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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)

VOLUNTARY ANNOUNCEMENT

EXERCISE OF SHARE OPTIONS

On 4 October 2010, the Grantees exercise the Share Options granted to them on 7 August 2008 under the Share Option Scheme.

PLACING OF THE OPTION SHARES

On 4 October 2010, the Grantees transfer their respective beneficial ownership in the Option Shares to Wide Luck. On the same day, Wide Luck entered into the Placing Agreement with BNP Paribas (as the placing agent) pursuant to which Wide Luck agreed to appoint BNP Paribas as the placing agent to place the Option Shares to the Placees at the Placing Price of HK\$2.90 per Placing Share which will be completed on 7 October 2010 or such other date as Wide Luck and BNP Paribas may agree.

EXERCISE OF SHARE OPTIONS

Background

Pursuant to the Share Option Scheme, the Company can grant options to, amongst others, the Directors or employees of the Group, in recognition of their contributions to the Group, to subscribe for the Shares.

On 7 August 2008, Share Options were granted to the following Grantees to subscribe for an aggregate of 100,000,000 Shares at an exercise price of HK\$0.70 per Share, exercisable from 7 August 2008 to 6 August 2011:

Grantees	Number of Option Shares
Wu Qin (Chairman and executive Director)	7,000,000
Qu Jiguang (executive Director)	7,000,000
Xie Yunfeng (executive Director)	7,000,000
Huang Chao (executive Director)	5,000,000
Wang Xianjun (executive Director)	6,000,000
Duan Wei (executive Director)	7,000,000
Gao Shuping (executive Director)	6,000,000
Other employees of the Group	<u>55,000,000</u>
 Total:	 <u><u>100,000,000</u></u>

Details of the exercise of Share Options

On 4 October 2010, the Grantees exercise the Share Options granted to them on 7 August 2008 under the Share Option Scheme.

The 100,000,000 Option Shares representing (i) about 4.25% of the Company's existing total issued share capital of 2,354,904,488 Shares; and (ii) about 4.07% of the total issued share capital of the Company as enlarged by the issue of the Option Shares i.e. 2,454,904,488.

The exercise price of the Share Options is HK\$0.70 per Option Share, representing (i) a discount of approximately 76.97% to the closing price of HK\$3.04 per Share as quoted on the Stock Exchange on the last trading day before the allotment and issue i.e. 30 September 2010; and (ii) a discount of approximately 76.99% to the average closing price of HK\$3.042 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 30 September 2010.

The Option Shares rank pari passu in all respects with the existing issued Shares. The Listing Committee of the Stock Exchange has granted the listing of and permission to deal in the Option Shares in October 2005 at the time when the Shares were allowed to be listed and dealt with on the Main Board of the Stock Exchange.

Use of proceeds

The net proceeds to the Company from the allotment and issue of the Option Shares is approximately HK\$70,000,000 and will be used as general working capital for the Group.

General

After the aforesaid exercise of the Share Options, the Company has no share option which is still outstanding as at the date of this announcement.

PLACING OF THE OPTION SHARES

Introduction

On 4 October 2010, the Grantees transfer their respective beneficial ownership in the Option Shares to Wide Luck. On the same day, Wide Luck entered into the Placing Agreement with BNP Paribas pursuant to which Wide Luck agreed to appoint BNP Paribas as the placing agent to place the Option Shares to the Placees.

Placing agent and Placees

BNP Paribas agreed to act as the placing agent for the Grantees to place a maximum number of 100,000,000 Option Shares on a best effort basis. BNP Paribas shall not, as far as it is aware, place any of the Option Shares to any connected persons (as defined in the Listing Rules).

BNP Paribas was entitled to receive a placing agent commission which was arrived at after arm's length negotiation between Wide Luck and BNP Paribas.

Placing Price

The Placing Price is HK\$2.90 per Placing Share, representing (i) a discount of approximately 4.61% to the closing price of HK\$3.04 per Share as quoted on the Stock Exchange on the last trading day before the allotment and issue i.e. 30 September 2010; and (ii) a discount of approximately 4.67% to the average closing price of HK\$3.042 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 30 September 2010.

General

Completion of the Placing will take place on 7 October 2010 or such other date as Wide Luck and BNP Paribas may agree.

The Placing Shares was sold free of any third party rights and together with all dividends and distributions declared, made or paid after the date of the Placing Agreement.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company prior to and upon completion of the exercise of the Share Options, the Transfer and the Placing:

	Existing shareholding		Shareholding after the exercise of the Share Options and the Transfer		Shareholding after the exercise of the Share Options, the Transfer and the Placing	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Prime United Industries Limited	641,655,000	27.25	641,655,000	26.14	641,655,000	26.14
China Pharmaceutical Company Limited	571,500,000	24.27	571,500,000	23.28	571,500,000	23.28
Wide Luck	–	–	100,000,000	4.07	–	–
Placees (<i>Note</i>)	–	–	–	–	100,000,000	4.07
Other public shareholders	1,141,749,488	48.48	1,141,749,488	46.51	1,141,749,488	46.51
Total	<u>2,354,904,488</u>	<u>100.00</u>	<u>2,454,904,488</u>	<u>100.00</u>	<u>2,454,904,488</u>	<u>100.00</u>

Note: The Placees are also public shareholders.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“BNP Paribas”	BNP Paribas Capital (Asia Pacific) Limited, acting as the placing agent of the Placing. It is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Board”	the board of Directors
“Company”	Lijun International Pharmaceutical (Holding) Co., Ltd. (利君國際醫藥(控股)有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the directors of the Company
“Grantees”	certain Directors and employees of the Group who were granted share options by the Company in August 2008 to subscribe for an aggregate of 100,000,000 Shares under the Share Option Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Option Shares”	the Shares allotted and issued by the Company upon the exercise of the Share Options

“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by BNP Paribas to subscribe for any of the Option Shares pursuant to BNP Paribas’s obligations under the Placing Agreement
“Placing”	the placing of the Option Shares by BNP Paribas pursuant to the terms and conditions of the Placing Agreement
“Placing Agreement”	the placing agreement dated 4 October 2010 and entered into between Wide Luck and BNP Paribas in relation to the Placing
“Placing Price”	the placing price of the Placing Shares
“Placing Shares”	the Shares placed by BNP Paribas to the Placees pursuant to the terms and conditions of the Placing Agreement
“Shares”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Share Options”	the share options granted by the Company under the Share Option Scheme in August 2008
“Share Option Scheme”	a share option scheme approved by a written resolution of all shareholders of the Company on 16 October 2005
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer”	the transfer of the beneficial ownership in the 100,000,000 Option Shares from the Grantees to Wide Luck

“Wide Luck”

Wide Luck Holdings Ltd., a company incorporated in the British Virgin Islands whose share capital is owned as to 50% by Mr. Qu Jiguang, an executive Director and 50% by a staff of the Group

“%”

per cent.

On behalf of the Board

Sze Wing Kin, Pierre

Company Secretary

Hong Kong, 4 October 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.