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丽珠医药
LIVZON

麗珠醫藥集團股份有限公司

LIVZON PHARMACEUTICAL GROUP INC.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 1513)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

The Board is pleased to announce that on 4 December 2020 (after trading hours), the Board has approved the Reorganization and the Company has entered into the Reorganization Framework Agreement in relation to the Reorganization Group with other Parties set out below, pursuant to which the Parties conditionally agree to enter into a series of transactions to streamline and optimize the capital and shareholding structure of the Reorganization Group.

Upon completion of the Reorganization, the Target Companies will become wholly-owned subsidiaries of LivzonBio, which will be owned by the Company as to approximately 51%. Accordingly, LivzonBio and the Target Companies will remain as subsidiaries of the Company and their assets, liabilities and results will remain consolidated into the consolidated financial statements of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in relation to the Reorganization exceeds 5% but less than 25%, the transactions contemplated under the Reorganization Framework Agreement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and connected transactions under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement and Independent Shareholders' approval requirements.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Reorganization Framework Agreement and the transactions contemplated thereunder. A circular containing, among others, (a) further details of the Reorganization, (b) a letter from the Independent Board Committee, and (c) a letter from the independent financial adviser, is expected to be despatched to the Shareholders on or before 18 December 2020.

WARNING NOTICE

Completion of the Reorganization is subject to, among other things, fulfillment of the conditions precedent of the Reorganization Framework Agreement as set out in the subsection headed “Conditions Precedent” in this announcement. As the Reorganization may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE REORGANIZATION

The Board is pleased to announce that on 4 December 2020 (after trading hours), the Board has approved the Reorganization and the Company has entered into the Reorganization Framework Agreement in relation to the Reorganization Group with other Parties set out below, pursuant to which the Parties conditionally agree to enter into a series of transactions to streamline and optimize the capital and shareholding structure of the Reorganization Group.

As at the Latest Practicable Date, (i) Mr. Zhu Baoguo (朱保國) is a non-executive Director, the chairman of the Board and the chairman of the board of directors of Joincare, and indirectly held 45.89% equity interest in Joincare; (ii) Mr. Qiu Qingfeng (邱慶豐) is a non-executive Director, and the director and vice president of Joincare; and (iii) Mr. Yu Xiong (俞雄) is a non-executive Director and the president of Joincare. Joincare directly and indirectly held approximately 44.34% of the total issued shares of the Company and is a party to the Reorganization Framework Agreement. Accordingly, each of Mr. Zhu Baoguo, Mr. Qiu Qingfeng and Mr. Yu Xiong have abstained from voting in the Board meeting to approve the Reorganization and the Reorganization Framework Agreement.

Prior to the Reorganization, Livzon Cayman holds the entire share capital of Livzon HK, which is the holding entity of LivzonBio and Livzon MAB. Livzon Cayman is indirectly owned by the Company as to approximately 51.00% (after taking into account the allotment and issuance of Livzon Cayman Shares upon exercise of all share options under the Subsidiary Share Incentive Scheme). For more details, please refer to the corporate charts before the Reorganization in the paragraph headed “Corporate Structure” in this announcement.

Upon completion of the Reorganization, LivzonBio will become the holding entity of the Target Companies and a subsidiary directly owned by the Company as to approximately 51.00%. Accordingly, LivzonBio and the Target Companies will remain as subsidiaries of the Company and their assets, liabilities and results will still be consolidated into the consolidated financial statements of the Company. Livzon Cayman will be deregistered and no longer be a subsidiary of the Company upon the completion of the Reorganization. For more details, please refer to the corporate chart after the Reorganization in the paragraph headed “Corporate Structure” in this announcement.

PRINCIPAL TERMS OF THE REORGANIZATION FRAMEWORK AGREEMENT

Date: 4 December 2020

Parties:

1. The Company
2. Livzon International Limited (“**Livzon International**”)
3. Joincare Pharmaceutical Industry Group Co., Ltd.* (健康元藥業集團股份有限公司) (“**Joincare**”)
4. Joincare Pharmaceutical Group Industry Co., Ltd. (“**Joincare BVI**”)
5. YF Pharmab Limited
6. Livzon Biologics Limited (“**Livzon Cayman**”)
7. Livzon Biologics Hong Kong Limited (麗珠生物科技香港有限公司) (“**Livzon HK**”)
8. Zhuhai Livzon Biotechnology Co., Ltd.* (珠海市麗珠生物醫藥科技有限公司) (“**LivzonBio**”)
9. Livzon MABPharm, Inc.* (珠海市麗珠單抗生物技術有限公司) (“**Livzon MAB**”)
10. Zhuhai Kadi Medical Biotechnology Inc.* (珠海市卡迪生物醫藥有限公司) (“**Kadi**”)

