



利君國際醫藥(控股)有限公司

Lijun International Pharmaceutical (Holding) Co., Ltd.

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2005)

**PROPOSALS FOR SUBDIVISION OF SHARES AND CHANGE OF
BOARD LOT SIZE
INCREASE IN AUTHORIZED ORDINARY SHARE CAPITAL
AND
REFRESHMENT OF GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES**

Independent financial adviser to the Independent Board Committee and the Independent Shareholders



兆豐資本(亞洲)有限公司

Mega Capital (Asia) Company Limited

PROPOSED SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE

The Board proposes that each of the existing issued and unissued Shares of par value of HK\$0.1 each in the share capital of the Company be subdivided into five shares of par value of HK\$0.02 each. The Share Subdivision will become effective upon (i) the passing of an ordinary resolution by the Shareholders at the EGM; and (ii) the Listing Committee granting the listing of, and permission to deal in, the Subdivided Shares.

The Shares are currently traded in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares.

INCREASE IN AUTHORISED ORDINARY SHARE CAPITAL

The Board proposes to increase its authorised ordinary share capital from HK\$100,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.1 each to HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.1 each by the creation of an additional 1,000,000,000 new Shares of HK\$0.1 each. If the Share Subdivision is approved at the EGM, the Board proposes to increase the authorized ordinary share capital of the Company from HK\$100,000,000 divided into 5,000,000,000 ordinary shares of HK\$0.02 each to HK\$200,000,000 divided into 10,000,000,000 Shares of HK\$0.02 each by the creation of an additional 5,000,000,000 new Shares of HK\$0.02 each. Such new Shares, upon issue, shall rank pari passu in all respects with the existing Shares.

PROPOSAL FOR REFRESHED GENERAL MANDATE

The Board proposes that (a) the General Mandate given to the Directors on 23 May 2007 be revoked to the extent not yet exercised prior to the passing of the relevant resolution; and (b) the Directors be given the proposed Refreshed General Mandate. If the proposed Refreshed General Mandate is approved at the EGM, up to 20% of the Shares then in issue on the date of the EGM could be allotted and issued by the Company thereunder.

GENERAL INFORMATION

A circular containing, amongst other things, further information on the Share Subdivision, the trading arrangements in respect of the Subdivided Shares, the procedure for the free exchange of Existing Share Certificates, the proposed increase in authorized share capital of the Company, and the proposal to refresh the General Mandate together with a notice convening the EGM, will be dispatched to the Shareholders as soon as practicable.

PROPOSED SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE

The Board proposes that each of the existing issued and unissued Shares of par value of HK\$0.1 each in the share capital of the Company be subdivided into five Subdivided Shares of par value of HK\$0.02 each. The Shares are currently traded in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares. Based on the closing price of HK\$4.45 per Share as quoted on the Stock Exchange as at the date of this announcement, and the existing board lot size of 2,000 Shares, the prevailing board lot value is HK\$8,900. On the basis of the aforesaid closing price and the new board lot size of 5,000 Subdivided Shares, the new board lot value would be HK\$4,450. The proposed subdivision of shares will not result in any change in the relevant rights of the Shareholders.

The Shares are currently traded in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares. The change of board lot size will not result in any change in the relevant rights of the Shareholders. The reason for the Company to change the board lot size is to facilitate trading of shares in a smooth manner.

The Articles of Association of the Company do not require that the proposed change of board lot size to be decided by poll at the EGM.

The change of board lot size is not subject to the proposed refreshment of general mandate to be approved at the EGM.

Conditions of the Share Subdivision

The Share Subdivision is conditional, amongst other things, upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM for approving the Share Subdivision; and
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Subdivided Shares.

Reason for the Share Subdivision

The Board believes that the Share Subdivision will improve the liquidity in trading of shares of the Company, thereby enabling the Company to attract more investors and widen the Company's shareholder base. Given the prevailing market conditions, a more liquid market will provide more flexibility for investors to buy and sell shares of the Company. Accordingly, the Board considers the Share Subdivision to be in the best interests of the Company and its Shareholders as a whole.

Save for the costs to be incurred by the Company in implementing the Share Subdivision, the Share Subdivision will not alter the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders. The Board considers that the Share Subdivision will not have any adverse effect on the financial position of the Company.

