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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 ANNUAL GENERAL MEETING FOR THE YEAR 2022

NOTICE IS HEREBY GIVEN that the annual general meeting for the year 2022 of 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.* (the “**Company**”) (the “**Annual General Meeting**”) will be held at the Conference Room on the 6th Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China at 2:00 p.m. on Wednesday, 21 June 2023, agenda of which is as below:

I. BASIC INFORMATION OF THE MEETING

1. Convenor: The board of directors of the Company (the “**Board**”)
2. Convention time: 2:00 p.m. on Wednesday, 21 June 2023
3. Venue: Conference Room on the 6th Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China
4. Way of conducting the meeting: Poll at the meeting

II. MATTERS TO BE CONSIDERED AT THE MEETING

(I) Ordinary Resolutions

1. To consider and approve the work report of the Board of the Company for the year 2022.
2. To consider and approve the work report of the supervisory committee of the Company for the year 2022.

* *For identification purpose only*

3. To consider and approve the financial accounts report of the Company for the year 2022.
4. To consider and approve the 2022 annual report of 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc*.
5. To consider and approve the re-appointment of Grant Thornton (Special General Partnership) as the auditor of the Company for the year 2023 and fix its remuneration.

“THAT:

Grant Thornton (Special General Partnership) be re-appointed as the auditor of the Company for the year 2023, and its remuneration be fixed at RMB1.79 million (tax inclusive) and RMB0.36 million (tax inclusive) for the audit of the financial statements of the Company for the year 2023 and the internal control of the Company respectively.”

6. To consider and approve the director’s fee of the eleventh session of the Board of the Company.
7. To consider and approve the supervisor’s fee of the eleventh session of the Supervisory Committee of the Company.

(II) Special Resolutions

8. To consider and approve the 2022 annual profit distribution plan of the Company (the “**2022 Annual Profit Distribution Plan**”).

“THAT:

The 2022 Annual Profit Distribution Plan proposed by the Board be approved.

The 2022 Annual Profit Distribution Plan: to distribute cash dividend of RMB16.00 (tax inclusive) for every 10 shares to all shareholders of the Company, based on the Company’s total share capital (excluding the shares of the Company which were repurchased but not yet cancelled) as at the record date of shareholding determined for implementation of the 2022 Annual Profit Distribution Plan. There will be no bonus shares, nor will the capital reserves be capitalized.

The Board be authorized to implement the 2022 Annual Profit Distribution Plan.”

9. To consider and approve the Company’s facility financing and provision of financing guarantees to its subsidiaries.
10. To consider and approve the renewal of the Repurchase of Part of the Company’s A Shares Scheme.

(III) Ordinary Resolutions

11. To consider and approve the re-election of each of the non-independent directors for the eleventh session of the Board of the Company.
 - 11.1 To consider and approve the re-election of Mr. Zhu Baoguo (朱保國先生) as a non-executive director of the eleventh session of the Board.
 - 11.2 To consider and approve the re-election of Mr. Tao Desheng (陶德勝先生) as a non-executive director of the eleventh session of the Board.
 - 11.3 To consider and approve the re-election of Mr. Yu Xiong (俞雄先生) as a non-executive director of the eleventh session of the Board.
 - 11.4 To consider and approve the re-election of Mr. Qiu Qingfeng (邱慶豐先生) as a non-executive director of the eleventh session of the Board.
 - 11.5 To consider and approve the re-election of Mr. Tang Yanggang (唐陽剛先生) as an executive director of the eleventh session of the Board.
 - 11.6 To consider and approve the re-election of Mr. Xu Guoxiang (徐國祥先生) as an executive director of the eleventh session of the Board.
12. To consider and approve the re-election of each of the independent directors for the eleventh session of the Board of the Company.
 - 12.1 To consider and approve the re-election of Mr. Bai Hua (白華先生) as an independent non-executive director of the eleventh session of the Board.
 - 12.2 To consider and approve the re-election of Mr. Tian Qiusheng (田秋生先生) as an independent non-executive director of the eleventh session of the Board.
 - 12.3 To consider and approve the re-election of Mr. Wong Kam Wa (黃錦華先生) as an independent non-executive director of the eleventh session of the Board.
 - 12.4 To consider and approve the re-election of Mr. Luo Huiyuan (羅會遠先生) as an independent non-executive director of the eleventh session of the Board.
 - 12.5 To consider and approve the re-election of Ms. Cui Lijie (崔麗婕女士) as an independent non-executive director of the eleventh session of the Board.