(collectively the “**Parties**” and each a “**Party**”)

Transactions contemplated

(1) Transfer of LivzonBio

Pursuant to the Reorganization Framework Agreement, the Company and Joincare agree to acquire 51% and 49% equity interest in LivzonBio from Livzon HK (the “**LivzonBio Transfer**”) at a consideration of RMB24,316,290 and RMB23,362,710, respectively. The consideration of the LivzonBio Transfer is determined with reference to the appraised total equity value of LivzonBio as at 30 September 2020 through asset-based approach, as set out in the valuation report dated 4 December 2020 issued by Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司), an independent valuer.

Immediately after the LivzonBio Transfer, LivzonBio will be owned by the Company and Joincare as to 51% and 49%, respectively.

(2) Capital Injection to LivzonBio

Pursuant to the Reorganization Framework Agreement, the capital injection to LivzonBio will take place in several phases:

(a) *Increase in registered capital of LivzonBio*

The registered capital of LivzonBio will be increased from RMB250 million to RMB600 million with pro rata registered capital subscription from the Company and Joincare of RMB178.5 million and RMB171.5 million, respectively (the “**Joincare Subscription**”).

Upon completion of the Joincare Subscription, the Company and Joincare will be interested in RMB306 million and RMB294 million of the registered capital of LivzonBio, respectively. As such, LivzonBio will be owned by the Company and Joincare as to 51% and 49%, respectively.

(b) *Termination of the Subsidiary Share Incentive Scheme and Subscription by the Employee Incentive Platform(s)*

On 5 September 2018, Livzon Cayman adopted the Subsidiary Share Incentive Scheme, pursuant to which it may allot ordinary shares up to approximately 7.50% of its then total outstanding ordinary shares to its directors, employees, advisers and consultants of Livzon Cayman and/or any of its affiliates who, in the sole opinion of the administrator of the Subsidiary Share Incentive Scheme, have contributed or will contribute to Livzon Biologics and/or any of its affiliates. As at the date of this announcement, no share option was granted pursuant to the Subsidiary Share Incentive Scheme. In order to facilitate the Reorganization, the Subsidiary Share Incentive Scheme will be terminated prior to the completion of the subscription by the Employee Incentive Platform(s) set out below.

To reflect the Livzon Cayman Shares reserved for the Subsidiary Share Incentive Scheme, the registered capital of LivzonBio will be further increased to RMB666,666,667. The increased registered capital of RMB66,666,667 of LivzonBio will be subscribed by the Employee Incentive Platform(s).

The consideration for the increased registered capital will be settled by the Employee Incentive Platform(s) when share incentive units under the share incentive scheme to be adopted by LivzonBio (the “**New Subsidiary Share Incentive Scheme**”) are granted to eligible participants thereof, upon which the grantees will inject capital to the Employee Incentive Platform(s) as grant price to be stipulated under the New Subsidiary Share Incentive Scheme. The increased registered capital of RMB66,666,667 of LivzonBio will be recorded as unpaid share capital until the above consideration is settled.

(c) Subscription by the Company and YF Pharmab Limited

In June 2018, Livzon Cayman conducted its series A financing, by which the Company and YF Pharmab Limited invested US\$98,299,320 and US\$50,000,000 in Livzon Cayman, respectively (the “**Series A Financing**”).

To reflect the shareholding structure of Livzon Cayman at the LivzonBio level, the registered capital of LivzonBio will be further increased to RMB889,023,284, and the Company and YF Pharmab Limited will subscribe for the increased registered capital of LivzonBio at a consideration of US\$98,299,320 and US\$50,000,000, respectively, or the equivalent amount in RMB (the “**YF Subscription**”). The consideration is determined on arm’s length negotiation between the Company and YF Pharmab Limited with reference to their respective investment amount of the Series A Financing. The premium amount of the consideration in excess of the increased registered capital will be credited to the capital reserve of LivzonBio.

Upon completion of transactions (2)(a) to (2)(c) above, LivzonBio will be owned by the Company, Joicare, YF Pharmab Limited and the Employee Incentive Platform(s) as to approximately 51.00%, 33.07%, 8.43% and 7.50%, respectively.