Shareholding structure

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares, of which 400,990,067 Shares are in issue and fully paid. Assuming that no further Shares will be issued or repurchased after the date of this announcement, the effect of the Share Subdivision on the share capital of the Company is set out as follows:

	Before Share Subdivision (assuming no Share is issued or repurchased after the date hereof)	After Share Subdivision (assuming no Share is issued or repurchased after the date hereof)
Par value of each share	<i>HK\$0.1</i>	<i>HK\$0.02</i>
Number of authorised shares	1,000,000,000	5,000,000,000
Authorised share capital	HK\$100,000,000	HK\$100,000,000
Number of shares in issue	400,990,067	2,004,950,335
Issued share capital	HK\$40,099,006.7	HK\$40,099,006.7
Number of unissued shares	599,009,933	2,995,049,665
Unissued share capital	HK\$59,900,993.3	HK\$59,900,993.3

The Subdivided Shares will rank pari passu in all respects with each other and the Share Subdivision will not result in any change in relevant rights of the Shareholders.

Arrangement on Subdivided Shares

Subject to the Share Subdivision becoming effective, dealings in the Subdivided Shares are expected to commence on Wednesday, 29 August 2007. Parallel trading arrangements will be established with the Stock Exchange and will be operated from Wednesday, 12 September 2007 to Friday, 5 October 2007 (both days inclusive). Upon the Share Subdivision becoming effective, the arrangements proposed for dealings in the Subdivided Shares are expected to be as follows:

- (i) From 29 August 2007, the existing counter for trading in the existing Shares in board lots of 2,000 Shares will be temporarily closed. A temporary counter will be established for trading in the Subdivided Shares in board lots of 10,000 Subdivided Shares. Share certificates for the Subdivided Shares in the form of Existing Share Certificates may only be traded at the temporary counter.
- (ii) With effect from 12 September 2007, the existing counter will be re-opened for trading in the Subdivided Shares in board lots of 5,000 Subdivided Shares. Only New Share Certificates for the Subdivided Shares may be traded at the existing counter.
- (iii) From 12 September 2007 to 5 October 2007, both days inclusive, parallel trading will be permitted at the two counters mentioned in paragraphs (i) and (ii) above.
- (iv) The temporary counter for trading in the Subdivided Shares in board lots of 10,000 Subdivided Shares (in the form of Existing Share Certificates) will be removed after the close of trading on 5 October 2007.
- (v) With effect from 9:30 a.m. on Monday, 8 October 2007, trading of Subdivided Shares will only be carried out in the original counter in board lots of 5,000 Subdivided Shares (in the form of New Share Certificates).

Exchange of Certificates

The Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Friday, 5 October 2007 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for five Subdivided Shares and may be exchanged free of charge for the New Share Certificates for Subdivided Shares at any time between Wednesday, 29 August 2007 and Wednesday, 10 October 2007, and on payment of a prescribed fee of HK\$2.50 at any time after Wednesday, 10 October 2007 at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1806-1807, 18th Floor, Hopewell Centre, 183, Queen's Road East, Hong Kong. It is expected that the New Share Certificates will be available for collection within a period of 10 business days after the submission of the Existing Share Certificates. The New Share Certificates will be purple in color so as to be distinguished from the Existing Share Certificates which are green in color.

Arrangement on odd lot trading

The Shares Subdivision will not result in any odd lots other than those already exist. Accordingly, no arrangement will be made by the Company for matching sale and purchase of odd lot in connection with the Shares Subdivision.

Adjustments to Bonds (as defined in the Subscription Agreement)

As at the date of this announcement, there are outstanding Conversion Right (as defined in the Subscription Agreement) for subscription of up to 38,715,352 Shares under the Subscription Agreement. The Share Subdivision may lead to adjustment to the Conversion Price (as defined in the Subscription Agreement) and the number of Shares which may fall to be issued upon exercise of the outstanding Conversion Rights. The Company will ascertain the required adjustments to the Conversion Rights of which will be reviewed by the auditors or independent financial advisor of the Company pursuant to the Listing Rules and the terms and conditions of the Subscription Agreement, and the holders of the Bonds will be informed of the required adjustments as soon as practicable. The Company will issue a further announcement where any adjustments to the Bonds are required made under Rule 13.09 of the Listing Rules.

