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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lijun International Pharmaceutical (Holding) Co., Ltd. (“Company”), you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission.

**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)****PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The notice convening the annual general meeting (“AGM”) of the Company to be held at 11:00 a.m. on 18 April 2006 at Boardroom 3-4, M/F, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong is set out on pages 17 to 22 of this circular. A form of proxy for the AGM is also enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

24 March 2006

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2005 Annual Report”	the annual report of the Company containing, inter alia, the audited financial statements of the Company for the year ended 31 December 2005
“AGM”	the annual general meeting of the Company to be held at Boardroom 3-4, M/F, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 18 April 2006 at 11:00 a.m.
“AGM Notice”	the notice convening the AGM as set out in the 2005 Annual Report of the Company, a copy of which is dispatched together with this circular
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Capitalisation Issue”	have the same meaning as defined in the Prospectus
“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 director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 March 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Over-allotment Option”	has the meaning as defined in the Prospectus
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 2 December 2005

DEFINITIONS

“Rejoy Group”	Rejoy Group Limited Liability Company (利君集團有限責任公司), a company established in the PRC with limited liability and a substantial shareholder of Xi’an Lijun.
“Rejoy Technology”	Xi’an Rejoy Technology Investment Co. Ltd. (西安利君科技投資有限公司), a company established in the PRC with limited liability and the entire registered capital of which is wholly-owned by the beneficial shareholders of Prime United Industries Limited, one of the controlling shareholders of the Company
“SFDA”	State Food and Drug Administration (國家食品藥品監督管理局)
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Offer”	have the same meaning as defined in the Prospectus
“Share Option Scheme”	the share option scheme adopted by the Company on 16 October 2005
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Xi’an Lijun”	Xi’an Lijun Pharmaceutical Co., Ltd (西安利君製藥有限責任公司) (formerly known as Xi’an Lijun Pharmaceutical Stock Co., Ltd. (西安利君製藥股份有限公司)), a company established in the PRC with limited liability and owned as to 80% by the Company and 20% by Rejoy Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

For the purpose of this circular, certain English translations of Chinese names or words are included for information purpose only and should not be relied upon as the official translation of such Chinese names or words.



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)

Executive Directors:

Wu Qin (Chairman)

Wu Zhihong

Huang Chao

Xie Yunfeng

Sun Xinglai

Non-executive Directors:

Liu Zhiyong

Independent Non-executive Directors:

Qu Jiguang

Leung Chong Shun

Chow Kwok Wai

Registered Office:

Century Yard, Cricket Square

Hutchins Drive, P. O. Box 2681GT

George Town, Grand Cayman

British West Indies

Principal place of business

in Hong Kong:

Office 1606, 16th Floor

Office Tower, Convention Plaza

1 Harbour Road, Wanchai

Hong Kong

24 March 2006

To the Shareholders

Dear Sir or Madam,

PROPOSALS FOR RE-ELECTION OF DIRECTORS, GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES, AMENDMENTS TO THE ARTICLES OF ASSOCIATION

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) the re-election of Directors; and (ii) the grant of general mandates to the Directors for the issue and the repurchase of the Company's securities up to 20% and 10% respectively of the aggregate nominal amount of the Company's issued share capital as at the date of passing of such resolutions, and the extension of the general mandate to the Directors to issue Shares to include the aggregate nominal amount of such securities repurchased under the repurchase mandate; and (iii) the proposed amendments to the Articles of Association.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board consisted of nine Directors, namely Mr. Wu Qin, Mr. Wu Zhihong, Mr. Huang Chao, Mr. Xie Yunfeng, Ms. Sun Xinglai, Mr. Liu Zhiyong, Mr. Qu Jiguang, Mr. Leung Chong Shun and Mr. Chow Kwok Wai.

Pursuant to Article 86(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, all the existing Directors, being Directors appointed by the Board, will hold office only until the AGM and, being eligible, offer themselves for re-election at the AGM.

Article 88 of the Articles of Association provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have lodged at the head office or at the registration office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 10 April 2006.

Biographical details of the retiring Directors are set out in Appendix I to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

None of the retiring Directors is entitled to receive any bonus for the year of 2005.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES

On 16 October 2005, resolutions in writing were passed by the Shareholders to approve, inter alia, the grant of (i) a general unconditional mandate authorising the Directors to allot, issue and deal with Shares with an aggregate nominal value not exceeding the sum of 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may be issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme) (“Existing Issue Mandate”); and (ii) a general unconditional mandate authorising the Directors to repurchase Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the Share Offer and the Capitalisation Issue (excluding any Shares which may be issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme) (“Existing Repurchase Mandate”).