(3) Acquisitions of Subsidiaries by LivzonBio

Pursuant to the Reorganization Framework Agreement, LivzonBio will undertake the following steps to acquire the Target Companies as its wholly-owned subsidiaries:

(a) Acquisition of Livzon MAB

LivzonBio will acquire the entire equity interest of Livzon MAB from Livzon HK (the “**MAB Acquisition**”) at a consideration of RMB1.48 billion. The consideration of the MAB Acquisition is determined with reference to the appraised total equity value of Livzon MAB as at 30 September 2020 through asset-based approach, as set out in the valuation report dated 4 December 2020 issued by Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司), an independent valuer.

(b) Acquisition of Kadi

Prior to the Reorganization, Kadi is a variable interest entity controlled by LivzonBio through contractual arrangements with registered shareholders of Kadi, namely Mr. Zhang Jingwei (張經緯) and Dr. Yang Jiaming (楊嘉明), who are not connected persons of the Company for the purposes of Chapter 14A of the Listing Rules.

LivzonBio will acquire the entire equity interest of Kadi from Mr. Zhang Jingwei and Dr. Yang Jiaming (the “**Kadi Acquisition**”) at nil consideration. The consideration is determined with reference to the negative net asset value of Kadi in the latest quarter of financial results.

Upon completion of the Kadi Acquisition, the contractual arrangements among LivzonBio, Kadi, Mr. Zhang Jingwei and Dr. Yang Jiaming will be terminated and Kadi will become a direct wholly-owned subsidiary of LivzonBio.

(c) Acquisition of Livzon HK

As Livzon HK is an investment holding entity of Livzon Cayman, in preparation of the capital reduction and return of capital by Livzon Cayman (as set out in transactions 4(a) - (4)(c) below, collectively the “**Livzon Cayman Capital Reduction**”), Livzon HK will transfer to Livzon Cayman an amount equivalent to capital to be returned by Livzon Cayman to its shareholders for the Livzon Cayman Capital Reduction, after excluding the consideration of US\$6.1 million as described below and the remaining cash of Livzon Cayman. After the transfer, Livzon HK will undergo capital reduction to reflect its return of capital to Livzon Cayman.

After the capital reduction of Livzon HK, LivzonBio will acquire the entire share capital of Livzon HK from Livzon Cayman at a consideration of US\$6.1 million. The consideration is determined with reference to the capital previously injected by Livzon Cayman to Livzon HK for external investments in Livzon MABPharm USA, Inc., Aetio Biotherapy, Inc. and SCC VENTURE VI 2018-B, L.P..

Upon completion of acquisitions (3)(a) to (3)(c) above, the Target Companies will become wholly-owned subsidiaries of LivzonBio, which will be directly owned by the Company as to approximately 51.00%. Accordingly, LivzonBio and the Target Companies will remain as subsidiaries of the Company and their assets, liabilities and results will still be consolidated into the consolidated financial statements of the Company.

(4) Capital Reduction and Deregistration of Livzon Cayman

Prior to the Reorganization, Livzon Cayman is owned by the Company (through Livzon International), Joicare (through Joicare BVI) and YF Pharmab Limited as to approximately 55.13%, 35.75% and 9.12%, respectively (without taking into account any allotment and issuance of Livzon Cayman Shares upon exercise of share options under the Subsidiary Share Incentive Scheme) and approximately 51.00%, 33.07% and 8.43%, respectively (after taking into account the allotment and issuance of Livzon Cayman Shares upon exercise of all share options under the Subsidiary Share Incentive Scheme).

In preparation for the deregistration of Livzon Cayman, Livzon Cayman will undertake the following steps to conduct capital reduction by return its capital to Livzon International, Joincare BVI and YF Pharmab Limited, respectively:

- (a) Livzon Cayman will transfer to Livzon International and YF Pharmab Limited US\$98,299,320 and US\$50,000,000, respectively, or the equivalent amount in RMB. This transfer reflects the return of capital gained by Livzon Cayman through LivzonBio in the YF Subscription.
- (b) Livzon Cayman will transfer to Livzon International and Joincare BVI (or its designated entity) RMB306 million and RMB294 million, respectively. This transfer reflects the return of capital gained by Livzon Cayman through LivzonBio in the Joincare Subscription.
- (c) Upon completion of transactions (4)(a) and (4)(b) above, Livzon Cayman will undergo capital reduction and return its capital to Livzon International, Joincare BVI and YF Pharmab Limited. The share capital of Livzon Cayman will be reduced to 1 ordinary share held by Livzon International.

After the transfers and capital reduction, Livzon International will commence deregistration of Livzon Cayman.

