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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

If you have sold or transferred all your shares in 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.\*, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)**

**(I) PROVISION OF CONTINUING GUARANTEES  
TO A CONNECTED SUBSIDIARY**  
**(II) PROPOSED CONCLUSION OF PROJECTS INVESTED WITH  
THE PROCEEDS AND UTILISATION OF THE REMAINING PROCEEDS  
FOR PERMANENT REPLENISHMENT OF WORKING CAPITAL**  
**(III) PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR  
AND**  
**(IV) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**Independent Financial Advisers to the Independent Board Committee  
and the Independent Shareholders**

**FRONTPAGE 富比**

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The letter from the Board is set out on pages 6 to 21 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in connection with the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder is set out on pages 22 to 23 of this circular. A letter from Frontpage Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder is set out from pages 24 to 41 of this circular.

The Company will hold the EGM at the Conference Room on the 6th Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China at 2:30 p.m. on Tuesday, 26 November 2024. The notice convening the EGM is set out on pages 49 to 50 of this circular. The proxy form for use by the Shareholders of the Company at the EGM are enclosed herein. The aforesaid documents are also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.livzon.com.cn](http://www.livzon.com.cn)).

If you would like to attend the EGM by proxy, please complete the proxy form in accordance with the instructions printed thereon and return it to the Secretariat of the Board of the Company (for A Shareholders) or the H Share Registrar of the Company, Tricor Investor Services Limited (for H Shareholders) as soon as possible and in any event no later than 24 hours before the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof in person if you so wish.

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## DEFINITIONS

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*In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:*

“2019-nCoV” or “COVID-19”	the novel coronavirus (2019-nCoV)
“2019-nCoV vaccine(s)”	the vaccine(s) for novel coronavirus (2019-nCoV)
“2022 Share Options Incentive Scheme”	the share options incentive scheme adopted and approved by the Shareholders on 14 October 2022
“2022 Continuing Guarantee Support Framework Agreement”	the continuing guarantee support framework agreement dated 25 October 2021 entered into between the Company and Livzon MAB, pursuant to which the Company agreed to provide the Existing Guarantees of not exceeding RMB2.35 billion (or its equivalent in foreign currencies) in aggregate in respect of the credit facilities of Livzon MAB during the three-year period from 1 January 2022 to 31 December 2024, both dates inclusive
“2025 Continuing Guarantee Support Framework Agreement”	the continuing guarantee support framework agreement dated 27 September 2024 entered into between the Company and Livzon MAB, pursuant to which the Company agreed to provide the Guarantees of not exceeding RMB2.1 billion (or its equivalent in foreign currencies) in aggregate in respect of the Credit Facilities of Livzon MAB during the three-year period from 1 January 2025 to 31 December 2027, both dates inclusive
“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)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Baiyeyuan”	Shenzhen Baiyeyuan Investment Co., Ltd.* (深圳市百業源投資有限公司)
“Bivalent Vaccine”	Recombinant SARS-COV-2 Bivalent (Original/Omicron XBB) Fusion Protein Vaccine (CHO Cell) (重組新型冠狀病毒融合蛋白二價(原型株/Omicron XBB變異株)疫苗(CHO細胞))

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## DEFINITIONS

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“Board”	the board of Directors of the Company
“B-01”	Recombinant Human Follitropin Alfa Solution for Injection (重組人促卵泡激素注射液) (r-hFSH)
“Company”	Livzon Pharmaceutical Group Inc.* (麗珠醫藥集團股份有限公司), 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
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected subsidiary”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Counter Guarantees”	the counter guarantees to be provided by Joincare in favour of the Company for any amount payable by the Company in connection with the Guarantees in proportion to its shareholdings in Livzon MAB
“Credit Facilities”	the credit facilities of not exceeding RMB2.1 billion (or its equivalent in foreign currencies) in aggregate to be applied by Livzon MAB from financial institutions during the three-year period from 1 January 2025 to 31 December 2027, both dates inclusive
“Director(s)”	the director(s) of the Company
“EGM”	the 2024 third extraordinary general meeting proposed to be held by the Company to consider matters set out in the notice of the EGM which is set out on pages 49 to 50 of this circular
“Existing Guarantees”	the joint liability guarantees of not exceeding RMB2.35 billion (or its equivalent in foreign currencies) in aggregate provided by the Company to secure credit facilities applied by Livzon MAB, details of which are set out in the announcement of the Company dated 25 October 2021 and the circular of the Company dated 18 November 2021

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## DEFINITIONS

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“Group”	collectively the Company and its subsidiaries
“Guarantees”	the continuing joint liability guarantees of not exceeding RMB2.1 billion (or its equivalent in foreign currencies) in aggregate to be provided by the Company in favour of financial institutions in respect of the Credit Facilities to be granted to Livzon MAB by such financial institutions during the three-year period from 1 January 2025 to 31 December 2027, both dates inclusive, pursuant to the 2025 Continuing Guarantee Support Framework Agreement
“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)
“Haibin Pharma”	Shenzhen Haibin Pharmaceutical Co., Ltd.* (深圳市海濱製藥有限公司)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended and supplemented or otherwise modified from time to time
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors
“Independent Financial Adviser” or “Frontpage Capital”	Frontpage Capital Limited, a licensed corporation registered to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and has been appointed by the Independent Board Committee as independent financial adviser to provide advice on the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	the Shareholders other than Joicare and its associates (as defined under the Hong Kong Listing Rules)

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## DEFINITIONS

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“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 is one of the controlling shareholders of the Company
“Joincare Group”	Joincare and its subsidiaries (for the purpose of this circular, excluding the Group)
“Latest Practicable Date”	14 October 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Letter of Undertaking for Counter Guarantees”	the letter of undertaking to be issued by Joincare, subject to the approval by its shareholders, pursuant to which Joincare will undertake to provide the Counter Guarantees in favour of the Company for any amount payable by the Company in connection with the Guarantees in proportion to its shareholdings in Livzon MAB
“Livzon Diagnostics”	Zhuhai Livzon Diagnostics Inc.* (珠海麗珠試劑股份有限公司)
“Livzon HK”	Livzon Biologics Hong Kong Limited (麗珠生物科技香港有限公司)
“Livzon MAB”	Livzon MABPharm Inc.* (珠海市麗珠單抗生物技術有限公司), a controlling subsidiary of the Company
“LivzonBio”	LivzonBio, Inc.* (珠海市麗珠生物醫藥科技有限公司)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Hong Kong Listing Rules
“LZM009”	Lipustobart for Injection (注射用利普蘇拜單抗) (PD-1)
“LZM012”	Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection (重組抗人IL-17A/F人源化單克隆抗體注射液)
“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan district for the purpose of this circular

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## DEFINITIONS

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“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Shenzhen Listing Rules”	the Stock Listing Rules of the Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》)
“Topsino”	Topsino Industries Limited (天誠實業有限公司)
“Xinbeijiang Pharmaceutical”	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.* (麗珠集團新北江製藥股份有限公司)
“%”	per cent

*In case of any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese names shall prevail.*

\* For identification purposes only

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LETTER FROM THE BOARD

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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)**

**Executive Directors:**

Mr. Tang Yanggang (*President*)

Mr. Xu Guoxiang (*Vice Chairman and Vice President*)

**Non-executive Directors:**

Mr. Zhu Baoguo (*Chairman*)

Mr. Tao Desheng (*Vice Chairman*)

Mr. Qiu Qingfeng

**Independent Non-executive Directors:**

Mr. Bai Hua

Mr. Tian Qiusheng

Mr. Wong Kam Wa

Mr. Luo Huiyuan

Ms. Cui Lijie

**Registered office:**

Headquarters Building,  
38 Chuangye North Road,  
Jinwan District, Zhuhai,  
Guangdong Province,  
China

**Principal place of business  
in Hong Kong:**

Room 1301, 13/F.,  
YF Life Centre,  
38 Gloucester Road, Wanchai,  
Hong Kong

24 October 2024

*To the Shareholders*

Dear Sir/Madam,

**(I) PROVISION OF CONTINUING GUARANTEES  
TO A CONNECTED SUBSIDIARY  
(II) PROPOSED CONCLUSION OF PROJECTS INVESTED WITH  
THE PROCEEDS AND UTILISATION OF THE REMAINING PROCEEDS  
FOR PERMANENT REPLENISHMENT OF WORKING CAPITAL  
(III) PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR  
AND  
(IV) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**



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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with relevant information to enable you to make informed decisions in voting on (i) the special resolution in relation to the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder; (ii) the ordinary resolution in relation to the proposed conclusion of projects invested with the proceeds and utilisation of the remaining proceeds for permanent replenishment of working capital; and (iii) the ordinary resolution in relation to the proposed election of Mr. Lin Nanqi (林楠棋) (“**Mr. Lin**”) as a non-executive Director to be proposed at the EGM.

### I. PROVISION OF CONTINUING GUARANTEES TO A CONNECTED SUBSIDIARY

#### Introduction

Reference is made to the announcement dated 27 September 2024 in relation to the 2025 Continuing Guarantee Support Framework Agreement. The 2022 Continuing Guarantee Support Framework Agreement will expire on 31 December 2024 and it is expected that Livzon MAB will continue require guarantees from the Company in support of its credit facilities. In view of the above, on 27 September 2024, the Company and Livzon MAB entered into the 2025 Continuing Guarantee Support Framework Agreement, pursuant to which the Company agreed to provide the Guarantees of not exceeding RMB2.1 billion (or its equivalent in foreign currencies) in aggregate in respect of the Credit Facilities of Livzon MAB during the three-year period from 1 January 2025 to 31 December 2027, both dates inclusive.