13. To consider and approve the re-election of each of the non-employee supervisors of the eleventh session of the Supervisory Committee of the Company.

13.1 To consider and approve the re-election of Mr. Huang Huamin (黃華敏先生) as a non-employee supervisor of the eleventh session of the Supervisory Committee of the Company.

13.2 To consider and approve the re-election of Mr. Tang Yin (湯胤先生) as a non-employee supervisor of the eleventh session of the Supervisory Committee of the Company.

III. MATTER TO BE REPORTED

To listen to the debriefing report of the independent non-executive directors of the Company for the year 2022.

Notes:

1. Please refer to the appendix hereto for an explanatory statement in relation to the proposed general mandate to repurchase A Shares of the Company.
2. All resolutions at the Annual General Meeting 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 Annual General Meeting will be Wednesday, 14 June 2023. In order to qualify as Shareholders to attend and vote at the Annual General Meeting, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 14 June 2023.
4. The Board proposed to distribute cash dividend of RMB16.00 (tax inclusive) for every 10 shares to all Shareholders of the Company (the “**Cash Dividend**”), based on the Company’s total share capital (excluding the shares of the Company which were repurchased but not yet cancelled) as at the record date of shareholding determined for implementation of the 2022 Annual Profit Distribution Plan. There will be no bonus shares, nor will the capital reserves be capitalized. The above profit distribution plan will be proposed for approval at the Annual General Meeting. If approved on the Annual General Meeting, the Cash Dividend will be distributed to Shareholders whose names are on the register of the Shareholders of the Company on Wednesday, 5 July 2023. The aforementioned Cash Dividend will be denominated and declared in RMB and will be distributed in RMB to holders of A Shares of the Company (the “**A Shareholders**”) and in Hong Kong dollar to H Shareholders, using the middle exchange rates for RMB to Hong Kong dollar as published by the People’s Bank of China on the date of the Annual General Meeting (Wednesday, 21 June 2023) as the exchange rate.

The record date for determining the qualification of the Shareholders for the proposed distribution of the Cash Dividend will be Wednesday, 5 July 2023. In order to qualified for the proposed distribution of the Cash Dividend, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 5 July 2023.

For A Shareholders, the record date for Cash Dividend, payment methods and time will be announced separately.

In accordance with the “Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》)” (the “**CIT Law**”) and the “Rules for the Implementation of the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》)” (the “**Implementation Rules of CIT Law**”), both became effective on 1 January 2008, and the “Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Offshore Non-resident Enterprise Holders of H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號))” promulgated by the State Administration of Taxation on 6 November 2008, the Company is obliged to withhold and pay the PRC enterprise income tax on behalf of non-resident enterprise Shareholder(s) at a tax rate of 10% when the Company distributes any dividends to non-resident enterprise Shareholder(s) whose names appear on the register of members for H Shares of the Company. Accordingly, any H Shares which are not registered under the name(s) of individual(s) (which, for this purpose, include H Shares registered under the name of HKSCC Nominees Limited, other nominees, trustees, or other organisations or groups) shall be deemed to be H Shares held by non-resident enterprise Shareholder(s), and the PRC enterprise income tax shall be withheld from dividends payable thereon. Non-resident enterprise Shareholders may apply for a tax refund for the difference (if any) in accordance to relevant tax laws such as tax treaty (arrangement).

In accordance with the “Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號))” promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are temporarily exempted from the PRC individual income tax for dividends or bonuses received from foreign invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of overseas individual Shareholders whose names appear on the register of members for H Shares of the Company when the Company distributes dividends to those Shareholders.