Conditions Precedent and Completion

Completion of the Reorganization Framework Agreement and the transactions contemplated thereunder are conditional upon the following conditions being fulfilled or, as the case may be, waived, on or before the Long Stop Date:

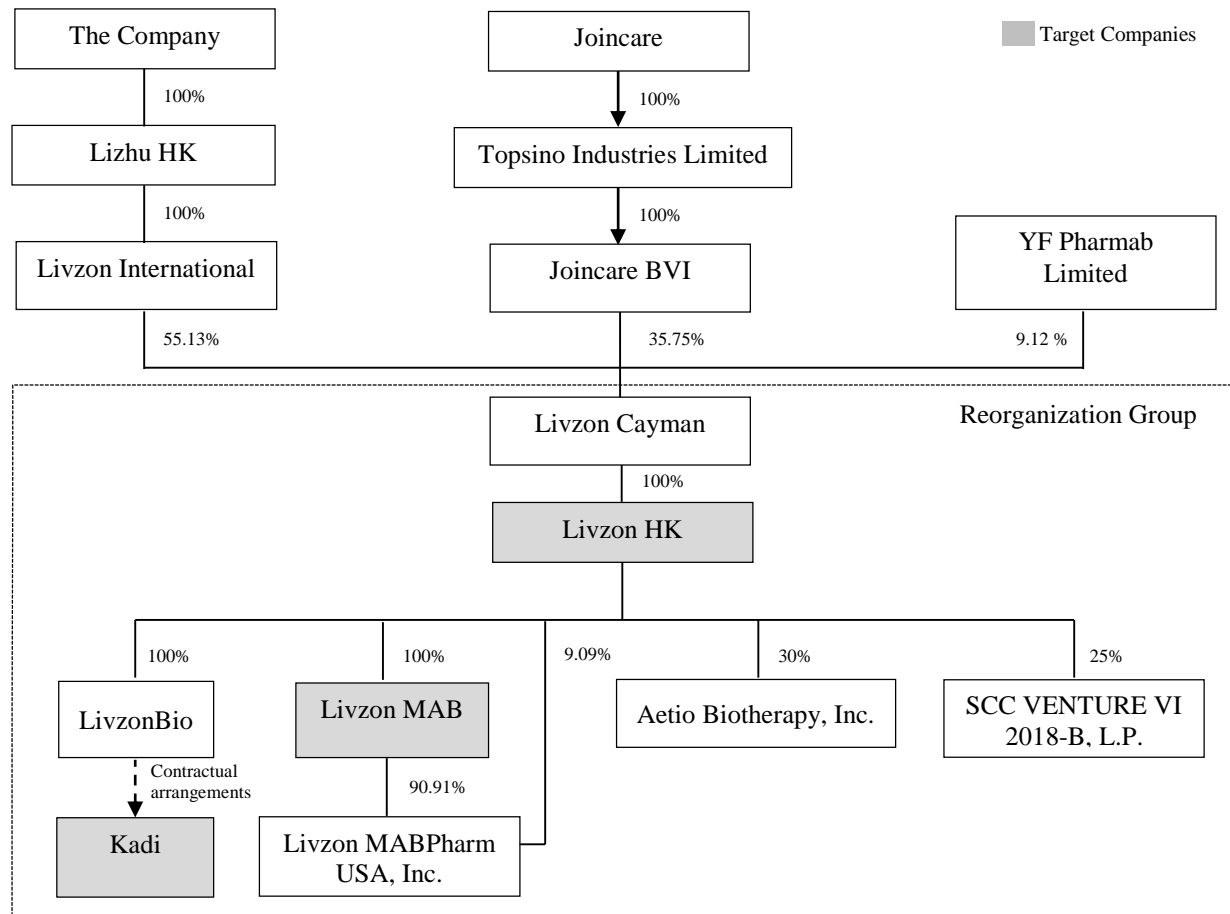
- (a) each Party has obtained their board's and shareholders' approval (where necessary);
- (b) none of the undertakings, warranties and representations of each Party contained in the Reorganization Framework Agreement having been breached in any material respect or being misleading or untrue in any material respect; and
- (c) all necessary governmental and regulatory approvals or consents (or waivers) having been obtained.

Upon completion of the Reorganization, LivzonBio will become the new holding entity of the Target Companies. LivzonBio will be directly owned by the Company as to approximately 51.00%. Accordingly, the assets, liabilities and results of LivzonBio and the Target Companies will continue to be consolidated into the Company's financial statements upon Completion.