#### Major Terms of the 2025 Continuing Guarantee Support Framework Agreement

The major terms of the 2025 Continuing Guarantee Support Framework Agreement are set out as follows:

**Date:** 27 September 2024

**Parties:** (a) the Company; and

(b) Livzon MAB

**The Guarantees:** During the three-year period from 1 January 2025 to 31 December 2027, both dates inclusive (the “**Guarantee Term**”), the maximum amount (i.e. the maximum daily guarantee balance) for the Guarantees to be provided by the Company upon request from Livzon MAB is RMB2.1 billion. The maximum contractual term of any of the guarantee agreements to be entered into by the Company shall be three years.

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## LETTER FROM THE BOARD

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If the contractual term of any of the guarantee agreements to be entered into by the Company during the Guarantee Term lasts beyond the Guarantee Term, such guarantees will only be deemed valid within the Guarantee Term, and the validity of these guarantees during the period from the expiry of the Guarantee Term until the end of the contractual term will be subject to the applicable reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules and the relevant requirements under the Shenzhen Listing Rules.

**Guarantee Fee:** The Company will not charge Livzon MAB any commissions, fees or costs in relation to the Guarantees.

**Conditions Precedent:** The 2025 Continuing Guarantee Support Framework Agreement shall be conditional upon the satisfaction of all the following:

- (i) the signing and affixing of company seals to the 2025 Continuing Guarantee Support Framework Agreement by the authorized representatives of the Company and Livzon MAB;
- (ii) the approval of the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) by the Independent Shareholders at the EGM; and
- (iii) the provision of the Counter Guarantees to the Company by Joincare upon approval by the shareholders of Joincare.

### Proposed Annual Caps of the Guarantees

The proposed annual caps, being the maximum daily guarantee balance, of the Guarantees, under the 2025 Continuing Guarantee Support Framework Agreement are set out as follows:

	Year ending 31 December		
	2025	2026	2027
	<i>RMB billion</i>	<i>RMB billion</i>	<i>RMB billion</i>
Maximum daily guarantee balance	2.1	2.1	2.1

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## LETTER FROM THE BOARD

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The proposed annual caps of the Guarantees under the 2025 Continuing Guarantee Support Framework Agreement have been determined after taking into account the expected capital requirements for Livzon MAB for the years ending 31 December 2025, 2026 and 2027, based on the following factors:

- (i) the historical maximum guaranteed amounts under the Existing Guarantees (i.e. RMB2.07 billion) during 2022 to 2024 (up to the Latest Practicable Date);
- (ii) Livzon MAB's bank borrowings of approximately RMB1.43 billion under the Existing Guarantees will be due between 2025 to 2027, which will continue to require guarantees from the Company;
- (iii) the total estimated direct research expenses of approximately RMB0.12 billion for four pharmaceutical research projects, namely LZM012 for psoriasis and ankylosing spondylitis, B-01 for assisted reproduction, Bivalent Vaccine for prevention of COVID-19 infections, and LZM009 for thymic carcinoma and non-small cell lung cancer; and
- (iv) other operating expenses such as staff costs, finance costs, rental costs and utility and other sundry costs totalling approximately RMB0.55 billion.

In determining the proposed annual caps for the Guarantees, the Board has assumed that no material changes will occur in the circumstances of clinical trials, industry dynamics, or economic environments in the next three years.

### **Counter Guarantees**

Joincare, which indirectly holds 26.84% equity interests of Livzon MAB, will provide to the Company with the Letter of Undertaking for Counter Guarantees, subject to the approval by its shareholders, pursuant to which it will undertake to provide the Counter Guarantees in favour of the Company for any amount payable by the Company in connection with the Guarantees in proportion to its shareholdings in Livzon MAB. The term of the Counter Guarantees will expire on the same expiry date of the Company's obligation under the Guarantees.

Livzon MAB will only apply and draw down the Credit Facilities, and hence the Company will only enter into specific guarantee agreements with financial institutions pursuant to the 2025 Continuing Guarantee Support Framework Agreement, upon the provision of the Letter of Undertaking for Counter Guarantees by Joincare. Considering that Joincare had unaudited net assets of approximately RMB23.1 billion as at 30 June 2024, the Directors (including the independent non-executive Directors) consider that Joincare has sufficient financial capability to meet the obligation of its portion, which is 26.84% of RMB2.1 billion or approximately RMB0.56 billion, under the Counter Guarantees, and the Counter Guarantees are on normal commercial terms.

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## LETTER FROM THE BOARD

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As the Counter Guarantees are on normal commercial terms for the Group and will not be secured by the assets of any member of the Group in relation to such Counter Guarantees; therefore, the Counter Guarantees are fully exempted from the requirements of reporting, announcement, annual review and approval of the Independent Shareholders according to Rule 14A.90 of the Hong Kong Listing Rules.

### **Reasons For And Benefits Of Provision Of The Guarantees**

As at the Latest Practicable Date, Livzon MAB is indirectly held as to 60.23% by the Company and is a controlling subsidiary of the Company. The Company, as the controlling shareholder of Livzon MAB, is of the view that the provision of the Guarantees pursuant to the 2025 Continuing Guarantee Support Framework Agreement for a three-year period from 1 January 2025 to 31 December 2027, both dates inclusive, can better facilitate the foreseeable business development of Livzon MAB in the near future.

The Group is committed to ongoing R&D to seize industry opportunities, expand its product portfolio, and enhance competitiveness, ensuring it stays at the forefront of market and customer demands. Considering that Livzon MAB is one of the Group's key R&D subsidiaries, responsible for R&D and commercialisation of new biopharmaceutical products, it requires continuous R&D investment prior to the mass production and commercialisation of these products. The provision of the Guarantees enables Livzon MAB to secure sufficient capital during the R&D stage and for its daily operation and business. The Directors (including the independent non-executive Directors) are of the view that the Company will benefit from the provision of the Guarantees which will facilitate the daily operation and business of Livzon MAB to be supported by the Credit Facilities, and the Company will benefit from alleviating its capital contribution requirement into Livzon MAB and optimising its capital allocation to the other profitable business segments, therefore benefiting the overall business development and strengthening the financial position of the Group. Moreover, as substantial amount of Livzon MAB's bank borrowings under the Existing Guarantees will be due between 2025 to 2027, the Directors consider that the continuous provision of guarantees in support of Livzon MAB's credit facilities is essential for maintaining the daily operation of Livzon MAB.

In addition, it is common commercial practice for financial institutions in the PRC to require guarantee from the controlling shareholder of a borrower for financing facilities. In view that Joicare will undertake to provide the Counter Guarantees for 26.84% of the obligation of the Company under the Guarantees in favour of the Company which corresponds to its shareholdings in Livzon MAB, the Directors (including independent non-executive Directors) consider that the risk exposure in respect of the Guarantees to the Company is relatively low.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors) are of the view that the terms of the 2025 Continuing Guarantee Support Framework Agreement are fair and reasonable, have been entered into after arm's length negotiation between the Company and Livzon MAB and determined on normal commercial terms in the ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole.

### **Internal Control Measures**

#### *In respect of the Guarantees*

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the Guarantees, which include the followings:

- (i) Each transaction to be conducted in respect of the Credit Facilities and the Guarantees shall comply with the relevant financial management system of the Company.
- (ii) After obtaining the approval of the Credit Facilities from any financial institutions, Livzon MAB shall submit it to the financial department (including designated staff and the general manager of finance) and the general manager of Livzon MAB, as well as the secretary of the Board, the financial department (including designated staff, the general manager of finance and the vice president in charge) and the president of the Company for endorsement. Upon such endorsement, Livzon MAB and the Company can enter into the credit facilities agreements and guarantee agreements, respectively, with financial institutions. This process can ensure that the maximum daily guarantee balance under the Guarantees will not exceed the proposed annual caps.
- (iii) The Company will conduct regular checks to review and assess whether the transactions in respect of the Credit Facilities and the Guarantees have been conducted in accordance with the terms of the relevant agreements, and monitor the actual transaction amount of the Credit Facilities and the Guarantees. Such checks will be conducted by the financial department of the Company on a monthly basis and the secretary of the Board on a quarterly basis and shall be submitted to the Board for report.
- (iv) In the event that the amount of the Guarantees is expected to exceed the approved annual caps, the general manager of finance of the Company shall report to the management of the Company in a timely manner for its determination as to whether revision to the annual caps is required to ensure compliance of the requirements under the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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- (v) The auditor of the Company will conduct an annual review of the transactions in respect of the Credit Facilities and the Guarantees.
- (vi) As a controlling shareholder of Livzon MAB, the Company shall strengthen the supervision and management of its financial risks through the directors of Livzon MAB appointed by the Company, so as to prevent Livzon MAB from defaulting its repayment of loans in its best efforts.