The Existing Issue Mandate and the Existing Repurchase Mandate will expire upon the conclusion of the AGM.

New general mandates to allot, issue and deal with the Shares up to a maximum of 20% and to repurchase Shares up to a maximum of 10% (“Repurchase Mandate”) respectively of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolutions as set out in Resolutions 6A and 6B respectively of the AGM Notice will be proposed at the AGM. Resolution authorising the extension of the general mandate to the Directors to issue Shares to include the aggregate nominal amount of such securities (if any) repurchased under the Repurchase Mandate (up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution) as set out in Resolution 6C of the AGM Notice will be proposed at the AGM.

With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue or repurchase any new Shares pursuant to the relevant mandates as at the date of this circular.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed decision on whether to vote for or against Resolution 6B to be proposed at the AGM in relation to the proposed Repurchase Mandate is set out in Appendix II to this circular.

LETTER FROM THE BOARD

AMENDMENT TO THE ARTICLES OF ASSOCIATION

To further clarify the procedures of retirement and removal of Directors in the Articles of Association, a special resolution will be proposed at the AGM to amend (i) the existing Article 86(3) of the Articles of Association to the effect that any Director appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting; (ii) the existing Article 86(5) of the Articles of Association to the effect that members may at any general meeting of the Company by ordinary resolution remove a Director at any time before the expiration of his period of office; and (iii) the existing Article 87(2) of the Articles to the effect that Directors elected by Shareholders either to fill a casual vacancy on the Board or as an addition to the existing Board will be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

AGM

The AGM Notice is set out on pages 17 to 22 of this circular. At the AGM, in addition to the ordinary business of the AGM, resolutions will be proposed to Shareholders to consider and, if thought fit, approve, among other things, the proposed re-election of Directors, the proposed grant of the general and unconditional mandates to issue and repurchase the Shares and the proposed amendments to the Articles of Association.

A form of proxy for the AGM is also enclosed with this circular. Whether or not you are able to attend the AGM or any adjourned meeting thereof, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

Pursuant to Article 66 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded (i) by the chairman of the meeting; or (ii) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or (iii) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or (iv) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than

LETTER FROM THE BOARD

one-tenth of the total sum paid up on all shares conferring that right; or (v) by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting as required by the Listing Rules.

RECOMMENDATION

The Directors consider that the proposed re-election of Directors, the proposed grant of general mandates to issue and repurchase securities and the extension of the general mandate to issue Shares to include the aggregate nominal amount of such securities repurchased under the repurchase mandate, and the proposed amendments to the Articles of Association are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of the resolutions set out in the notice of the AGM.

Yours faithfully,

For and on behalf of the Board

Lijun International Pharmaceutical (Holding) Co., Ltd.

Wu Qin

Chairman

LIST OF DIRECTORS FOR RE-ELECTION

The biographical and other details of the Directors standing for re-election at AGM are set out below.

Mr. Wu Qin (吳秦), aged 53, the chairman and an executive Director of the Company, is responsible for the strategic planning, business development and overall management of the Group. Mr. Wu has been the chairman of Rejoy Group since October 1998. He has also been the chairman and a director of Xi'an Lijun since November 1999. Mr. Wu was also the general manager of Xi'an Lijun from November 1999 to April 2002. Mr. Wu has over 30 years of experience in the pharmaceutical industry. Mr. Wu graduated from The Open University of Hong Kong with a degree of Master in Business Administration in 2002. He has been awarded with the Model of National Labor and National May First Labor Award and has been an executive director of Pharmaceutical Administration Association/China Pharmaceutical Association. He also enjoyed special subsidy for the year 2002 granted by the State Council of the PRC. He is currently a deputy of the Tenth National People's Congress, the vice president of Shaanxi Industrial and Economic Federation and the deputy chairman of the Shaanxi Association of Commerce of the China International Association of Commerce. He is also a senior economist, the deputy chairman of Law and Social Order Committee of the Standing Committee of Shaanxi Province People's Congress and a member of Strategies & Advisory Committee of Shaanxi Province.