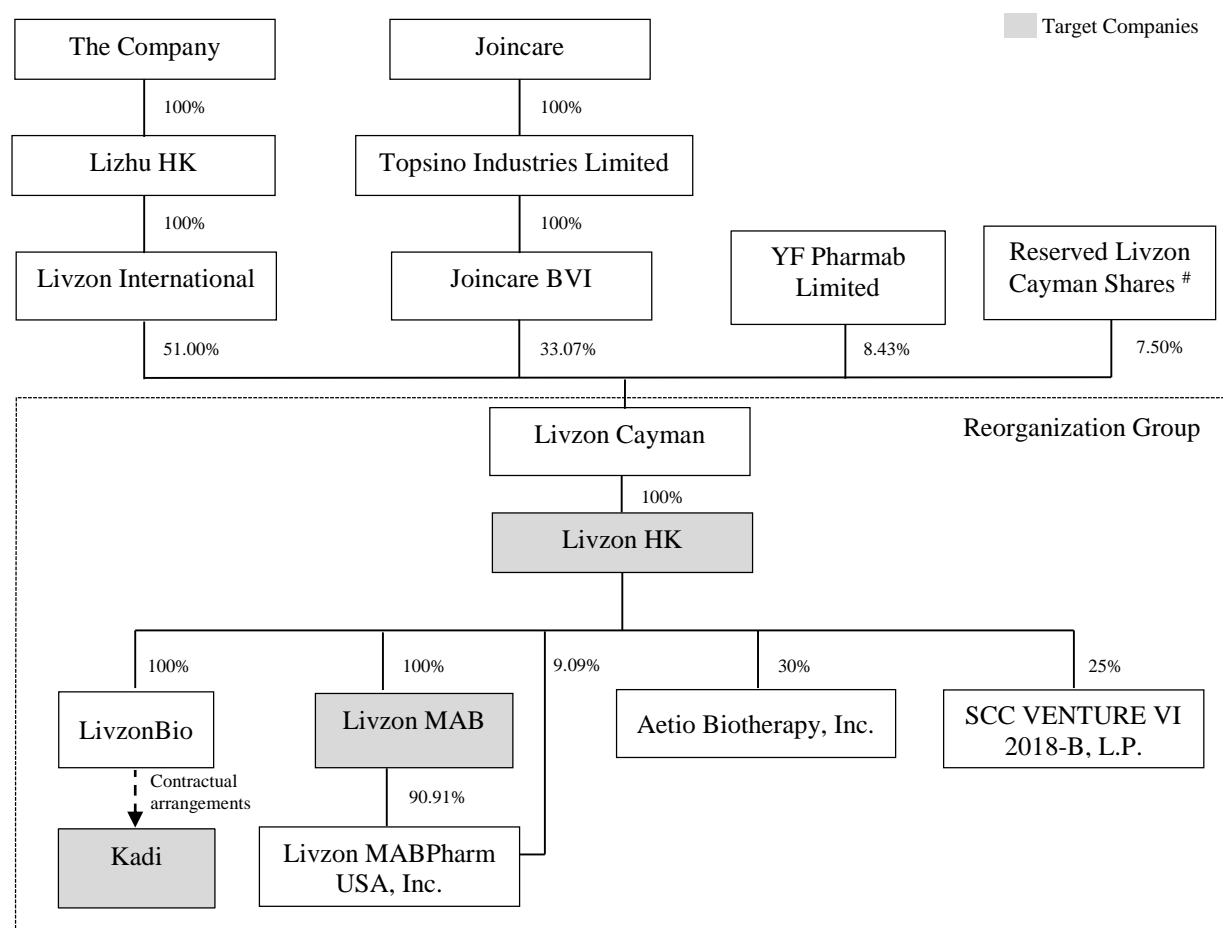
CORPORATE STRUCTURE

Before the Reorganization

(a) Before any allotment and issuance of Livzon Cayman Shares upon exercise of share options under the Subsidiary Share Incentive Scheme



(b) After allotment and issuance of Livzon Cayman Shares upon exercise of all share options under the Subsidiary Share Incentive Scheme

