant to which the Bondholder agreed to surrender with full title and the Company agreed to accept RMB20 million in principal amount of the Bonds (the “**Subject Bonds**”) at the consideration of HK\$21,200,000 (the “**Consideration**”). The Consideration shall be payable by the Company to the Bondholder upon signing of the Cancellation Agreement. Pursuant to the terms of the Cancellation Agreement, the Subject Bonds will be surrendered by the Bondholder upon signing of the Cancellation Agreement.

The Consideration was agreed after arm’s length negotiation between the Company and the Bondholder 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 Agreement which took place upon signing on 8 June 2009, the Subject Bonds have been cancelled pursuant to the terms and conditions of the Bonds. Upon cancellation of the Subject Bonds, the Bondholder holds outstanding Bonds in the principal amount of RMB10 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 Agreement based on its terms.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Upon completion of the Cancellation Agreement and assuming full conversion of the outstanding Bonds at the adjusted conversion price of HK\$0.83 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	634,345,000	31.29%	634,345,000	29.68%
China Pharmaceutical Company Limited and its associates	571,500,000	28.19%	571,500,000	26.74%
Victory Rainbow Investment Limited and its associates	291,500,000	14.38%	291,500,000	13.64%
Holder of the Bonds	–	–	110,265,241	5.16%
Other shareholders	529,658,379	26.14%	529,658,379	24.78%
Total	<u>2,027,003,379</u>	<u>100.00%</u>	<u>2,137,268,620</u>	<u>100.00%</u>

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

Hong Kong, 8 June 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, Mr. Wang Zhizhong, Ms. Zhang Guifu, Mr. Bao Leyuan 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.*