### *In respect of the Counter Guarantees*

In addition, the Company has also adopted the following internal control procedures to ensure that Joincare will honour the Counter Guarantees:

- (i) The Board has maintained active communication with the board of directors of Joincare. The Board was notified by the board of directors of Joincare that it had considered and approved the Counter Guarantees on 27 September 2024, and the general meeting of Joincare is expected to consider and approve the Counter Guarantees prior to the convening of the EGM by the Company. The Board was also notified that Joincare will issue the Letter of Undertaking for Counter Guarantees to the Company (subject to the approval of the Counter Guarantees at the general meeting of Joincare).
- (ii) The Company ensures that Livzon MAB will only apply and draw down the Credit Facilities, and hence the Company will only enter into specific guarantee agreements with financial institutions in respect of the Guarantees, upon (1) the shareholders of Joincare approving the Counter Guarantees, (2) the Company obtaining the Letter of Undertaking for Counter Guarantees, and (3) the Shareholders approving the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder at the EGM.
- (iii) The Company has sought legal opinions from its PRC legal adviser on the enforceability of the Letter of Undertaking for Counter Guarantees. As confirmed by the PRC legal advisers of the Company:
  - (a) Once the Letter of Undertaking for Counter Guarantees has become effective (i.e. upon approval of the Counter Guarantees at the general meeting of Joincare), the Counter Guarantees are legally enforceable. In the event that Livzon MAB defaults its repayment of loans under the Credit Facilities and the Company assumes its obligations under the Guarantees, the Company has the legal right to require Joincare to honour its obligations under the Counter Guarantees to indemnify the Company for any amount payable by the Company in connection with the Guarantees in proportion to its shareholdings in Livzon MAB according to the Letter of Undertaking for Counter Guarantees.

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## LETTER FROM THE BOARD

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- (b) In the event that Joincare fails to fulfil its obligations under the Counter Guarantees, the Company is entitled to file a lawsuit in the court and apply to freeze Joincare's assets, and has priority to receive relevant compensation.
  
- (iv) The Company will review the financial statements and financial position of Joincare regularly to ensure that it has sufficient financial capacity to fulfil its obligations under the Counter Guarantees.

Having considered the internal control measures mentioned above, the Directors (including the independent non-executive Directors) consider that such internal control measures are sufficient to ensure that the Guarantees will be entered into on normal commercial terms, and will not impair the interests of the Company and the Shareholders as a whole.

### **Information Of The Parties**

#### ***The Company***

The Company, through its subsidiaries, is principally engaged in the R&D, production and sales of drug preparation products, active pharmaceutical ingredients and intermediates, as well as diagnostic reagents and equipment.

#### ***Livzon MAB***

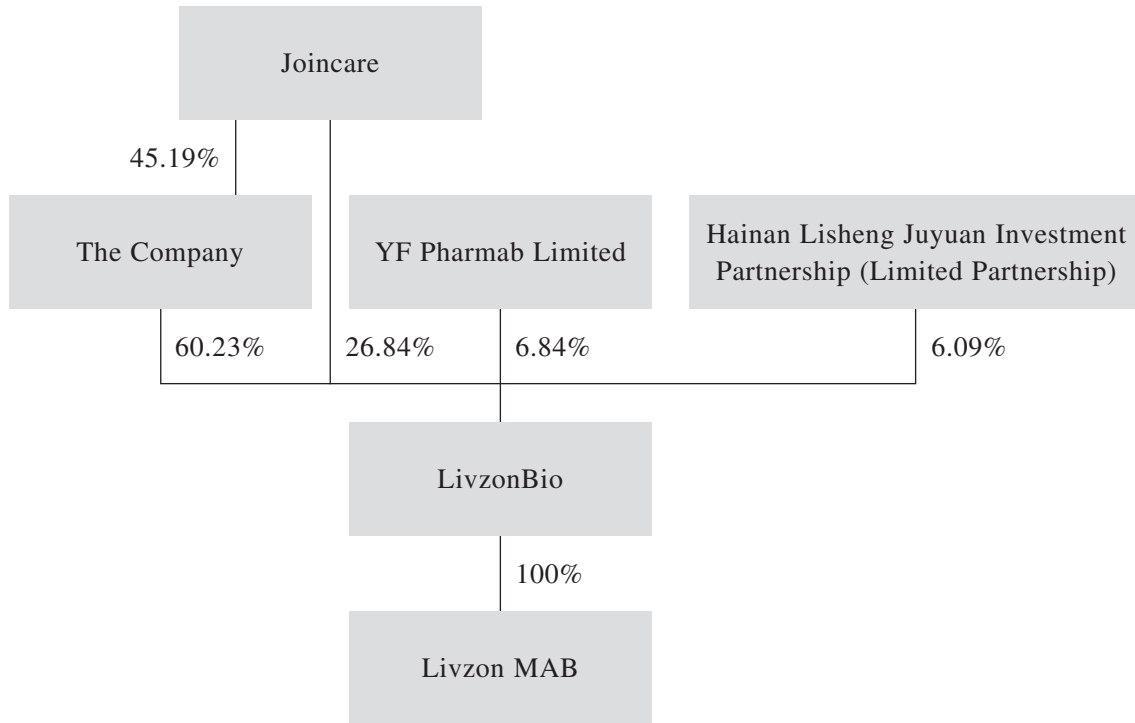
Livzon MAB is a limited liability company established in the PRC in 2010 which is indirectly held as to 60.23% by the Company, 26.84% by Joincare, 6.84% by YF Pharmab Limited (which is an independent third party) and 6.09% by Hainan Lisheng Juyuan Investment Partnership (Limited Partnership)\*(海南麗生聚源投資合夥企業(有限合夥)) (which is an employee incentive platform of LivzonBio) as at the Latest Practicable Date. It is principally engaged in R&D and commercialisation of biopharmaceutical products. As at the Latest Practicable Date, Mr. Zhu Baoguo, the non-executive Director and the chairman of the Company, indirectly held 47.79% equity interest in Joincare, and therefore is the ultimate controlling shareholder of Livzon MAB.

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## LETTER FROM THE BOARD

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The following diagram illustrates the shareholding structure of Livzon MAB as at the Latest Practicable Date:



### *Joincare*

Joincare is a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (Shanghai Stock Exchange stock code: 600380), which is a controlling shareholder of the Company. It is principally engaged in three major business segments, namely R&D, production and sales of (i) drug preparation products; (ii) active pharmaceutical ingredients and intermediates; and (iii) food and health-care food. As at the Latest Practicable Date, Mr. Zhu Baoguo, the non-executive Director and the chairman of the Company, is the ultimate controlling shareholder of Joincare, indirectly holding 47.79% equity interest in Joincare.

### **Implications Under The Hong Kong Listing Rules**

As at the Latest Practicable Date, Joincare directly and indirectly held approximately 45.19% of the total issued share capital of the Company, and Livzon MAB is indirectly held as to 26.84% by Joincare. Therefore, Livzon MAB, as a connected subsidiary, is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. As such, the Guarantees constitute discloseable and continuing connected transactions of the Company under the Hong Kong Listing Rules. As the highest applicable percentage ratios (other than the profit ratio) (as defined under the Hong Kong Listing Rules) in respect of the annual caps of the Guarantees exceeds 5% but less than 25%, therefore the Guarantees contemplated under the 2025 Continuing Guarantee Support Framework Agreement are subject to the requirements of reporting, announcement, annual review and approval of the Independent Shareholders under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.



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## LETTER FROM THE BOARD

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### **Implications Under The Shenzhen Listing Rules And The Articles Of Association**

According to Article 6.1.10 of the Shenzhen Listing Rules and Article 65 of the Articles of Association, the Guarantees are subject to the approval from the Shareholders by way of special resolution at the EGM.

#### **General**

Given that (i) Mr. Zhu Baoguo, the non-executive Director and the chairman of the Company, is also the chairman of Joincare and indirectly held 47.79% equity interest in Joincare and 26.84% equity interest in Livzon MAB as at the Latest Practicable Date; (ii) Mr. Qiu Qingfeng, the non-executive Director, is also a non-executive director of Joincare; and (iii) Mr. Tang Yanggang, the executive Director, and Mr. Tao Desheng, the non-executive Director, are directors of LivzonBio, which held 100% equity interest in Livzon MAB, therefore Mr. Zhu Baoguo, Mr. Qiu Qingfeng, Mr. Tang Yanggang and Mr. Tao Desheng, are deemed to have material interest in the Guarantees and have abstained from voting at the Board meeting approving the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder. Except for Mr. Zhu Baoguo, Mr. Qiu Qingfeng, Mr. Tang Yanggang and Mr. Tao Desheng, no other Directors are required to abstain from voting at the aforesaid Board meeting.

As at the Latest Practicable Date, as Joincare and its associates directly and indirectly held approximately 45.19% of the total issued share capital of the Company, hence they are required to abstain from voting on the resolution approving the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder at the EGM.

## **II. PROPOSED CONCLUSION OF PROJECTS INVESTED WITH THE PROCEEDS AND UTILISATION OF THE REMAINING PROCEEDS FOR PERMANENT REPLENISHMENT OF WORKING CAPITAL**

As approved by the “Approval in relation to the Non-Public Issuance of Shares by Livzon Pharmaceutical Group Inc.” (Zheng Jian Xu Ke [2016] No. 1524) (《關於核准麗珠醫藥集團股份有限公司非公開發行股票的批覆》) by the China Securities Regulatory Commission (“CSRC”), the Company issued 29,098,203 A Shares in the way of non-public issuance (the “**non-public issuance**”) with a par value of RMB1 per share and at a price of RMB50.10 per share, raising a total of RMB1,457,819,970.30. After deducting issuance expenses of RMB37,519,603.53, the net proceeds amounted to RMB1,420,300,366.77 (the “**Proceeds**”).