As at the Latest Practicable Date, Mr. Wu is, for the purposes of Part XV of the SFO, interested in 22,344,000 Shares, representing approximately 7.69% of the issued share capital of the Company. These Shares were registered in the name of and beneficially owned by Success Manage International Limited, the issued share capital of which was held as to approximately 37.88% by Mr. Wu Qin. In addition, Prime United Industries Limited, one of the controlling shareholders of the Company, is held as to approximately 2.43% by Mr. Wu. He is also one of the directors of Prime United Industries Limited. Save as disclosed above, he did not have any interests in the securities of the Company within the meaning of Part XV of the SFO, nor had he any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date. He entered into a service agreement with the Company for a term of three years commencing from 16 October 2005 and his current basic annual salary is HK\$840,000. His emoluments are determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities within the Group and his contribution to the Group. Mr. Wu is not aware of any matters that need to be brought to the attention of the holders of securities of the Company.

Mr. Wu Zhihong (烏志鴻), aged 57, the vice-chairman and an executive Director of the Company and is responsible for investment of the Group. Mr. Wu has been the deputy chairman of Rejoy Group since October 1999 and was the chief executive officer of Rejoy Group from October 1999 to April 2005. He has also been the deputy chairman and a director of Xi'an Lijun since November 1999. Mr. Wu joined the Group since its establishment in November 1999 and has over 30 years of experience in pharmaceutical industry. Mr. Wu graduated from Shenyang College of Pharmaceutical with pharmaceutical management profession in 1985. He is also a senior economist and a registered pharmacist accredited by SFDA in February 2004.

Prime United Industries Limited, one of the controlling shareholders of the Company, is held as to approximately 2.43% by Mr. Wu. He is also one of the directors of Prime United Industries Limited. Save as disclosed above, Mr. Wu has no interest in the securities of the Company within the meaning of Part XV of the SFO nor had he any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date. He entered into a service agreement with the Company for a term of three years commencing from 16 October 2005 and his current basic annual salary is HK\$600,000. His emoluments are determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities within the Group and his contribution to the Group. Mr. Wu is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Mr. Huang Chao (黃朝), aged 50, an executive Director and is responsible for finance, production and sales of the Group. Mr. Huang has been a director of Xi'an Lijun since November 1999 and is currently the general manager of Xi'an Lijun. He had been the deputy chairman of Xi'an Lijun until December 2004 and was the deputy chairman of Rejoy Group from August 1999 to September 2005. Mr. Huang joined the Group since its establishment in November 1999 and has over 30 years of experience in pharmaceutical production. Mr. Huang graduated from The Open University of Hong Kong with a Postgraduate Certificate in Business Administration in 2000.

Prime United Industries Limited, one of the controlling shareholders of the Company, is held as to approximately 2.41% by Mr. Huang. He is also one of the directors of Prime United Industries Limited. Save as disclosed above, Mr. Huang has no interest in the securities of the Company within the meaning of Part XV of the SFO nor had he any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date. He entered into a service agreement with the Company for a term of three years commencing from 16 October 2005 and his current basic annual salary is HK\$600,000. His emoluments are determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities within the Group and his contribution to the Group. Mr. Huang is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Mr. Xie Yunfeng (謝雲峰), aged 51, an executive Director and is responsible for supplies and construction of workshops of the Group. Mr. Xie has been a director and the deputy general manager of Xi'an Lijun since November 1999. He was a director of Rejoy Group from August 1999 to May 2004. Mr. Xie joined the Group since its establishment in November 1999 and has over 26 years of experience in pharmaceutical production. Mr. Xie graduated from Party School of the CPC Central Committee majoring in law in 2001.

Prime United Industries Limited, one of the controlling shareholders of the Company, is held as to 4% by Mr. Xie. He is also one of the directors of Prime United Industries Limited. Save as disclosed above, Mr. Xie has no interest in the securities of the Company within the meaning of Part XV of the SFO nor had he any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date. He entered into a service agreement with the Company for a term of three years commencing from 16 October 2005 and his current basic annual salary is HK\$360,000. His emoluments are determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities within the Group and his contribution to the Group. Mr. Xie is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Ms. Sun Xinglai (孫幸來), aged 49, an executive Director and is responsible for public relations of the Group. Ms. Sun has been a director of Xi'an Lijun since May 2004. She was the deputy general manager of Xi'an Lijun during November 1999 to May 2004. Ms. Sun joined the Group since its establishment in 1999. Ms. Sun was a director of Rejoy Group from May 2004 to September 2005 and the chief executive officer of Rejoy Technology from May 2004 to April 2005, and the chairmen of labour unions of Rejoy Group and Xi'an Lijun. Ms. Sun graduated from The Open University of Hong Kong with a degree of Master in Business Administration in 2002.