In accordance with the “Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號))”, (i) for dividends received by domestic individual investor from investing in the Company’s H shares listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) through Shenzhen-Hong Kong Stock Connect, the Company is obliged to withhold personal income tax at a tax rate of 20% when the Company shall apply to China Securities Depository and Clearing Corporation Limited (“**CSDCC**”) for the registrar of domestic individual investors. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds through the Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements; (ii) for dividends received by domestic enterprise investors from investing in Shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, such amount shall be reckoned in their gross revenue and subject to corporate income tax pursuant to laws. In particular, for the dividends obtained by mainland resident enterprises from holding relevant H Shares for consecutive 12 months, the corporate income taxes shall be exempted pursuant to laws. The Company shall apply to CSDCC for the registrar of domestic individual investors. The Company will not withhold the income tax on dividend for the domestic enterprise investors, and the tax payable shall be declared and paid by the domestic enterprise investors.

Shareholders are advised to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares of the Company.

5. Any Shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons as his/her/its proxy to attend and vote in his/her/its stead. A proxy need not be a Shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

6. A Shareholder shall attend the Annual General Meeting by his/her/its proxy duly authorised in writing. The instrument appointing a proxy must be signed by the Shareholder(s) or his/her/its attorney duly authorised in writing. Where the 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 Shareholder, the power of attorney or other documents of authorisation must be notarised. To be valid, the A Shareholders must lodge the proxy form and the notarised power of attorney or other documents of authorization (if any) with the Secretariat of the Board at Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China (postal code: 519090) not less than 24 hours before the holding of the Annual General Meeting. To be valid, the H Shareholders must lodge the proxy form with the H Share Registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 24 hours before the holding of the Annual General Meeting. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the Annual General Meeting or any adjournment thereof in person, and in such event, the proxy form shall be deemed to be revoked.
7. Contact details of the Secretariat of the Board are as follows:
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|------------------|---|
| 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 |
8. Shareholders or their proxies shall produce their identity proof when attending the Annual General Meeting.
9. The Annual General Meeting is expected to last for one and a half hours. Shareholders (in person or by proxy) who attend the Annual General Meeting 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 May 2023

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. Tian Qiusheng, Mr. Wong Kam Wa, Mr. Luo Huiyuan and Ms. Cui Lijie.

* 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 of the Company for their consideration of the Repurchase of Part of the Company's A Shares Scheme (the "**A Share Repurchase Mandate**").

NUMBER OF THE A SHARES PROPOSED TO BE REPURCHASED

Based on the maximum aggregate repurchase amount of RMB800 million and the maximum repurchase price of RMB40.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 20,000,000 A Shares, accounting for approximately 2.14% of the Company's total share capital and approximately 3.20% of the Company's total issued A Shares as at 11 May 2023, being the latest practicable date for the purpose of ascertaining certain information contained herein (the "**Latest Practicable Date**"). Based on the minimum aggregate repurchase amount of RMB400 million and the maximum repurchase price of RMB40.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 10,000,000 A Shares, accounting for approximately 1.07% of the Company's total share capital and approximately 1.60% of the Company's total issued A Shares as at the Latest Practicable Date.

Upon approval of the A Share Repurchase Mandate at the Annual General Meeting, 2023 first class meeting of A Shareholders and 2023 first class meeting of H Shareholders of the Company (collectively, the "**General Meetings**") until the expiry of the Repurchase Period (as defined below), the total number of A Shares that may be repurchased under the A Share Repurchase Mandate by the Company shall not exceed 10% of the total number of the issued A Shares on the date of the General Meetings.

EXERCISE OF THE A SHARE REPURCHASE MANDATE

If the A Share Repurchase Mandate is approved at the General Meetings respectively, the Board will be granted the A Share Repurchase Mandate until the earliest of (a) 24 October 2023; or (b) the date on which the authority conferred by the A Share Repurchase Mandate is revoked or varied by a special resolution of the Shareholders at a general meeting or by the A Shareholders or the H Shareholders at their respective class meetings (the "**Repurchase Period**").