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## LETTER FROM THE BOARD

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On 27 September 2024, the Board considered and approved the Resolution on Conclusion of Projects Invested with the Proceeds and Utilisation of the Remaining Proceeds for Permanent Replenishment of Working Capital (《關於募集資金投資項目結項並將節餘募集資金永久補充流動資金的議案》), agreeing to conclude the projects invested with the Proceeds (“**Investment Projects**”) and use the remaining proceeds of RMB157.3105 million (including interest income) (“**Remaining Proceeds**”) (the actual amount shall be subject to the balance of the designated bank accounts for the Proceeds (“**Designated Bank Accounts**”) on the day the funds are transferred) to permanently replenish working capital. The Investment Projects include (i) the “Project for In-depth Development and Industrialization Upgrade of Innovative Ilaprazole Series (艾普拉唑系列創新產品深度開發及產業化升級項目)” (“**Ilaprazole Project**”), the “Relocation and Expansion Project of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (First Phase) (麗珠集團新北江製藥股份有限公司搬遷擴建項目(一期))” (“**Xinbeijiang Project**”), the “Technological Transformation Project of Bag Infusion Workshop for Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠袋裝輸液車間技改項目)” (“**Limin Project**”), the “Construction Project for Research & Development Platform for Prolonged-action Microsphere Technologies (長效微球技術研發平台建設項目)” (“**Prolonged-action Microsphere Project**”) and the “Replenishment of Working Capital and Repayment of Bank Loans (補充流動資金及償還銀行貸款)”.

The above resolution is subject to the approval of the Shareholders by way of an ordinary resolution.

### Particulars of the Investment Projects and Utilisation of the Proceeds

After being considered and approved by the 2017 first extraordinary general meeting, the 2018 annual general meeting, and the 2019 annual general meeting of the Company, details of the Investment Projects (as amended) are as follows:

*Unit: RMB0'000*

<b>Number</b>	<b>Name of Project</b>	<b>Proceeds proposed to be invested</b>
1	Ilaprazole Project	29,562.72
2	Xinbeijiang Project	14,328.94
3	Limin Project	5,311.73
4	Prolonged-action Microsphere Project	41,141.33
5	Replenishment of Working Capital and Repayment of Bank Loans	51,685.32
<b>Total</b>		<b>142,030.04</b>

## LETTER FROM THE BOARD

As at 30 June 2024, details of the utilisation of the Proceeds are as follows:

*Unit: RMB0'000*

Number	Name of Project	Proposed investment amount	Cumulative investment amount	Other fees (bank charges, etc.)	Interest income	Remaining Proceeds
1	Ilaprazole Project	29,562.72	27,300.11	2.29	13,313.53	15,731.05
2	Xinbeijiang Project	14,328.94	14,228.94			
3	Limin Project	5,311.73	5,311.73			
4	Prolonged-action Microsphere Project	41,141.33	41,084.14			
5	Replenishment of Working Capital and Repayment of Bank Loans	51,685.32	51,685.32			
<b>Total</b>		<b>142,030.04</b>	<b>139,610.23</b>			

As at 30 June 2024, details of deposit status of the Proceeds are as follows:

*Unit: RMB0'000*

Name of the bank	Bank account number	Account purpose	Deposit method	Balance
Banking Department of China Zheshang Bank Co., Ltd. (Shenzhen Branch)	5840000010120100270438	Prolonged-action Microsphere Project	Demand deposits	4,288.99
Industrial and Commercial Bank of China Limited (Zhuhai Branch)	2002020719100613577	Ilaprazole Project, Xinbeijiang Project, Limin Project, Replenishment of Working Capital and Repayment of Bank Loans	Demand deposits	11,442.06
<b>Total</b>				<b>15,731.05</b>

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## LETTER FROM THE BOARD

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### ***Reasons for the Conclusion of Investment Projects and Utilisation of the Remaining Proceeds for Permanent Replenishment of Working Capital***

In view that the investments in the Xinbeijiang Project, the Limin Project, and the Prolonged-action Microsphere Project have been completed and have reached the intended state of utilisation, the Company has decided to conclude the aforementioned projects.

In respect of the Ilaprazole Project, sub-project “Construction of the chemical drug lyophilized powder injection workshop (化藥凍乾粉針車間建設)” has been completed and reached the intended state of utilisation; sub-projects for in-depth development of Ilaprazole tablet (艾普拉唑片) and Ilaprazole Sodium for injection (注射用艾普拉唑鈉) and construction projects, including the procurement of R&D equipment, industrialization development and technical transformation, have been completed and reached the intended state of utilisation; post-launch clinical studies projects have been terminated due to adjustments in the R&D strategies of the Company. As at 30 June 2024 the overall investment progress of the Ilaprazole Project is 92.35% with unutilised remaining proceeds of RMB22.6261 million.

To enhance efficiency of using the Proceeds, the Company intends to utilise the Remaining Proceeds (including the interest income previously obtained through cash management) totalling RMB157.3105 million (the actual amount shall be subject to the balance of the Designated Bank Accounts) to permanently replenish its working capital for the development of the principal activities of the Company in the future.

Upon the utilisation of the Remaining Proceeds for permanent replenishment of working capital, the Company will cancel the Designated Bank Accounts.

### ***Impact on the Company for the Conclusion of Investment Projects and Utilisation of the Remaining Proceeds for Permanent Replenishment of Working Capital***

The conclusion of the Investment Projects and utilisation of the Remaining Proceeds for permanent replenishment of working capital will enhance efficiency of using the Proceeds, which is a reasonable decision made by the Company based on the construction status of the Investment Projects and the current operational development of the Company. It will not have a significant adverse effect on the Company’s operational and financial position. There is no change to the investment direction of the Proceeds in a disguised manner, nor will it harm the interests of all shareholders. It complies with the relevant provisions on the use of proceeds by listed companies issued by the CSRC and the Shenzhen Stock Exchange.

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## LETTER FROM THE BOARD

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### III. PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR

Reference is made to the announcement dated 23 October 2024 in relation to the proposed election of Mr. Lin as a non-executive Director of the Company.

Mr. Lin Nanqi (林楠棋), aged 42, holds a bachelor's degree in engineering from Tianjin University of Commerce (天津商業大學) (formerly Tianjin University of Commerce (天津商學院)). Before joining the Company, Mr. Lin served as the workshop manager, production director, and deputy general manager of Xinbeijiang Pharmaceutical from October 2008 to December 2012, chairman and general manager of Jiaozuo Joincare Pharmaceutical Industry Co., Ltd.\* (焦作健康元生物製品有限公司) from December 2012 to June 2024, director and general manager of Haibin Pharma from May 2018 to April 2024, the executive director of Shenzhen Taitai Pharmaceutical Co., Ltd.\* (深圳太太藥業有限公司) from November 2018 to June 2024 and the executive vice president of Joincare from April 2024 to August 2024. Since December 2019, he has been a director of Joincare, and since August 2024, he has also been the president of Joincare.

As at the date of this circular, save as disclosed above, Mr. Lin (i) does not have any relationships with any Directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company; (ii) does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO; (iii) does not hold any other position with the Company and other members of the Group; and (iv) has not hold any directorship in any listed companies in Hong Kong or overseas in the last three years preceding the date of this circular.

Mr. Lin will be entitled to an annual director fee of RMB96,000 during his term. The remuneration of Mr. Lin has been reviewed by the Remuneration and Assessment Committee and determined by the Board with reference to his duties and responsibilities within the Company, the Company's remuneration policy and the market salary level for the same position. The term of Mr. Lin as a non-executive Director will commence on the date when the shareholders approve his election at the EGM and end upon the expiry of the term of the eleventh session of the Board. The Company will enter into a service agreement with Mr. Lin upon the approval of his election at the EGM.

Save as disclosed above, there is no other information that need to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules nor are there other matters related to the proposed election of Mr. Lin that need to be brought to the attention of the Shareholders.

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## LETTER FROM THE BOARD

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### IV. CONVENING THE EGM

The Company will hold the EGM at the Conference Room on the 6th Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China at 2:30 p.m. on Tuesday, 26 November 2024. The notice convening the EGM is set out on pages 49 to 50 of this circular. The proxy form for use by the Shareholders of the Company at the EGM are enclosed herein. The aforesaid documents are also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.livzon.com.cn](http://www.livzon.com.cn)).

If you would like to attend the EGM by proxy, please complete the proxy form in accordance with the instructions printed thereon and return it to the Secretariat of the Board of the Company (for A Shareholders) or the H Share Registrar of the Company, Tricor Investor Services Limited (for H Shareholders) as soon as possible and in any event no later than 24 hours before the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof in person if you so wish.

### V. RECORD DATE

The record date for determining the qualification of the Shareholders to attend and vote at the EGM will be on Tuesday, 19 November 2024. In order to qualify as Shareholders to attend and vote at the EGM, 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 Tuesday, 19 November 2024.

### VI. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, the resolutions put forward at the EGM will be voted on by poll except where the chairman of the meeting, in good faith, decides to allow the resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll results will be announced by the Company in accordance with Rule 13.39(5) of the Hong Kong Listing Rules after the EGM.

### VII. RECOMMENDATION

The Board considers that all resolutions set out in the notice of the EGM (including but not limited to the resolution in relation to the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder), are in the interests of the Company and the Shareholders as a whole, and accordingly recommends the Shareholders to vote in favour of all resolutions to be proposed at the EGM.

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## LETTER FROM THE BOARD

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### VIII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

\* *For identification purposes only*



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)**

24 October 2024

*To the Independent Shareholders*

Dear Sir/Madam,

**PROVISION OF CONTINUING GUARANTEES  
TO A CONNECTED SUBSIDIARY**

We refer to the circular dated 24 October 2024 issued by the Company (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder. Frontpage Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board set out on pages 6 to 21 of the Circular and the letter of advice from the Independent Financial Adviser set out on pages 24 to 41 of the Circular.