Expected Timetable

It is currently expected that the Share Subdivision will become effective on 29 August 2007. The expected timetable for the implementation of the Share Subdivision and the associated trading arrangement are set out as follows:

	Time	Date (2007)
Latest time from lodging forms of proxy for the EGM	10:00 a.m.	26 August 2007
EGM	10:00 a.m.	28 August 2007
Publication of further announcement for the effectiveness of the Share Subdivision		29 August 2007
Effective date of the Share Subdivision		29 August 2007
Dealings in the Subdivided Shares commence	9:30 a.m.	29 August 2007
Original counter for trading in existing Shares in board lots of 2,000 Shares temporarily closes	9:30 a.m.	29 August 2007
Temporary counter for trading in board lots of 10,000 Subdivided Shares (in the form of Existing Share Certificates) opens	9:30 a.m.	29 August 2007
First day of free exchange of Existing Share Certificate for the New Share Certificates		29 August 2007

	Time	Date (2007)
Original counter for trading in Subdivided Shares in board lots of 5,000 Subdivided Shares (in the form of New Share Certificates) re-opens	9:30 a.m.	12 September 2007
Parallel trading in Subdivided Shares (in the form of New Share Certificates and Existing Share Certificates) commences	9:30 a.m.	12 September 2007
Temporary counter for trading in board lots of 10,000 Subdivided Shares (in the form of Existing Share Certificates) closes	4:00 p.m.	5 October 2007
Parallel trading in Subdivided Shares (in the form of New Share Certificates and Existing Share Certificates) ends	4:00 p.m.	5 October 2007
Last day for free exchange of Existing Share Certificates for New Share Certificates		10 October 2007

INCREASE IN AUTHORISED ORDINARY SHARE CAPITAL

In order to ensure that sufficient number of unissued Shares are available for future purpose, the Company proposes to increase its authorised ordinary share capital from HK\$100,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.1 each to HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.1 each by the creation of an additional 1,000,000,000 new Shares of HK\$0.1 each. If the Share Subdivision is approved at the EGM, the Company proposes to increase the authorized ordinary share capital of the Company from HK\$100,000,000 divided into 5,000,000,000 ordinary shares of HK\$0.02 each to HK\$200,000,000 divided into 10,000,000,000 Shares of HK\$0.02 each by the creation of an additional 5,000,000,000 new Shares of HK\$0.02 each. Such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares. The increase of the authorised ordinary share capital of the Company by 1,000,000,000 Old Shares or if the Share Subdivision is approved at the EGM, by 5,000,000,000 Subdivided Shares, is determined by taking into account the Company's need for flexibility in issuing Shares for any future investments and developments.

Pursuant to article 4 of the articles of association of the Company, the proposed increase in authorised ordinary share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. As confirmed with the Company's lawyers on Cayman Islands laws, the increase in authorised ordinary share capital of the Company does not require the approval of any authority in the Cayman Islands.

PROPOSAL FOR REFRESHED GENERAL MANDATE

On 23 May 2007, the Generate Mandate was given to the Directors to exercise the powers of the Company to issue up to 58,100,000 Old Shares, representing 20% of the issued share capital of the Company as at the date thereof. Such mandate has not been refreshed since it was granted and, after completion of the Subscription Agreement on 30 May 2007, has been substantially utilized. As at the date of this

announcement, the balance of the General Mandate comprised 18,894,581 Old Shares. In the circumstances and in order to provide the Company with general working capital and/or flexibility to fund future investments or project developments when opportunities are identified, at the EGM, it will be proposed, by way of ordinary resolutions, that (a) the General Mandate be revoked to the extent not yet exercised prior to the passing of the relevant resolution; and (b) the Directors be given the proposed Refreshed General Mandate. If the proposed Refreshed General Mandate is approved at the EGM, up to 20% of the Shares then in issue on the date of the EGM could be allotted and issued by the Company thereunder. Any issue of new Shares is subject to approval from the Stock Exchange for the listing of, and permission to deal in, such new Shares.