REASONS FOR REPURCHASE

The directors of the Company (the "**Directors**") are of the view that the A Share Repurchase Mandate could enhance the long-term investment value of the Company's shares, safeguard the interests of investors and strengthening investor confidence, on the basis of the high recognition of the Company's value and confidence in the Company's future development, and afford the Company the flexibility and ability in pursuing the best interests for the Company and its Shareholders and to protect investors' interests. Such repurchases of A 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. All A Shares repurchased shall be cancelled for reducing the registered capital.

SOURCE OF FUNDS

In repurchasing A Shares of the Company, the Company intends to apply funds from the Company's internal resources 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 OR GEARING POSITION

As compared with the financial position of the Company as at 31 December 2022 (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 A Share Repurchase Mandate were to be exercised in full during the proposed repurchase period.

PRESENT INTENTION OF THE DIRECTORS AND CLOSE ASSOCIATES

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Hong Kong Listing Rules) have any present intention to sell any A Shares to the Company if the A Share Repurchase Mandate is approved by the Shareholders at the General Meetings respectively.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases of A Shares pursuant to the resolution as set out in the notices of the General Meetings 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 A Shares pursuant to the A Share Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Code on Takeovers and Mergers (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 of the Company 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 52.73% and 40.84% of the H Shares and A Shares of the Company in issue, and in aggregate approximately 44.77% of the total shares of the Company in issue. If the A Share Repurchase Mandate is fully exercised, based on the maximum repurchase price of RMB40.00/A Share and the maximum aggregate repurchase amount of RMB800 million, the Company may repurchase approximately 20,000,000 A Shares, accounting for approximately 2.14% of the Company’s total share capital as at the Latest Practicable Date. Accordingly, Joicare’s interest in the Company would be increased to approximately 45.75%. The Directors consider that the increase would not trigger a mandatory offer under Rule 26 of the Takeovers Code.

Save as aforesaid, 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 A Shares made under the A Share Repurchase Mandate.

SHARES REPURCHASE MADE BY THE COMPANY

Details of the repurchase made by the Company during the previous six months preceding the Latest Practicable Date were as follow:

Date of Repurchase	Number of Shares Repurchased <i>(A Shares)</i>	Highest Price <i>(RMB)</i>	Lowest Price <i>(RMB)</i>
6 December 2022	329,000	35.50	35.12
27 December 2022	558,800	32.50	32.35
28 December 2022	808,300	32.58	32.25
3 February 2023	610,500	34.39	34.02
6 February 2023	616,000	34.18	34.01
9 February 2023	591,300	34.35	34.17
22 February 2023	50,000	34.99	34.86
24 February 2023	247,900	34.95	34.85
27 February 2023	54,193	34.94	34.88
10 March 2023	278,000	35.00	34.60
13 March 2023	177,500	34.98	34.64
14 March 2023	910,555	34.83	34.50
25 April 2023	307,000	34.96	34.79
26 April 2023	210,000	34.88	34.55
27 April 2023	80,000	34.90	34.75

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

PRESENTATION INTENTION OF THE CORE CONNECTED PERSONS

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

PRICES OF A SHARES AND H SHARES

The highest and lowest trading prices at which the A Shares and H Shares were traded on the Shenzhen Stock Exchange and Hong Kong Stock Exchange, respectively, during each of the previous 12 months preceding the Latest Practicable Date were as follows:

	A Shares		H Shares	
	Highest <i>RMB</i>	Lowest <i>RMB</i>	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2022				
May	34.58	31.22	27.45	24.30
June	36.73	32.00	27.60	24.65
July	37.02	31.61	28.15	23.35
August	32.35	30.47	23.45	21.75
September	32.98	29.60	23.45	19.06
October	36.50	28.88	22.50	19.32
November	40.67	34.65	28.00	20.10
December	38.79	32.18	27.75	24.40
2023				
January	35.44	32.55	28.70	25.80
February	35.98	33.88	28.15	26.45
March	37.67	33.80	28.15	25.25
April	38.88	34.43	30.15	27.35
May (as at the Latest Practicable Date)	37.35	35.68	30.10	28.15