Having considered, among others, the terms of the 2025 Continuing Guarantee Support Framework Agreement and the advice of the Independent Financial Adviser in relation to the Guarantees under the 2025 Continuing Guarantee Support Framework Agreement and the proposed annual caps for a three-year term from 1 January 2025 to 31 December 2027, we are of the view that the terms of the 2025 Continuing Guarantee Support Framework Agreement are fair and reasonable, have been entered into after arm’s length negotiation between the Company and Livzon MAB and determined on normal commercial terms in the ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder.

Yours faithfully,

**Independent Board Committee**

**Mr. Bai Hua**

**Mr. Tian  
Qiusheng**

**Mr. Wong  
Kam Wa**

**Mr. Luo  
Huiyuan**

**Ms. Cui Lijie**

*Independent non-executive Directors*

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of a letter received from Frontpage Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder for the purpose of inclusion in this circular.*

**FRONTPAGE 富比**

24 October 2024

*To the Independent Board Committee and the Independent Shareholders of  
Livzon Pharmaceutical Group Inc.*

Dear Sirs or Madams,

### **PROVISION OF CONTINUING GUARANTEES TO A CONNECTED SUBSIDIARY**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in relation to the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 24 October 2024 and issued to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless the context requires otherwise.

On 27 September 2024, the Company and Livzon MAB entered into the 2025 Continuing Guarantee Support Framework Agreement, pursuant to which the Company agreed to provide the Guarantees of not exceeding RMB2.1 billion (or its equivalent in foreign currencies) in aggregate in respect of the Credit Facilities of Livzon MAB during the three-year period from 1 January 2025 to 31 December 2027, both dates inclusive.

As at the Latest Practicable Date, Joicare directly and indirectly held approximately 45.19% of the total issued share capital of the Company, and Livzon MAB is indirectly held as to 26.84% by Joicare. Therefore, Livzon MAB, as a connected subsidiary, is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. As such, the Guarantees constitute discloseable and continuing connected transactions of the Company under the Hong Kong Listing Rules. As the highest applicable percentage ratios (other than the profit ratio) (as defined under the Hong Kong Listing Rules) in respect of the annual caps of the Guarantees exceeds 5% but less than 25%, therefore the Guarantees contemplated under the 2025 Continuing Guarantee Support Framework Agreement are subject to the requirements of reporting, announcement, annual review and approval of the Independent Shareholders under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have considered, among other things, (i) the terms of the 2025 Continuing Guarantee Support Framework Agreement; (ii) the terms of the 2022 Continuing Guarantee Support Framework Agreement; (iii) the 2023 annual report of the Company; (iv) the audited financial statements of Livzon MAB for the year ended 31 December 2023; (v) the 2023 annual report of Joincare; and (vi) other information as set out in the Circular.

We have also relied on all relevant information, opinions and facts supplied and representations made to us by the Company, the Directors and the management of the Company. We have assumed that all such information, opinions, facts and representations provided to us, for which the Company and the Directors are fully responsible, are true and accurate in all respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the Company and the Directors, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Company, the Group, or any of their respective subsidiaries or associates. Our advice was necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date.

### **OUR INDEPENDENCE**

We are not connected with the Directors, chief executive and substantial Shareholders of the Company, the Group, Joincare, or any of their respective subsidiaries or associates and do not have any shareholding, direct or indirect, in any member of the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company as at the date hereof. No arrangement exists whereby we will receive any benefits from the Company or the Directors, chief executive and substantial Shareholders of the Company, the Group, Joincare, or any of their respective subsidiaries or associates for our services to the Company in connection with this appointment aside from our professional fees. Within the two years prior to the Latest Practicable Date, we have not acted as the independent financial adviser to the then independent board committee and the then independent shareholders of the Company. We consider that we are independent from the Company pursuant to Rule 13.84 of the Hong Kong Listing Rules and are accordingly eligible to provide an opinion to the Independent Board Committee and the Independent Shareholders on the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our opinion to the Independent Board Committee on the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder, we have taken into account the following principal factors:

#### 1. Background information of the parties

##### 1.1 Information of the Group

The Group is engaged in the pharmaceutical manufacturing industry. The nature of business and principal activities of the Group primarily include in the R&D, production and sale of pharmaceutical products, which cover drug preparation products, active pharmaceutical ingredients (“APIs”) and intermediates as well as diagnostic reagents and equipment.

The following table summarises the audited consolidated income statements of the Group for the years ended 31 December 2022 and 2023 (“Year 2022” and “Year 2023”, respectively) as extracted from the 2023 annual report of the Company:

	For the year ended	
	31 December	
	2022	2023
	RMB'000	RMB'000
Operating income	12,629,579	12,430,038
– Chemical drug preparations	6,999,782	6,570,640
– APIs and intermediates	3,136,963	3,252,993
– Traditional Chinese medicine preparations	1,253,625	1,744,893
– Biological products	408,488	84,426
– Diagnostic reagents and equipment	723,535	658,966
Operating profit	2,350,556	2,415,108
Net profit	1,955,577	1,897,601

Source: 2023 annual report of the Company

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The operating income of the Group was approximately RMB12,430 million for the Year 2023, representing an decrease of approximately RMB200 million, or approximately 1.6% from approximately RMB12,630 million for the Year 2022. Such decrease was mainly due to the decrease in income from chemical drug preparation and biological products, partially offset by the increase in income from traditional Chinese medicine preparation products during Year 2023. The net profit of the Group decreased by approximately RMB58 million, or approximately 3.0%, from approximately RMB1,956 million for the Year 2022 to approximately RMB1,898 million for the Year 2023.

The following table summarises the audited consolidated balance sheet of the Group as at 31 December 2022 and 2023 as extracted from the 2023 annual report of the Company:

	As at 31 December	
	2022	2023
	RMB'000	RMB'000
Non-current assets	7,880,872	7,778,652
Current assets	16,987,297	17,266,175
<b>Total assets</b>	<b>24,868,169</b>	<b>25,044,827</b>
Non-current liabilities	2,535,220	2,190,987
Current liabilities	7,396,665	8,087,137
<b>Total liabilities</b>	<b>9,931,885</b>	<b>10,278,124</b>
Equity attributable to shareholders of the parent company	13,876,069	14,042,495
Equity attributable to non-controlling interests	1,060,215	724,208
<b>Total equity</b>	<b>14,936,284</b>	<b>14,766,703</b>

*Source: 2023 annual report of the Company*

The Group's total assets amounted to approximately RMB25,045 million as at 31 December 2023, representing an increase of approximately RMB177 million, or approximately 0.7% as compared to approximately RMB24,868 million as at 31 December 2022. The Group's total liabilities amounted to approximately RMB10,278 million as at 31 December 2023, representing an increase of approximately RMB346 million, or approximately 3.5% as compared to approximately RMB9,932 million as at 31 December 2022. The Group's total equity decreased by approximately RMB170 million, or approximately 1.1% as compared to approximately RMB14,766 million as at 31 December 2023 from approximately RMB14,936 million as at 31 December 2022.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.2 Information of Livzon MAB

As set out in the Letter from the Board, Livzon MAB is a limited liability company established in the PRC in 2010 which is indirectly held as to 60.23% by the Company, 26.84% by Joincare, 6.84% by YF Pharmab Limited (which is an independent third party) and 6.09% by Hainan Lisheng Juyuan Investment Partnership (Limited Partnership) (海南麗生聚源投資合夥企業(有限合夥)) (which is an employee incentive platform of LivzonBio) as at the Latest Practicable Date. It is principally engaged in the R&D and commercialisation of biopharmaceutical products.

The following table summarises the audited consolidated income statements of Livzon MAB for the Year 2022 and Year 2023 as extracted from the 2023 audited financial statements of Livzon MAB:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Operating income	205,866	(90,783)
R&D	(578,639)	(529,911)
Operating loss	(727,990)	(990,437)
Net loss	(728,625)	(999,209)

*Source: the audited financial statements of Livzon MAB for the Year 2023*

Livzon MAB recorded a negative operating income of approximately RMB91 million for the Year 2023, as compared to an operating income of approximately RMB206 million for the Year 2022. The negative operating income for the Year 2023 was mainly attributable by reversal of sales resulted from the partial return of 2019-nCoV vaccines in late 2023 following the gradual relief of COVID-19 pandemic and relevant national anti-epidemic policy in 2023. The net loss for the Year 2023 was approximately RMB999 million as compared with that of approximately RMB729 million for the Year 2022, mainly due to unsatisfactory performance of 2019-nCoV vaccines as discussed above and the cost incurred in R&D for the respective years.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The following table summarises the audited consolidated balance sheet of Livzon MAB as at 31 December 2022 and 2023 as extracted from the 2023 audited financial statements of Livzon MAB:

	As at 31 December	
	2022	2023
	RMB'000	RMB'000
Non-current assets	847,989	550,584
Current assets	880,847	388,618
<b>Total assets</b>	<b>1,728,836</b>	<b>939,202</b>
Non-current liabilities	1,829,326	1,533,667
Current liabilities	393,955	888,792
<b>Total liabilities</b>	<b>2,223,281</b>	<b>2,422,459</b>
Equity attributable to shareholders of the parent company	(494,464)	(1,483,254)
Equity attributable to non-controlling interests	19	(3)
<b>Total equity</b>	<b>(494,445)</b>	<b>(1,483,257)</b>

*Source: the audited financial statements of Livzon MAB for the Year 2023*

According to the audited financial statements of Livzon MAB for the Year 2023, Livzon MAB's total assets amounted to approximately RMB939 million as at 31 December 2023, representing a decrease of approximately RMB790 million, or approximately 45.7% as compared to approximately RMB1,729 million as at 31 December 2022. Livzon MAB's total liabilities amounted to approximately RMB2,422 million as at 31 December 2023, representing an increase of approximately RMB199 million, or approximately 9.0% as compared to approximately RMB2,223 million as at 31 December 2022. Livzon MAB's deficiency in total equity increased by approximately RMB989 million, or approximately 200.0% as compared to approximately RMB1,483 million as at 31 December 2023 from approximately RMB494 million as at 31 December 2022.