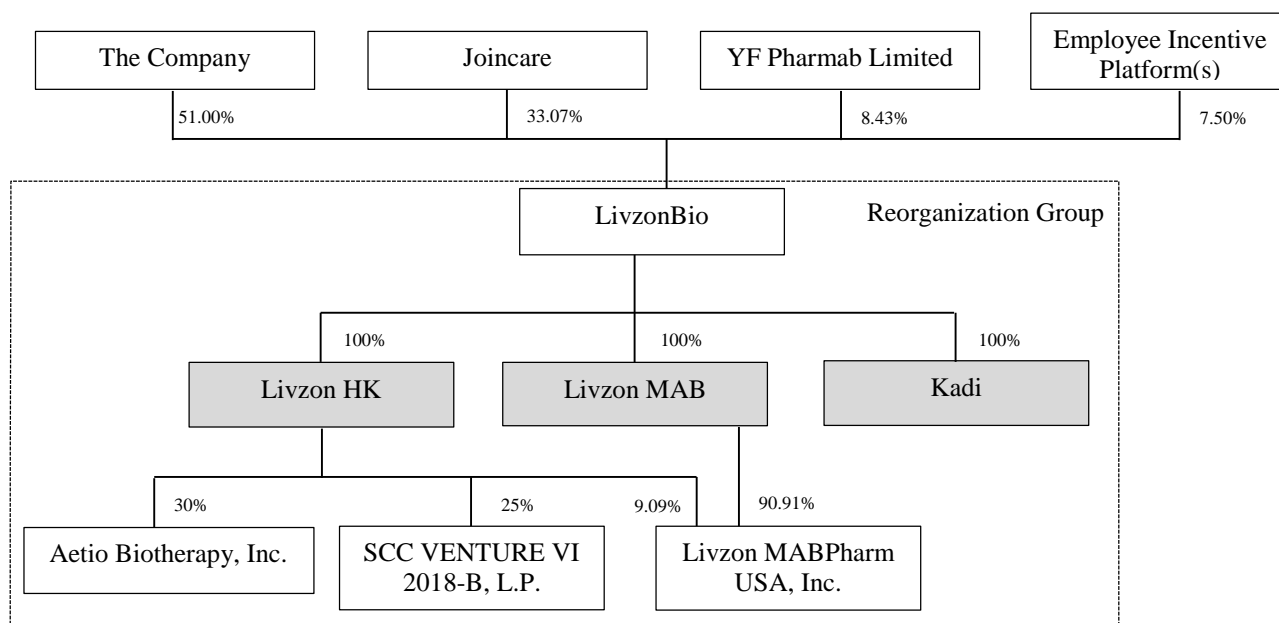


Notes:

Livzon Cayman Shares reserved to be allotted and issued upon exercise of all share options under the Subsidiary Share Incentive Scheme.

After the Reorganization

■ Target Companies



GENERAL INFORMATION OF THE PARTIES

1. The Company

The Company is a joint stock company incorporated in the PRC on 26 January 1985 with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively.

The Group is primarily engaged in the research and development, production and sale of pharmaceutical products, which covered drug preparation products, active pharmaceutical ingredients (“**APIs**”) and intermediates as well as diagnostic reagents and equipment.

2. Livzon International

Livzon International is a company incorporated in Cayman Islands with limited liability and wholly-owned by the Company as an investment holding company.

3. Joincare

Joincare is a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange in 2001. Joincare is primarily engaged in three major business segments, namely research and development, production and sales of (i) drug preparation products; (ii) bulk medicines and intermediates; and (iii) food and health-care food.

As at the Latest Practicable Date, Joincare held approximately 44.34% of the total issued shares of the Company, and is a controlling shareholder of the Company.

4. Joincare BVI

Joincare BVI is a company incorporated in the British Virgin Islands with limited liability which is indirectly and wholly-owned by Joincare as an investment holding company.

5. YF Pharmab Limited

YF Pharmab Limited is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in private equity investment.

As at the date of this announcement, YF Pharmab Limited holds 9.12% of the total issued Livzon Cayman Shares, a controlled subsidiary of the Company. Save for the foregoing, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, YF Pharmab Limited and its ultimate beneficial owners are Independent Third Parties.

6. Livzon Cayman

Livzon Cayman is a company established in the Cayman Islands and operates as an investment holding company.

As at the date of this announcement, Livzon Cayman is owned by Livzon International, Joicare BVI and YF Pharmab Limited as to 55.13%, 35.75% and 9.12%, respectively.

7. Livzon HK

Livzon HK is a company established in Hong Kong and operates as an investment holding company.

As at the date of this announcement, Livzon HK is a wholly-owned subsidiary of Livzon Cayman.

8. LivzonBio

LivzonBio is a company incorporated in the PRC and is principally engaged in research and development of therapeutic biologics including monoclonal antibodies, recombinant hormones and CAR-T drugs.

As at the date of this announcement, LivzonBio is a wholly-owned subsidiary of Livzon HK.

9. Livzon MAB

Livzon MAB is a company incorporated in the PRC with limited liability and is principally engaged in research, development and commercialization of biopharmaceutical products.

