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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)

NOTICE OF THE 2021 FIRST CLASS MEETING OF H SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 2021 first class meeting of H shareholders (the “**Class Meeting of H Shareholders**”) of 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.* (the “**Company**”) will be held at the Conference Room on the 3rd Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China at 4:00 p.m. (or immediately after the conclusion of the 2021 first class meeting of A shareholders or any adjournment meeting thereof) on Thursday, 20 May 2021, agenda of which is set out below:

SPECIAL RESOLUTION

1. To consider and approve the grant of following general mandate to the board of directors of the Company (the “**Board**”) to repurchase H shares (the “**H Shares**”) of the Company:
 - (a) subject to paragraphs (b), (c) and (d) below, during the Relevant Period (as defined in paragraph (e) below), the Board may exercise all the powers of the Company to repurchase H Shares in issue on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the People’s Republic of China (the “**PRC**”), the Stock Exchange or of any other governmental or regulatory body;
 - (b) the authorisation to the Board in respect of the repurchase of H Shares includes but not limited to:
 - (i) formulate and implement specific repurchase proposal, including but not limited to the repurchase price and repurchase amount, and decide the timing of repurchase and time limit;

* For identification purpose only

- (ii) notify the creditor(s) of the Company and publish announcement(s) in accordance with the Company Law of the PRC and the articles of association of the Company (“**Articles of Association**”);
 - (iii) open any securities account(s) for repurchase of H Shares and attend relevant registration procedures for foreign exchange, if appropriate;
 - (iv) implement the relevant approval or filing procedures, if appropriate, pursuant to the relevant requirements of the regulatory authorities and the listing places;
 - (v) attend the cancellation matters in respect of the repurchased H Shares, reduce the registered capital, amend the Articles of Association in relation to the total share capital amount and shareholding structure, and attend the relevant required domestic and overseas registration and reporting procedures, if appropriate; and
 - (vi) execute and handle all other relevant documents and matters in relation to the repurchase of H Shares;
- (c) the aggregate number of H Shares authorized to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate number of H Shares in issue and having not been repurchased as at the date of the passing of this resolution, and shall maintain a sufficient public float as required under The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”);
- (d) the approval in paragraph (a) above shall be conditional upon:
- (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (d)(i)) at the annual general meeting for the year 2020 of the Company and the class meeting for holders of A shares (the “**A Shares**”) of the Company to be held on 20 May 2021 (or on such adjourned date as may be applicable); and
 - (ii) the approval of the relevant regulatory authorities as may be required by the laws, rules and regulations of the PRC and the Hong Kong Listing Rules being obtained by the Company, if appropriate;
- (e) for the purpose of this special resolution, “**Relevant Period**” means the period from the passing of this special resolution until whichever is the earlier of:
- (i) the conclusion of the next annual general meeting of the Company following the passing of this special resolution; or
 - (ii) the date on which the authority conferred by this special resolution is revoked or varied by a special resolution of the shareholders of the Company in any general meeting or by a special resolution of holders of H Shares or holders of A Shares at their respective class meetings.

Notes:

1. Please refer to the appendix hereto for an explanatory statement in relation to the proposed general mandate to repurchase H Shares of the Company.
2. All resolutions at the Class Meeting of H Shareholders will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Hong Kong Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.livzon.com.cn) in accordance with the Hong Kong Listing Rules.
3. The record date for determining the qualification of the holders of the shares of the Company (the “**Shareholder(s)**”) to attend and vote at the Class Meeting of H Shareholders will be Wednesday, 12 May 2021. In order to qualify as Shareholders to attend and vote at the Class Meeting of H Shareholders, holders of H shares of the Company (the “**H Shareholders**”) who are not registered must lodge all transfers of shares accompanied by the relevant share certificates with the Company’s H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 12 May 2021.
4. Any H Shareholder entitled to attend and vote at the Class Meeting of H Shareholders is entitled to appoint one or more persons as his proxy to attend and vote in his stead. A proxy need not be a H Shareholder. If more than one proxy is so appointed, the appointment shall specify the number of H Shares in respect of which each such proxy is so appointed.
5. A H Shareholder shall attend the Class Meeting of H Shareholders by his proxy duly authorised in writing. The instrument appointing a proxy must be signed by the H Shareholder(s) or his/her/its attorney duly authorised in writing. Where the H Shareholder is a legal person, the proxy form shall be executed under its common seal or under the hand of its director or a legal representative or an attorney duly authorised. If the proxy form is signed by the attorney of the H Shareholder, the power of attorney or other documents of authorisation must be notarised. To be valid, the H Shareholders must lodge the proxy form with the H Share Registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 24 hours before the holding of the Class Meeting of H Shareholders. Completion and return of the proxy form will not preclude H Shareholders from attending and voting at the Class Meeting of H Shareholders or any adjournment thereof in person, and in such event, the proxy form shall be deemed to be revoked.
6. Contact details of the Secretariat of the Board are as follows:

Address: Office of the Secretariat of the Board, Livzon Pharmaceutical Group Inc.,
Headquarters Building, 38 Chuangye North Road, Jinwan District,
Zhuhai, Guangdong Province, China
Postal code: 519090
Contact persons: Mr. Ye Delong, Ms. Yuan Ailing
Telephone: (86) 756 8135888
Fax: (86) 756 8891070

7. H Shareholders or their proxies shall produce their identity proof when attending the Class Meeting of H Shareholders.
8. The Class Meeting of H Shareholders is expected to last for 30 minutes. H Shareholders (in person or by proxy) who attend the Class Meeting of H Shareholders should be responsible for their own travelling, lodging and the related costs.

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

Zhuhai, China
16 April 2021

As at the date of this notice, the Executive Directors of the Company are Mr. Tang Yanggang (President) and 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*

APPENDIX

This appendix serves as an explanatory statement, as required under Rule 10.06(1)(b) of the Hong Kong Listing Rules (as modified by Rules 19A.24 and 19A.25 of the Hong Kong Listing Rules), to provide the requisite information to the Shareholders for their consideration of the proposed general mandate to repurchase H Shares (the “**H Share Repurchase Mandate**”) of the Company.

NUMBER OF THE H SHARES PROPOSED TO BE REPURCHASED AND THE REPURCHASE PRICE

As at 12 April 2021, being the latest practicable date for the purpose of ascertaining certain information contained herein (the “**Latest Practicable Date**”), the Company had a total issued and not repurchased share capital of 932,466,904 shares, comprising 313,235,617 H Shares and 619,231,287 A Shares. The maximum number of the H Shares proposed to be repurchased shall not exceed 10% of the aggregate number of H Shares in issue and having not been repurchased as at the date of the passing of the resolution in relation to the H Share Repurchase Mandate, and shall maintain a sufficient public float as required by the Hong Kong Listing Rules. If 10% of the aggregate number of H Shares in issue and having not been repurchased as at the date of the passing of the resolution in relation to the H Share Repurchase Mandate is 313,235,617, then the maximum number of the H Shares proposed to be repurchased shall not exceed 31,323,561 H Shares.

The repurchase will be implemented by batches, and each of the repurchase price shall be no higher than 5% of the average closing price in the five trading days prior to the relevant date of repurchase.

METHOD OF REPURCHASE

Repurchase on the Stock Exchange pursuant to the Hong Kong Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong (the “**Takeovers Code**”) and other applicable laws and regulations.

STATUS AND DISPOSAL OF THE REPURCHASED SHARES

The listing of all H Shares which are purchased by the Company shall be automatically cancelled upon purchase pursuant to the Hong Kong Listing Rules. The Company will cancel the repurchased H Shares upon completion of the repurchase, and the Company will reduce its registered capital accordingly.

TIME LIMIT OF THE REPURCHASE

The Company shall not repurchase its shares within 30 days before the Company convenes a board meeting for periodical reports or releases periodical reports, within 10 trading days before publication of the estimated results announcement or preliminary financial data announcement, or within 2 trading days after the Company’s official publication of inside information during periods when inside information of the Company exists.

REASONS FOR REPURCHASE

The directors of the Company (the “**Directors**”) are of the view that the H Share Repurchase Mandate affords the Company the flexibility and ability in pursuing the best interests for the Company and its Shareholders and that repurchase of shares could also strengthen the long-term investment value of the Company and faith of investors, so as to protect investors’ interests. Repurchases of H Shares will, depending on market conditions, be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

SOURCE OF FUNDS

In repurchasing H Shares of the Company, the Company intends to raise fund legally available for such purpose in accordance with its Articles of Association and the applicable laws of the PRC and the Hong Kong Listing Rules, as the case may be.

IMPACT ON WORKING CAPITAL

As compared with the financial position of the Company as at 31 December 2020 (being the date to which the latest audited accounts of the Company were made up), the Directors consider that there will not be a material adverse impact on the working capital or the gearing position of the Company in the event that the H Share Repurchase Mandate is to be exercised in full during the proposed repurchase period.

PRESENT INTENTION OF THE DIRECTORS AND CLOSE ASSOCIATES

To the best of their knowledge having made all reasonable enquiries, none of the Directors nor their close associates (as defined in the Hong Kong Listing Rules) have any present intention to sell any H Shares to the Company if the H Share Repurchase Mandate is approved by the Shareholders at the Annual General Meeting for the Year 2020, the 2021 First Class Meeting of A Shareholders and the 2021 First Class Meeting of H Shareholders (collectively the “**General Meetings**”).