Save as disclosed above, Ms. Sun has no interest in the securities of the Company within the meaning of Part XV of the SFO nor had she any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date. She entered into a service agreement with the Company for a term of three years commencing from 16 October 2005 and her current basic annual salary is HK\$360,000. Her emoluments are determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, her duties and responsibilities within the Group and her contribution to the Group. Ms. Sun is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Mr. Liu Zhiyong (劉志勇), aged 35, is a non-executive Director and a director of Xi'an Lijun. He joined China National Technical Import and Export Corporation as a finance personnel and became the assistant managing director and an executive director of CNTIC Group International Finance Limited in May 1998. Mr. Liu took up the post of the president of Genertec Hong Kong International Capital Limited in July 2003. Mr. Liu is a director of Victory Rainbow Investment Limited, a substantial shareholder of the Company. Mr. Liu graduated from Renmin University of China with a bachelor's degree in Accounting in 1992 and he is a member of CICPA.

Save as disclosed above, Mr. Liu has no interest in the securities of the Company within the meaning of Part XV of the SFO nor had he any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date. He entered into an appointment agreement with the Company for a term of three years commencing from 16 October 2005 and his current basic annual salary is HK\$60,000. His emoluments are determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities within the Group and his contribution to the Group. Mr. Liu is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Mr. Qu Jiguang (曲繼廣), aged 50, is an independent non-executive Director. Mr. Qu joined Shijiazhuang No. 1 Pharmaceutical Factory as the deputy factory manager in 1995. He later became a director and the vice general manager of Shijiazhuang Pharmaceutical Group. From January 2000, Mr. Qu has been the chairman and general manager of Shijiazhuang Siyao Pharmaceutical Ltd. Mr. Qu was an executive director of China Pharmaceutical Group Limited a company listed on the Stock Exchange, from February 2001 to September 2004. Mr. Qu graduated from Tianjin Finance College with a postgraduate degree in Finance in 1999. He is also an economist accredited by The Ministry of Personnel of China. He was appointed as an independent non-executive Director in October 2005.

Save as disclosed above, Mr. Qu had no interest in the securities of the Company within the meaning of Part XV of the SFO nor had he any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date. He entered into an appointment agreement with the Company for a term of three years commencing from 16 October 2005 and the director's emoluments payable to him is HK\$180,000. His director's fee is determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities within the Group and his contribution to the Group. Mr. Qu is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Mr. Leung Chong Shun (梁創順), aged 40, is an independent non-executive Director. Mr. Leung graduated from the University of Hong Kong with a Bachelor of Laws degree in 1988 and obtained the Postgraduate Certificate in Laws in 1989. Mr. Leung was qualified as a solicitor in Hong Kong in 1991 and England & Wales in 1994. He has been a partner of Woo, Kwan, Lee & Lo, a law firm in Hong Kong, since 1997 and is experienced in corporate finance. Mr. Leung was appointed as an independent non-executive Director in October 2005.

Save as disclosed above, Mr. Leung had no interest in the securities of the Company within the meaning of Part XV of the SFO nor had he any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date. He entered into an appointment agreement with the Company for a term of three years commencing from 16 October 2005 and the director's emoluments payable to him is HK\$180,000. His director's fee is determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities within the Group and his contribution to the Group. Mr. Leung is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Mr. Chow Kwok Wai (周國偉), aged 39, joined the Board as an independent non-executive director in 2005. He is also a director, the deputy general manager and qualified accountant of Silver Grant International Industries Limited, a company listed on the Stock Exchange. Mr. Chow has worked in Price Waterhouse, which is now known as PriceWaterhouseCoopers and accumulated valuable audit experience. Mr. Chow received his Bachelor's degree in Social Sciences from the University of Hong Kong in 1990. He is a Fellow Member of the Association of Chartered Certified Accountants and a Fellow CPA of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 10 years of experience in accounting financial management and corporate finance.