### **1.3 Information of Joincare**

Joincare is a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (Shanghai Stock Exchange stock code: 600380), which is a controlling shareholder of the Company. It is principally engaged in three major business segments, namely R&D, production and sales of (i) drug preparation products; (ii) APIs and intermediates; and (iii) food and health-care food.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The following table summarises the audited consolidated income statements of Joincare for the Year 2022 and Year 2023 as extracted from the 2023 annual report of Joincare:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Operating income	17,142,753	16,646,350
R&D	(1,742,088)	(1,661,758)
Operating profit	3,479,936	3,506,565
Net profit	2,894,308	2,851,019

*Source: 2023 annual report of Joincare*

The operating income of Joincare was approximately RMB16,646 million for the Year 2023, representing a decrease of approximately RMB496 million, or approximately 2.9% from approximately RMB17,142 million for the Year 2022. According to the 2023 annual report of Joincare, such slight decrease was mainly due to the decrease in the volume-based procurement price of its key product Meropenem for injection (注射用美羅培南) and intensified competition in the APIs market, partially offset by the increase in sales revenues from key formulation products in key specialist areas, especially in fields of respiratory and psychiatry, and health care products. The operating profit and net profit of the Joincare Group for the Year 2023 were approximately RMB3,507 million and RMB2,851 million, respectively, which remained at a similar level to those of Year 2022.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The following table summarises the audited consolidated balance sheet of Joincare as at 31 December 2022 and 2023 as extracted from the 2023 annual report of Joincare:

	As at 31 December	
	2022	2023
	RMB'000	RMB'000
Non-current assets	12,557,923	12,483,496
Current assets	23,177,507	23,874,630
<b>Total assets</b>	<b>35,735,430</b>	<b>36,358,126</b>
Non-current liabilities	3,960,058	3,857,908
Current liabilities	9,754,998	9,860,688
<b>Total liabilities</b>	<b>13,715,056</b>	<b>13,718,596</b>
Equity attributable to shareholders of the parent company	13,121,955	13,755,902
Equity attributable to non-controlling interests	8,898,419	8,883,628
<b>Total equity</b>	<b>22,020,374</b>	<b>22,639,530</b>

*Source: 2023 annual report of Joincare*

According to the 2023 annual report of Joincare, Joincare's total assets amounted to approximately RMB36,358 million as at 31 December 2023, representing an increase of approximately RMB623 million, or approximately 1.7% as compared to approximately RMB35,735 million as at 31 December 2022. Joincare's total liabilities amounted to approximately RMB13,719 million as at 31 December 2023, representing an increase of approximately RMB4 million, as compared to approximately RMB13,715 million as at 31 December 2022. Joincare's total equity increased by approximately RMB620 million, or approximately 2.8% as compared to approximately RMB22,640 million as at 31 December 2023 from approximately RMB22,020 million as at 31 December 2022. As at 30 June 2024, Joincare has an unaudited net asset of approximately RMB23,114 million.

## 2. Reasons for and benefits of the provision of the Guarantees

As stated in the Letter from the Board, the Company, as the controlling shareholder of Livzon MAB, is of the view that the provision of the Guarantees pursuant to the 2025 Continuing Guarantee Support Framework Agreement for a three-year period from 1 January 2025 to 31 December 2027, both dates inclusive, can better facilitate the foreseeable business development of Livzon MAB in the near future.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group is committed to ongoing R&D to seize industry opportunities, expand its product portfolio, and enhance competitiveness, ensuring it stays at the forefront of market and customer demands. Considering that Livzon MAB is one of the Group's key R&D subsidiaries, responsible for R&D and commercialisation of new biopharmaceutical products, it requires continuous R&D investment prior to the mass production and commercialisation of these products. The provision of the Guarantees enables Livzon MAB to secure sufficient capital during the R&D stage and for its daily operation and business. The Directors (including the independent non-executive Directors) are of the view that the Company will benefit from the provision of the Guarantees which will facilitate the daily operation and business of Livzon MAB to be supported by the Credit Facilities, and the Company will benefit from alleviating its capital contribution requirement into Livzon MAB and optimising its capital allocation to the other profitable business segments, therefore benefiting the overall business development and strengthening the financial position of the Group. Moreover, as substantial amount of Livzon MAB's bank borrowings under the Existing Guarantees will be due between 2025 to 2027, the Directors consider that the continuous provision of guarantees in support of Livzon MAB's credit facilities is essential for maintaining the daily operation of Livzon MAB.

In addition, it is common commercial practice for financial institutions in the PRC to require guarantee from the controlling shareholder of a borrower for financing facilities. In view that Joincare will undertake to provide the Counter Guarantees for 26.84% of the obligation of the Company under the Guarantees in favour of the Company which corresponds to its shareholdings in Livzon MAB, the Directors (including independent non-executive Directors) consider that the risk exposure in respect of the Guarantees to the Company is relatively low.

To understand the business development, we have also reviewed the biannual business reports from 2022 to first half of 2024 and the latest business plan of Livzon MAB provided by the Company. We noted that Livzon MAB has been undergoing five major research projects since 2022, with four of them having completed, or being in the middle stage of, or substantially completed the phase III clinical trials as at the Latest Practicable Date, and one of them having substantially completed the phase II clinical trials. According to the management of Livzon MAB, three of these research projects are expected to be submitted for listing application in 2025 following the completion of their respective phase III clinical trials. These three research projects could only be launched upon the launch approval is obtained and commercial production is achieved, which may take more than a year from the listing application is submitted.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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To assess the financing demand of Livzon MAB, we have reviewed its audited financial statements for year 2022 and 2023 and management accounts as at 31 July 2024, and the repayment schedule of its existing bank borrowings. We noted that approximately RMB1.43 billion of its existing bank borrowings under the Existing Guarantees will be due between 2025 to 2027. Nevertheless, given that the relatively limited cash and cash equivalents of approximately RMB0.1 billion as at 31 July 2024 of Livzon MAB, the management expected that Livzon MAB will not be able to generate sufficient cashflow to repay these bank borrowings before they are due. As we noted from the management that those bank borrowings are expected to be repaid by applying for new bank borrowings with the Guarantees, we concur with the management that the extension of Existing Guarantees to the Guarantees is required for the continual business development of Livzon MAB.

Having considered (i) that it is a common commercial practice for financial institutions in the PRC to require the controlling shareholder of a borrower to provide guarantee for financing facilities; (ii) that the risk exposure in respect of the Guarantees to the Company is reasonable and controllable given that Joicare will undertake to provide the Counter Guarantees in favour of the Company which corresponds to its shareholdings in Livzon MAB; (iii) that Joicare has sufficient financial capacity to fulfill his obligation under the Counter Guarantees; and (iv) the recent business development of Livzon MAB and the related financing demand, we are of the view that it is fair and reasonable for the Company to enter into the 2025 Continuing Guarantee Support Framework Agreement to ensure that a longer guarantee period can be achieved to match the timing required for the continual development of drugs and vaccine within Livzon MAB, which is in the ordinary and usual course of business and in the interest of the Company and Shareholder as a whole.

### 3. Major terms of the 2025 Continuing Guarantee Support Framework Agreement

The major terms of the 2025 Continuing Guarantee Support Framework Agreement are set out as follows:

Date: 27 September 2024

Parties: (a) the Company; and  
(b) Livzon MAB

The Guarantees: During the three-year period from 1 January 2025 to 31 December 2027, both dates inclusive (the “**Guarantee Term**”), the maximum amount (i.e. the maximum daily guarantee balance) for the Guarantees to be provided by the Company upon request from Livzon MAB is RMB2.1 billion. The maximum contractual term of any of the guarantee agreements to be entered into by the Company shall be three years.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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If the contractual term of any of the guarantee agreements to be entered into by the Company during the Guarantee Term lasts beyond the Guarantee Term, such guarantees will only be deemed valid within the Guarantee Term, and the validity of these guarantees during the period from the expiry of the Guarantee Term until the end of the contractual term will be subject to the applicable reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules and the relevant requirements under the Shenzhen Listing Rules.

**Guarantee Fee:** The Company will not charge Livzon MAB any commissions, fees or costs in relation to the Guarantees.

**Conditions Precedent:** The 2025 Continuing Guarantee Support Framework Agreement shall be conditional upon the satisfaction of all the following:

- (i) the signing and affixing of company seals to the 2025 Continuing Guarantee Support Framework Agreement by the authorized representatives of the Company and Livzon MAB;
- (ii) the approval of the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) by the Independent Shareholders at the EGM; and
- (iii) the provision of the Counter Guarantees to the Company by Joincare upon approval by the shareholders of Joincare.