DIRECTORS’ UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases of H Shares pursuant to the resolution as set out in the notice of the Class Meeting of H Shareholders in accordance with the Hong Kong Listing Rules and the applicable laws of the PRC.

EFFECT OF THE TAKEOVERS CODE

If a Shareholder’s proportionate interest in the voting rights of the Company increases as a result of the Directors’ exercising the powers of the Company to repurchase H Shares pursuant to the H Share Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for Shares under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date and insofar the Directors are aware, 健康元藥業集團股份有限公司 Joicare Pharmaceutical Industry Group Co., Ltd.* (“**Joicare**”), together with its associates (as defined in the Hong Kong Listing Rules), directly or indirectly held 163,364,672 H Shares and 255,513,953 A Shares of the Company, representing approximately 52.15% and 41.26% of the H Shares and A Shares of the Company in issue and having not been repurchased, and in aggregate approximately 44.92% of the total shares of the Company in issue and having not been repurchased. If the H Share Repurchase Mandate is fully exercised, the aggregate interest of Joicare in the Company is expected to be increased to approximately 46.48%. The Directors are currently not aware of any consequences which will arise under either or both the Takeovers Code and any similar applicable law of which the Directors are aware as a result of any repurchase of H Shares made under the H Share Repurchase Mandate. Moreover, the Directors have no present intention to exercise the H Share Repurchase Mandate to such an extent as would result in takeover obligations.

SHARES REPURCHASE MADE BY THE COMPANY

On 26 March 2020, the Repurchase of Part of the Public Shares Scheme (the “**Repurchase Scheme**”) had been considered and approved at the 2020 second extraordinary general meeting, the 2020 first class meeting of A Shareholders and the 2020 first class meeting of H Shareholders of the Company. On 25 May 2020, the extension of the expiry date of the Repurchase Scheme to 25 December 2020 had been considered and approved at the 2019 annual general meeting, 2020 second class meeting of A Shareholders and 2020 second class meeting of H Shareholders of the Company. According to the Repurchase Scheme, the Company intends to repurchase part of its public A Shares by means of centralised bidding transactions through the trading system of the Shenzhen Stock Exchange. The repurchase price shall not exceed RMB45.00 per A Share. The aggregate amount of funds to be used by the Company for the repurchase shall not be less than RMB250 million (inclusive) and not more than RMB500 million (inclusive). Details of the repurchase during the previous six months preceding the Latest Practicable Date were as follow:

Date of Repurchase	Number of Shares Repurchased (A Shares)	Highest Price (RMB)	Lowest Price (RMB)
13 November 2020	147,700	44.87	44.68

On 23 December 2020, the grant of general mandate to the Board to repurchase H Shares of the Company had been considered and approved at the 2020 sixth extraordinary general meeting, the 2020 third class meeting of A Shareholders and the 2020 third class meeting of H Shareholders of the Company. Details of the repurchase during the previous six months preceding the Latest Practicable Date were as follow:

Date of Repurchase	Number of Shares Repurchased (H Shares)	Highest Price (HK\$)	Lowest Price (HK\$)
4 January 2021	101,900	31.00	30.85
5 January 2021	288,200	31.25	31.00
6 January 2021	51,100	31.60	31.45
7 January 2021	300,000	31.80	30.65

Date of Repurchase	Number of Shares Repurchased (H Shares)	Highest Price (HK\$)	Lowest Price (HK\$)
8 January 2021	400,000	31.90	31.20
11 January 2021	450,000	31.00	30.50
27 January 2021	10,000	28.85	28.85
28 January 2021	696,000	29.00	28.35
29 January 2021	1,037,000	29.50	28.45
2 February 2021	992,700	30.45	29.80
3 February 2021	703,800	30.50	29.50
4 February 2021	974,600	30.50	29.75
5 February 2021	623,300	30.50	30.10

Save as disclosed above, the Company has not purchased any shares of the Company (whether on the Stock Exchange, the Shenzhen Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

CORE CONNECTED PERSONS

As at the Latest Practicable Date, no core connected persons of the Company (as defined in the Hong Kong Listing Rules) have notified the Company that they have a present intention to sell H Shares to the Company, or have undertaken not to do so, in the event that the H Share Repurchase Mandate is approved by the Shareholders at the General Meetings.

MARKET PRICES

The highest and lowest trading prices at which the H Shares were traded on the Stock Exchange during the previous 12 months preceding the Latest Practicable Date were as follows:

	H Shares	
	Highest HK\$	Lowest HK\$
2020		
April	35.55	27.30
May	34.95	28.65
June	39.45	29.80
July	42.60	36.20
August	41.85	36.00
September	37.80	33.00
October	37.25	33.40
November	34.15	29.30
December	33.50	28.25
2021		
January	32.70	28.00
February	30.90	28.30
March	33.90	26.80
April (as at the Latest Practicable Date)	37.15	33.15