As at the date of this announcement, Livzon MAB is a wholly-owned subsidiary of Livzon HK.

10. Kadi

Kadi is a company incorporated in the PRC with limited liability and is principally engaged in research, development and commercialization of cell therapies.

REASONS FOR AND BENEFITS OF THE REORGANIZATION

The Company focuses on research and development, production and sale of pharmaceutical products whilst LivzonBio and the Target Companies are pre-revenue clinical stage biotech companies focusing on research and development of therapeutic biologics including monoclonal antibodies, recombinant hormones and CAR-T drugs. The total assets as at 30 September 2020 and revenue and profits (before tax) for the year ended 31 December 2019 of Livzon Cayman (the holding entity of LivzonBio and the Target Companies prior to the Reorganization) was RMB1,517.08 million, nil and RMB6.49 million, accounting for 7.85%, nil and 0.38% of that of the Company, respectively.

The transactions serve the purpose of reorganization of the Reorganization Group. Prior to and after the Reorganization, LivzonBio and the Target Companies remain as subsidiaries of the Company and their assets, liabilities and results will still be consolidated into the consolidated financial statements of the Company. The Reorganization will provide a more streamlined capital structure based on the respective principal businesses and main products of the subsidiaries involved, which will optimize the strategic positioning of different subsidiaries within the Group and accelerate efficiency of their business progresses.

The Directors (including independent non-executive Directors) are of the view that the Reorganization has no material operational or financial impact on the Group, and the terms of the Reorganization Framework Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the following parties are connected persons of the Company for the purposes of Chapter 14A of the Listing Rules by virtue of the following reasons:

1. Joincare held approximately 44.34% of the total issued shares of the Company and is a controlling shareholder of the Company. Therefore, Joincare and its wholly-owned subsidiaries are connected persons of the Company;
2. Livzon Cayman is owned by Livzon International and Joincare BVI as to 55.13% and 35.75%, respectively. Therefore, Livzon Cayman and its subsidiaries, namely LivzonBio and the Target Companies, are connected subsidiaries for the purposes of Chapter 14A of the Listing Rules and hence, connected persons of the Company.

Accordingly, the LivzonBio Transfer (transaction (1)), the Joincare Subscription (transaction (2)(a)), the YF Subscription (transaction (2)(c)) and the Livzon Cayman Capital Reduction (transaction (4)) contemplated under the Reorganization Framework Agreement are connected transactions of the Company by virtue of Chapter 14A of Listing Rules.

The acquisitions of Livzon MAB and Livzon HK by LivzonBio (transactions (3)(a) and (c)) are transactions between connected subsidiaries and are not considered connected transactions of the Company by virtue of Rule 14A.17 of the Listing Rules.

Mr. Zhang Jingwei is a director of Livzon MAB, which is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Accordingly, Mr. Zhang Jingwei is not a connected person of the Company and the Kadi Acquisition (transaction (3)(b)) is not considered a connected transaction of the Company.

As the transactions contemplated under the Reorganization Framework Agreement are co-related, interconditional and are expected to complete within 12 months, the transactions contemplated under the Reorganization Framework Agreement shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in relation to the Reorganization exceeds 5% but less than 25%, the transactions contemplated under the Reorganization Framework Agreement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and connected transactions under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Reorganization Framework Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Joicare and its associates held approximately 44.34% of the total issued share capital of the Company in aggregate and have a material interest in the Reorganization. Accordingly, Joicare and its associates will be required to abstain from voting at the EGM to approve the Reorganization and the Reorganization Framework Agreement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in connection with the Reorganization Framework Agreement and the transactions contemplated thereunder. Maxa Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

CIRCULAR

A circular containing, among others, (a) further details of the Reorganization, (b) a letter from the Independent Board Committee, and (c) a letter from the independent financial adviser, is expected to be despatched to the Shareholders on or before 18 December 2020.