As the guarantee under the 2025 Continuing Guarantee Support Framework Agreement are only valid during the Guarantee Term, the Company will have to re-comply with the Hong Kong Listing Rules and the relevant requirements under the Shenzhen Listing Rules prior to the expiration of the 2025 Continuing Guarantee Support Framework Agreement to ensure any guarantee under the 2025 Continuing Guarantee Support Framework Agreement are valid during the period from the expiry of the Guarantee Term until the end of the contractual term. This will safeguard the interest of Independent Shareholders as they will have the opportunity to vote again to approve any renewal of the 2025 Continuing Guarantee Support Framework Agreement.

In respect of the guarantee fee, we reviewed a guarantee breakdown of the Company as provided by the management, which matches with the disclosures in relation to the provision of guarantees to 13 of its subsidiaries in the announcement made by the Company on 28 March 2024. We noted that the Company did not charge

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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any of these subsidiaries any fees in relation to the guarantees. We also noted from the management that Joincare agreed not to charge any fees in relation to the Counter Guarantees. Having considered (i) Joincare will provide the Counter Guarantees in favour of the Company which corresponds to its shareholdings in Livzon MAB and agreed not to charge for providing such Counter Guarantees; and (ii) it is a normal practice that the Company does not charge its subsidiaries any fees for guarantees, we are of the view that the guarantee fee arrangement under the 2025 Continuing Guarantee Support Framework Agreement is on normal commercial terms, fair and reasonable and in the interest of the Company and Shareholders as a whole.

### **3.1 Proposed annual caps of the Guarantees**

The proposed annual caps, being the maximum daily guarantee balance, of the Guarantees, under the 2025 Continuing Guarantee Support Framework Agreement are set out as follows:

	<b>Year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB billion</i>	<i>RMB billion</i>	<i>RMB billion</i>
Maximum daily guarantee balance	2.1	2.1	2.1

The proposed annual caps of the Guarantees under the 2025 Continuing Guarantee Support Framework Agreement have been determined after taking into account the expected capital requirements for Livzon MAB for the years ending 31 December 2025, 2026 and 2027, based on the following factors:

- (i) the historical maximum guaranteed amounts under the Existing Guarantees (i.e. RMB2.07 billion) during 2022 to 2024 (up to the Latest Practicable Date);
- (ii) Livzon MAB's bank borrowings of approximately RMB1.43 billion under the Existing Guarantees will be due between 2025 to 2027, which will continue to require guarantees from the Company;
- (iii) the total estimated direct research expenses of approximately RMB0.12 billion for four pharmaceutical research projects, namely LZM012 for psoriasis and ankylosing spondylitis, B-01 for assisted reproduction, Bivalent Vaccine for prevention of COVID-19 infections, and LZM009 for thymic carcinoma and non-small cell lung cancer; and
- (iv) other operating expenses such as staff costs, finance costs, rental costs and utility and other sundry costs totalling approximately RMB0.55 billion.

In determining the proposed annual caps for the Guarantees, the Board has assumed that no material changes will occur in the circumstances of clinical trials, industry dynamics, or economic environments in the next three years.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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To understand the actual guaranteed amounts provided by the Company mandated under the Existing Guarantees, we have reviewed a drawdown table of Livzon MAB as provided by the Company and noted the sum of the outstanding drawdown amount as at 31 July 2024 matches the balance of bank borrowings shown in the management accounts as at 31 July 2024. The amount of Livzon MAB's bank borrowings to be due in the five months ending 31 December 2024 and the years ending 31 December 2025, 2026 and 2027 are set out as follows:

	Five months ending				Total
	31 December	Year ending 31 December			
	2024	2025	2026	2027	
	<i>RMB billion</i>	<i>RMB billion</i>	<i>RMB billion</i>	<i>RMB billion</i>	
Total bank borrowings	0.49	1.20	0.26	0.07	2.02
Bank borrowings under the Existing Guarantees	0.49	1.16	0.20	0.07	1.92

We noted that approximately RMB1.53 billion of its bank borrowings (of which approximately RMB1.43 billion was under the Existing Guarantees) as at 31 July 2024 will be due between 2025 to 2027. We also noted that these existing borrowings were drawdown from 13 different banks and 12 of them were subject to the Existing Guarantees provided by the Company.

To assess the reasonableness of the estimated capital requirements for the four research projects listed, we have discussed with the management on the progress of these projects and reviewed the cost breakdown of these projects provided by the management. We noted that Livzon MAB was in the middle stage of the phase III clinical trials for LZM012, has substantially completed the phase III clinical trials for B-01 and has substantially completed the phase III clinical trials for Bivalent Vaccine as at the Latest Practicable Date. Livzon MAB is expecting that the phase III clinical trials of LZM012 and B-01 will be completed in 2025 and the application for launch approvals of the aforementioned three projects will be conducted accordingly. For LZM009, Livzon MAB has substantially completed its phase II clinical trials as at July 2024, and planned to gradually settle the balance of clinical trial fees of LZM009. According to the cost breakdown provided by the Company, we noted that the estimated research expenses in 2025 to 2027 amounted to approximately RMB120 million, of which approximately RMB81 million and RMB15 million are expected to be allocated to the clinical trials expenses for LZM012 and B-01, respectively, approximately RMB2 million is expected to be allocated to the research expenses for Bivalent Vaccine, and approximately RMB22 million is expected to be allocated to settle the clinical trial expenses previously incurred for LZM009. We also noted that the research expenses of these projects is estimated on the basis of the actual expenses incurred or the signed service contracts of other services providers, including research centres, hospitals and material suppliers, as at 31 July 2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having reviewed the relevant breakdowns provided by the Company, we noted the estimated other operating expenses of approximately RMB551 million mainly consisted of (i) staff cost of approximately RMB144 million; (ii) finance cost of approximately RMB124 million; (iii) rental cost of approximately RMB112 million; (iv) utility costs of approximately RMB99 million; and (v) other sundry costs of approximately RMB72 million, of Livzon MAB for 2025 to 2027. According to the audited financial statements and latest financial information of Livzon MAB provided by the Company, we considered that the estimation of staff cost, finance cost and rental cost for 2025 to 2027 was generally in line with the existing operation conditions of Livzon MAB.

From the announcement of the Company dated 17 November 2023 and the circular of the Company dated 18 November 2023, we noted that the Company agreed to make capital contribution to LivzonBio (the holding company of Livzon MAB) in the amount of RMB1.0 billion in cash. According to the management, the substantial amount of such capital injection would be used as (i) repayment of the bank borrowings which was due as at 31 July 2024 of approximately RMB0.16 billion; and (ii) repayment of the bank borrowings which are expected to be due between August 2024 to December 2024 of approximately RMB0.5 billion. As such, the capital contribution to LivzonBio would not be able to support the financial needs of Livzon MAB during 2025 and 2027. In addition, the management do not expect a significant improvement in the sales of their existing products during 2025 to 2027. Based on the sales recognized for the seven months ended 31 July 2024, the total cash flow generated from sales during 2025 to 2027 is expected to be far insufficient when compared to the factors considered in determining the annual caps.

In view of the above, we concur with the Directors that the proposed annual caps of the 2025 Continuing Guarantee Support Framework Agreement are fair and reasonable, have been entered into after arm's length negotiation between the Company and Livzon MAB and determined on normal commercial terms in the ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole.

#### **4. Counter Guarantees from Joicare**

As stated in the Letter from the Board, Joicare, which indirectly holds 26.84% equity interests of Livzon MAB, will provide to the Company with the Letter of Undertaking for Counter Guarantees, subject to the approval by its shareholders, pursuant to which it will undertake to provide the Counter Guarantees in favour of the Company for any amount payable by the Company in connection with the Guarantees in proportion to its shareholdings in Livzon MAB. The term of the Counter Guarantees will expire on the same expiry date of the Company's obligation under the Guarantees.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We are of the view that the Counter Guarantees, in substance, ensure that the Company does not provide guarantee to Livzon MAB on behalf of Joicare by receiving the Joicare's guarantee portion in the form of the Counter Guarantees. As discussed in the section headed "Information of Joicare" above, Joicare has sufficient net assets of approximately RMB23.1 billion as at 30 June 2024 to meet the obligation of its portion, which is 26.84% of RMB2.1 billion or approximately RMB0.56 billion. As such, we are of the view that the Counter Guarantees are on normal commercial terms, fair and reasonable and in the interest of the Company and Shareholders as a whole.

### 5. Internal control of the Guarantees

As stated in the Letter from the Board, the Company has adopted internal approval and monitoring procedures relating to the Guarantees, which include the followings:

- (i) Each transaction to be conducted in respect of the Credit Facilities and the Guarantees shall comply with the relevant financial management system of the Company.
- (ii) After obtaining the approval of the Credit Facilities from any financial institutions, Livzon MAB shall submit it to the financial department (including designated staff and the general manager of finance) and the general manager of Livzon MAB, as well as the secretary of the Board, the financial department (including designated staff, the general manager of finance and the vice president in charge) and the president of the Company for endorsement. Upon such endorsement, Livzon MAB and the Company can enter into the credit facilities agreements and guarantee agreements, respectively, with financial institutions. This process can ensure that the maximum daily guarantee balance under the Guarantees will not exceed the proposed annual caps.
- (iii) The Company will conduct regular checks to review and assess whether the transactions in respect of the Credit Facilities and the Guarantees have been conducted in accordance with the terms of the relevant agreements, and monitor the actual transaction amount of the Credit Facilities and the Guarantees. Such checks will be conducted by the financial department of the Company on a monthly basis and the secretary of the Board on a quarterly basis and shall be submitted to the Board for report.
- (iv) In the event that the amount of the Guarantees is expected to exceed the approved annual caps, the general manager of finance of the Company shall report to the management of the Company in a timely manner for its determination as to whether revision to the annual caps is required to ensure compliance of the requirements under the Hong Kong Listing Rules.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) The auditor of the Company will conduct an annual review of the transactions in respect of the Credit Facilities and the Guarantees.
- (vi) As a controlling shareholder of Livzon MAB, the Company shall strengthen the supervision and management of its financial risks through the directors of Livzon MAB appointed by the Company, so as to prevent Livzon MAB from defaulting its repayment of loans in its best efforts.