Pursuant to Rule 13.39 of the Listing Rules, the proposed Refreshed General Mandate requires the approval of the Independent Shareholders by poll at the EGM at which any of the controlling Shareholders and their Associates, or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective Associates shall abstain from voting in favour of the Refreshed General Mandate at the EGM. As Prime United Industries Limited, Flying Success Investments Limited and Bondwise Trading Limited are the controlling Shareholders, which beneficially respectively owns 123,984,000 shares (approximately 30.92% of the issued share capital of the Company), 1,738,000 shares (approximately 0.43% of the issued share capital of the Company) and 1,197,000 shares (approximately 0.30% of the issued share capital of the Company) as at the date of the announcement, Prime United Industries Limited, Flying Success Investments Limited and Bondwise Trading Limited and their Associates, including but not limited to Success Manage International Limited, which held 5,156,000 shares (approximately 1.29% of the issued share capital of the Company) are required to, and will, abstain from voting in favour of the resolutions to be proposed at the EGM in respect of the revocation of the General Mandate and the approval of the Refreshed General Mandate.

Pursuant to Rule 13.36(4)(c), a letter issued by the Independent Board Committee and the Independent Financial Adviser will be circulated to the Shareholders before the EGM.

GENERAL

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares.

A circular containing, amongst other things, further information on the Share Subdivision, the trading arrangements in respect of the Subdivided Shares, the procedure for the free exchange of Existing Share Certificates, the proposed increase in authorized share capital of the Company, and the proposal to refresh the General Mandate together with a letter of the Independent Board Committee, a letter of the Independent Financial Adviser and a notice convening the EGM, will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings as set out below:

“Articles of Association”	the articles of association of the Company as may be amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day(s) (other than Saturday) on which commercial banks in Hong Kong are generally open for business
“Company”	Lijun International Pharmaceutical (Holding) Co., Ltd., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 10 a.m., on 28 August 2007 at Meeting Room of Office 2809, 28th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong
“Existing Share Certificate(s)”	existing form of certificates of the Shares
“General Mandate”	the general mandate granted to the Directors to exercise the power of the Company to issue securities up to 20% of the Company’s issued share capital as at the date of the annual general meeting of the Company held on 23 May 2007
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the board of Directors formed for the purpose of advising the Independent Shareholders in connection with the refreshment of General Mandate
“Independent Financial Adviser” or “Mega Capital”	Mega Capital (Asia) Company Limited, a corporation licensed under the SFO to carry out types 1 and 6 regulated activities (dealing in securities and advising on corporate finance), which is not a connected person (as defined in the Listing Rules) of the Company and which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	The Shareholders other than Prime United Industries Limited, Success Manage International Limited, Flying Success Investments Limited and Bondwide Trading Limited and their associates
“Independent Third Party(ies)”	any person(s) or company(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of the Company in accordance with the Listing Rules
“Listing Committee”	the listing sub-committee of the board for Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Certificate(s)”	form of certificates of the Subdivided Shares
“Notice”	the notice convening the EGM
“Old Share(s)”	old ordinary share(s) of HK\$0.10 each in the share capital of the Company before the Share Subdivision became effective on 29 August 2007
“Refreshed General Mandate”	the general mandate which, if approved, would authorise the Directors to exercise the power of the Company to issue securities up to 20% of the Company’s issued share capital as at the date of the EGM

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Option Scheme”	The share option scheme adopted by the Company on 16 October 2005
“Share Subdivision”	subdivision of every issued and unissued Old Share into five Shares
“Shareholders”	The holders of the Shares
“Shares”	Ordinary shares of HK\$0.10 each in the share capital of the Company, or if the Share Subdivision is approved at the EGM, ordinary shares of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of par value of HK\$0.02 each in the share capital of the Company upon completion of the Share Subdivision
“Subscription Agreement”	The Subscription Agreement dated 17 May 2007 as mentioned in the announcement dated 17 May 2007

By order of the Board
Lijun International Pharmaceutical (Holding) Co., Ltd.
Wu Qin
Chairman

Hong Kong, 3 August 2007

As at the date of this announcement, the Board comprises Wu Qin, Qu Jiguang, Wu Zhihong, Huang Chao, Xie Yunfeng, Sun Xinglai, Wang Xian Jun, Duan Wei, Wang Zhizhong and Zhang Guifu as executive Directors, Liu Zhiyong as non-executive Director and Wang Yibing, Leung Chong Shun and Chow Kwok Wai as independent non-executive Directors.

The announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited website at www.hkex.com.hk under “Latest Listed Companies Information” and at the website of the Company at www.lijun.com.hk.

The Notification will be published in The Standard and Hong Kong Economic Times on the date of the announcement.