Save as disclosed above, Mr. Chow had no interest in the securities of the Company within the meaning of Part XV of the SFO nor had he any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date. He entered into an appointment agreement with the Company for a term of three years commencing from 16 October 2005 and the director's emoluments payable to him is HK\$180,000. His director's fee is determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities within the Group and his contribution to the Group. Mr. Chow is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

For all of the above Directors standing for re-election at the AGM, there is no other information to be disclosed pursuant to the requirements under Rule 13.51(h) to (v) of the Listing Rules.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$29,050,000 with 290,500,000 Shares in issue. Subject to the passing of the resolution granting the proposed mandate to repurchase its own securities and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 29,050,000 Shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution, during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES OF THE COMPANY

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Company to repurchase its securities in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASES

Any repurchase of securities of the Company made pursuant to the proposed Repurchase Mandate would be made out of funds which are legally available for the purpose in accordance with the memorandum and articles of association of the Company, the Listing Rules and applicable Cayman Islands laws. Under the Cayman Islands law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the statutory test of solvency, out of capital. The premium, if any, payable on the repurchase, shall be provided for out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, subject to the statutory test of solvency, out of capital.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and the Shareholders and in circumstances where they consider that the Shares can be repurchased on terms favourable to the Company. The Directors anticipate that if the general mandate to repurchase securities were to be exercised in full at

the currently prevailing market value, it may have a material adverse impact on the working capital and gearing level of the Company (as compared with the position disclosed in the audited accounts of the Company for the year ended 31 December 2005). The Directors do not propose to exercise the mandate to repurchase securities to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICE

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous 4 months prior to the Latest Practicable Date (the Company was listed on the Stock Exchange on 20 December 2005):

	Price Per Share	
	Highest (HK\$)	Lowest (HK\$)
2005		
December	2.7	2.175
2006		
January	3.125	2.475
February	3.6	2.925
March (up to the Latest Practicable Date)	3.7	3.025

GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their associates currently intend to sell Shares to the Company or its subsidiaries. The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the proposed Repurchase Mandate in accordance with the Listing Rules and applicable Cayman Islands laws.

No connected persons of the Company, as defined in the Listing Rules, have notified the Company that he has a present intention to sell Shares held by them to the Company, or have undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, the following Shareholders are interested in 5% or more of the issued Shares as recorded in the register of interests and short positions of the Company under section 366(1) of Part XV of the SFO:

Shareholder	Number of Shares held	Approximate Percentage of Shareholding as at the Latest Practicable Date	Approximate percentage of shareholding if Repurchase Mandate is exercised in full
Prime United Industries Limited (<i>Note 1</i>)	123,984,000	42.68%	47.42%
Victory Rainbow Investment Limited	58,300,000	20.07%	22.30%
Grand Ocean Shipping Company Ltd. (<i>Note 2</i>)	58,300,000	20.07%	22.30%
Ms. Chen Lin-Dong (<i>Note 2</i>)	58,300,000	20.07%	22.30%
Mr. Xu Ming (<i>Note 2</i>)	58,300,000	20.07%	22.30%
Success Manage International Limited	22,344,000	7.69%	8.55%
Mr. Wu Qin (<i>Note 3</i>)	22,344,000	7.69%	8.55%
Ms. Zhang Minfang (<i>Note 3</i>)	22,344,000	7.69%	8.55%

Notes:

1. Prime United Industries Limited is held as to 2.43% by Mr. Wu Qin, an executive Director, as to approximately 2.43% by Mr. Wu Zhihong, an executive Director, as to approximately 2.41% by Mr. Huang Chao, an executive Director, as to approximately 4% by Mr. Xie Yunfeng, an executive Director, as to approximately 4% by Ms. Han Yamei, a member of the management of Xi'an Lijun, and as to approximately 84.73% by Mr. Wu Qin, Mr. Wu Zhihong, Mr. Huang Chao, Mr. Xie Yunfeng and Ms. Han Yamei who jointly hold such shares on trust for 4,965 individuals who are present and former employees or their respective estates of Xi'an Lijun and Rejoy Group. The beneficial ownership structure in Prime United Industries Limited is a replication of the ownership structure of Rejoy Technology.
2. Victory Rainbow Investment Limited is wholly-owned by Grand Ocean Shipping Company Ltd., a company incorporated in the Republic of Liberia, which in turn is owned as to 50% by Ms. Chen Lin-Dong and 50% by Mr. Xu Ming. By virtue of Part XV of the SFO, each of Grand Ocean Shipping Company Ltd., Ms. Chen Lin-Dong and Mr. Xu Ming is deemed to be interested in the Shares held by Victory Rainbow Investment Limited.

3. Success Manage International Limited is held as to approximately 37.88% by Mr. Wu Qin. Pursuant to Part XV of the SFO, Mr. Wu Qin and his spouse, Ms. Zhang Minfang, are deemed to be interested in all the Shares held by Success Manage International Limited.