WARNING NOTICE

Completion of the Reorganization is subject to, among other things, fulfillment of the conditions precedent of the Reorganization Framework Agreement as set out in the subsection headed "Conditions Precedent" in this announcement. As the Reorganization may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“A Share(s)”	the shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange (stock code: 000513)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.*, a joint stock company incorporated in the PRC on 26 January 1985 with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the 2021 first extraordinary general meeting of the Company to be held on Wednesday, 13 January 2021 to consider and approve the Reorganization and the Reorganization Framework Agreement
“Employee Incentive Platform(s)”	one or more corporations, limited partnerships or entities in any other form to be incorporated in the PRC and/or offshore jurisdictions by employee(s) designated by LivzonBio for the purpose of implementing the New Subsidiary Share Incentive Scheme
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	the overseas-listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 01513)
“Independent Board Committee”	an independent committee of the Board comprising independent non-executive Directors has been formed to advise the Independent Shareholders in connection with the Reorganization
“Independent Shareholders”	Shareholders other than Joincare and its associates

“Independent Third Party”	to the best of the Directors’ knowledge having made all reasonable enquiries, any third party independent of the Company and its connected persons
“Joincare”	Joincare Pharmaceutical Industry Group Co., Ltd.* (健康元藥業集團股份有限公司) (Shanghai Stock Exchange stock code: 600380), a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange in 2001 and one of the Company’s controlling shareholders
“Joincare BVI”	Joincare Pharmaceutical Group Industry Co., Ltd., a company incorporated in the British Virgin Islands with limited liability which is an indirect wholly-owned subsidiary of Joincare
“Kadi”	Zhuhai Kadi Medical Biotechnology Inc.* (珠海市卡迪生物醫藥有限公司), a company incorporated in the PRC with limited liability and a variable interest entity controlled by LivzonBio through contractual arrangements
“Latest Practicable Date”	3 December 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement prior to its publication
“LivzonBio”	Zhuhai Livzon Biotechnology Co., Ltd* (珠海市麗珠生物醫藥科技有限公司), a company incorporated in the PRC with limited liability on 23 November 2017, which is a subsidiary indirectly owned as to approximately 55.13% by the Company prior to the Reorganization and will be directly owned as to approximately 51.00% by the Company after the Reorganization
“Livzon Cayman”	Livzon Biologics Limited, a company established in the Cayman Islands and a subsidiary indirectly owned as to 55.13% by the Company
“Lizon Cayman Shares”	shares of Livzon Cayman
“Livzon HK”	Livzon Biologics Hong Kong Limited (麗珠生物科技香港有限公司), a company established in Hong Kong and a subsidiary indirectly owned as to 55.13% by the Company
“Livzon International”	Livzon International Limited, a company incorporated in the Cayman Islands and an indirectly wholly-owned subsidiary of the Company
“Livzon MAB”	Livzon MABPharm Inc.* (珠海市麗珠單抗生物技術有限公司), a company incorporated in the PRC with limited liability on 2 July 2010 and a subsidiary indirectly owned as to 55.13% by the Company

“Lizhu HK”	Lizhu (Hong Kong) Co., Limited (麗珠(香港)有限公司), a company established in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong
“Long Stop Date”	4 December 2021, being one year from the date of the Reorganization Framework Agreement, or any other date as the Company and the Parties may agree in writing for fulfillment of the conditions precedent
“New Subsidiary Share Incentive Scheme”	the share incentive scheme to be adopted by LivzonBio to reflect and replace the Subsidiary Share Incentive Scheme
“Parties”	the parties to the Reorganization Framework Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Reorganization”	a series of transactions contemplated under the Reorganization Framework Agreement
“Reorganization Framework Agreement”	an agreement entered into by parties set out in the section “Principal Terms of the Reorganization Framework Agreement” of this announcement on 4 December 2020
“Reorganization Group”	Livzon Cayman, LivzonBio, the Target Companies, Aetio Biotherapy, Inc., SCC VENTURE VI 2018-B. L.P. and Livzon MABPharm USA, Inc., a group of companies in the Group which are collectively subject to the Reorganization
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	the shareholders of the Company
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Subsidiary Share Incentive Scheme”	the share incentive scheme adopted by Livzon Cayman on 5 September 2018
“Target Companies”	Livzon MAB, Kadi, and Livzon HK

“US\$”

United States Dollar

By order of the Board
Livzon Pharmaceutical Group Inc.*
麗珠醫藥集團股份有限公司
Yang Liang
Company Secretary

Zhuhai, China

4 December 2020

As at the date of this announcement, the Executive Directors of the Company are Mr. Tang Yanggang (President), Mr. Xu Guoxiang (Vice Chairman and Vice President); the Non-Executive Directors of the Company are Mr. Zhu Baoguo (Chairman), Mr. Tao Desheng (Vice Chairman), Mr. Qiu Qingfeng and Mr. Yu Xiong; and the Independent Non-Executive Directors of the Company are Mr. Bai Hua, Mr. Zheng Zhihua, Mr. Xie Yun, Mr. Tian Qiusheng and Mr. Wong Kam Wa.

** For identification purpose only*