In the event that the above Shareholders did not dispose of his/its Shares and if the Repurchase Mandate was exercised in full, the total interests of the above Shareholders would be increased to approximately the respective percentages shown in the last column above and that will give rise to an obligation on Prime United Industries Limited and its concert parties (including Triuniverse Group Limited, Fame World Investments Limited, Flying Success Investments Limited and Bondwide Trading Limited) to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to repurchase Shares to the extent that it will trigger the obligations under the Takeovers Code to make a mandatory offer.

In the event that the Repurchase Mandate was exercised in full, the number of the relevant class of securities of the Company held by the public would fall below 25% of the total number of that class of securities then in issue. However, the Directors do not intend to exercise the Repurchase Mandate so as to reduce the issued share capital of the Company in public hands to less than 25%.

In the six months preceding the Latest Practicable Date, the Company has not repurchased any Shares on the Stock Exchange or otherwise.



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)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (“**Meeting**”) of Lijun International Pharmaceutical (Holding) Co., Ltd. (“**Company**”) will be held at Boardroom 3-4, M/F, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on 18 April 2006 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors for the year ended 31 December 2005.
2.
 - A. To re-elect Wu Qin as an executive director of the Company (“**Director**”).
 - B. To re-elect Wu Zhihong as an executive Director.
 - C. To re-elect Huang Chao as an executive Director.
 - D. To re-elect Xie Yunfeng as an executive Director.
 - E. To re-elect Sun Xinglai as an executive Director.
 - F. To re-elect Liu Zhiyong as a non-executive Director.
 - G. To re-elect Qu Jiguang as an independent non-executive Director.
 - H. To re-elect Leung Chong Shun as an independent non-executive Director.
 - I. To re-elect Chow Kwok Wai as an independent non-executive Director.
3. To authorise the board of Directors to fix the Directors’ remuneration.
4. To re-appoint PricewaterhouseCoopers as auditors and to authorise the board of Directors to fix their remuneration.
5. To declare a final dividend for the year ended 31 December 2005.

NOTICE OF ANNUAL GENERAL MEETING

6. As special business, to consider and if thought fit, pass with or without amendments the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

A. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of the Company (“**Shares**”) or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval given in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company,

shall not exceed twenty per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by way of ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

B. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own Shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or any other stock exchange on which the securities of the Company may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased by the Company pursuant to paragraph (a) of this Resolution during the Relevant Period shall not exceed 10 per cent of the issued share capital of the Company at the date of the passing of this Resolution and the approval granted under paragraph (a) of this Resolution should be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by way of ordinary resolution of the shareholders of the Company in general meeting.”

C. “**THAT**, conditional upon the passing of the Resolutions 6A and 6B in the notice convening the Meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with additional securities of the Company pursuant to Resolution 6A as set out in the notice convening the Meeting be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 6B as set out in the notice convening the Meeting provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of such securities of the Company in issue at the date of the passing of this Resolution.”

7. As special business, to consider and, if thought fit, pass the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** the articles of association of the Company be and are hereby amended in the following manner:

- (a) substituting the existing Article 86(3) with the following new Article 86(3):
 - (3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy on the Board or, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.

NOTICE OF ANNUAL GENERAL MEETING

- (b) substituting the existing Article 86(5) with the following new Article 86(5):
- (5) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).
- (c) deleting the last sentence in the existing Article 87(2) in its entirety and substituting thereof by the following:

“Any Director appointed pursuant to Article 86(2) shall, but any Director appointed pursuant to Article 86(3) shall not, be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.”

On behalf of the Board

Wu Qin

Chairman

Hong Kong, 24 March 2006

Notes:

1. Any member entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be delivered to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Monday, 10 April 2006 to Thursday, 13 April 2006 (both days inclusive) during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend and the entitlement to attend and vote at the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 7 April 2006.
4. Where there are joint holders of any Share, any one of such persons may vote at any meeting, either in person or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

NOTICE OF ANNUAL GENERAL MEETING

5. Please refer to Appendix I for the details of the retiring Directors subject to re-election at the Meeting.
6. An explanatory statement regarding the general mandate of the purchase of Shares sought in the above Resolution 6B is set out in Appendix II.
7. As at the date of the notice, the executive Directors are Mr. Wu Qin, Mr. Wu Zhihong, Mr. Huang Chao, Mr. Xie Yunfeng, Ms. Sun Xinglai, Mr. Liu Zhiyong, Mr. Qu Jiguang, Mr. Leung Chong Shun and Mr. Chow Kwok Wai.