We are further advised by the Company, for each and every guarantee to be granted under the 2025 Continuing Guarantee Support Framework Agreement, the financial department of the Company will consider the overall debt situation of the Company, review the terms of relevant financing contracts and related corporate guarantee documents to ensure that they are on normal commercial terms and comply to the Hong Kong Listing Rules obligations. The financial department of the Company will also assess the default risks of Livzon MAB taking into account the business operations and financial position of Livzon MAB. The management of the Company will approve the guarantee amount that meets the requirements of Livzon MAB based on the funding and cash flow projections of Livzon MAB at the time of application and is subject to the confirmation of the overall solvency of the Company and Livzon MAB, to ensure that each guaranteed loans is in line with the business development needs of Livzon MAB and financial situation of the Company and Livzon MAB.

We have reviewed a copy of the Company's internal policy in relation to the Guarantees on approving and monitoring capital lending and corporate guarantees. We have also reviewed one set of previous approval documents in relation to the provision of guarantees under the Existing Guarantees. Based on our review, we noted that the relevant documents have been reviewed and endorsed by the responsible departments and personnel accordingly, and that the Company has complied with its current internal control procedures.

Having considered that (i) there are sufficient internal control procedures for the Company to approve and monitor the Guarantees; and (ii) the documents reviewed by us are consistent with the relevant internal control measures as aforementioned, we are of the view that the internal control procedures are in place and in compliance with the internal control measures as mentioned above.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In addition, as stated in the Letter from the Board, the Company has also adopted the following internal control procedures to ensure that Joincare will honour the Counter Guarantees:

- (i) The Board has maintained active communication with the board of directors of Joincare. The Board was notified by the board of directors of Joincare that it had considered and approved the Counter Guarantees on 27 September 2024, and the general meeting of Joincare is expected to consider and approve the Counter Guarantees prior to the convening of the EGM by the Company. The Board was also notified that Joincare will issue the Letter of Undertaking for Counter Guarantees to the Company (subject to the approval of the Counter Guarantees at the general meeting of Joincare).
- (ii) The Company ensures that Livzon MAB will only apply and draw down the Credit Facilities, and hence the Company will only enter into specific guarantee agreements with financial institutions in respect of the Guarantees, upon (1) the shareholders of Joincare approving the Counter Guarantees, (2) the Company obtaining the Letter of Undertaking for Counter Guarantees, and (3) the Shareholders approving the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder at the EGM.
- (iii) The Company has sought legal opinions from its PRC legal adviser on the enforceability of the Letter of Undertaking for Counter Guarantees. As confirmed by the PRC legal advisers of the Company:
  - a. Once the Letter of Undertaking for Counter Guarantees has become effective (i.e. upon approval of the Counter Guarantees at the general meeting of Joincare), the Counter Guarantees are legally enforceable. In the event that Livzon MAB defaults its repayment of loans under the Credit Facilities and the Company assumes its obligations under the Guarantees, the Company has the legal right to require Joincare to honour its obligations under the Counter Guarantees to indemnify the Company for any amount payable by the Company in connection with the Guarantees in proportion to its shareholdings in Livzon MAB according to the Letter of Undertaking for Counter Guarantees.
  - b. In the event that Joincare fails to fulfil its obligations under the Counter Guarantees, the Company is entitled to file a lawsuit in the court and apply to freeze Joincare's assets, and has priority to receive relevant compensation.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) The Company will review the financial statements and financial position of Joincare regularly to ensure that it has sufficient financial capacity to fulfil its obligations under the Counter Guarantees.

We have reviewed (i) the correspondence between the Board and the board of directors of Joincare; (ii) the announcement published by Joincare in relation to the Counter Guarantees; (iii) the previous internal review documents on monitoring the financial position of Joincare and Livzon MAB; and (iv) the relevant PRC legal opinion on the effectiveness and legal enforceability of the Letter of Undertaking for Counter Guarantees. Having considered that the documents reviewed by us are consistent with the relevant internal control measures as aforementioned, we are of the view that there are sufficient internal control procedures for the Company to ensure that Joincare will honour its Counter Guarantees.

### OUR OPINION

Taking into account the principal factors and reasons as stated above, we consider that the 2025 Continuing Guarantee Support Framework Agreement was entered into in the ordinary and usual course of business of the Group, the terms of the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) are fair and reasonable insofar as the Independent Shareholders are concerned, and the transactions contemplated under the 2025 Continuing Guarantee Support Framework Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend that the Independent Board Committee advise the Independent Shareholders, and we recommend that the Independent Shareholders vote in favour of the special resolution to be proposed at the EGM to approve the 2025 Continuing Guarantee Support Framework Agreement (including the annual caps of the Guarantees) and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Frontpage Capital Limited**  
**Wu Man Kit**  
*Director*

*Note:* Mr. Wu Man Kit is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Frontpage Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance. He has more than 10 years of experience in corporate finance.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the Part XV of the SFO), which were required (i) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), to be notified to the Company and the Hong Kong Stock Exchange; or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

### (i) Interest in the shares/underlying shares of the Company

Name of Director	Capacity	Number of shares/ underlying shares interested (Long Position)	As a % of the respective class of issued shares of the Company	As a % of the total issued shares of the Company
Mr. Zhu Baoguo	Interest of controlled corporation	255,513,953 A Shares <sup>(1)(2)</sup>	41.22%	27.57%
		163,364,672 H Shares <sup>(1)(3)</sup>	53.20%	17.62%
				45.19%
Mr. Tao Desheng	Beneficial owner Interest of spouse	733,800 A Shares <sup>(4)(21)</sup>	0.12%	0.08%
		191,606 A Shares <sup>(5)(6)(21)</sup>	0.03%	0.02%
		925,406 A Shares	0.15%	0.10%
Mr. Xu Guoxiang	Beneficial owner	895,800 A Shares <sup>(7)(21)</sup>	0.14%	0.10%
Mr. Tang Yanggang	Beneficial owner	456,963 A Shares <sup>(8)(21)</sup>	0.07%	0.05%

## (ii) Interest in the shares/underlying shares of associated corporations of the Company

Name of Director	Name of the associated corporation	Capacity	Equity interest/ number of shares (Long Position)	As a % of the equity interest of the associated corporation
Mr. Zhu Baoguo	Baiyeyuan	Beneficial owner	72,000,000 (RMB) <sup>(1)</sup>	90.00% <sup>(1)</sup>
	Joincare	Interest of controlled corporation	895,653,653 shares <sup>(1)(9)</sup>	47.79% <sup>(10)</sup>
	LivzonBio <sup>(11)</sup>	Interest of controlled corporation	294,000,000 (RMB) <sup>(1)(12)</sup>	26.84% <sup>(11)</sup>
	Livzon HK <sup>(11)</sup>	Interest of controlled corporation	4,000 shares <sup>(1)(13)</sup>	100.00% <sup>(11)</sup>
	Livzon MAB <sup>(11)</sup>	Interest of controlled corporation	1,500,000,000 (RMB) <sup>(1)(14)</sup>	100.00% <sup>(11)</sup>
Mr. Tang Yanggang	Xinbeijiang Pharmaceutical <sup>(15)</sup>	Interest of controlled corporation	20,238,780 shares <sup>(15)</sup>	8.44%
	Livzon Diagnostics <sup>(16)</sup>	Interest of controlled corporation	36,099,971 shares <sup>(16)</sup>	9.03%
Mr. Xu Guoxiang	Livzon Diagnostics <sup>(17)</sup>	Others	2,153,399 shares <sup>(17)</sup>	0.54%
Mr. Qiu Qingfeng	Joincare	Beneficial owner	1,137,409 shares <sup>(18)</sup>	0.06%

*Notes:*

- (1) Joincare is 47.79% held by Baiyeyuan which is in turn 90% held by Mr. Zhu Baoguo. Mr. Zhu Baoguo is deemed to be interested in the shares of the Company and the equity interest of its associated corporations in which Joincare is or is deemed to be interested by virtue of the SFO.
- (2) Among these shares, 238,683,118 shares (in which 17,306,329 shares were directly transferred, entrusted and pledged by Guangzhou Begol Trading Holdings Limited\* (廣州市保科力貿易公司) (“**Begol**”)) Begol in favour of Joincare in accordance with the share transfer, custody and pledge agreement entered into among three parties, namely Begol, Joincare and Zhuhai Lishi Investment Co., Ltd.\* (珠海市麗士投資有限公司) (“**Lishi Investment**”), on 2 January 2004, and the share transfer and custody agreement and the share pledge agreement entered into between Begol and Joincare) and 16,830,835 shares are held directly by Joincare and its wholly-owned subsidiary, Haibin Pharma, respectively.
- (3) These shares are held directly by Topsino, a wholly-owned subsidiary of Joincare.

- (4) These shares were all A Shares of the Company.
- (5) These shares include 44,800 share options, which can subscribe for 44,800 A Shares of the Company pursuant to the 2022 Share Options Incentive Scheme of the Company.
- (6) As these shares and underlying shares are held directly by Ms. Hou Xuemei, the spouse of Mr. Tao Desheng, Mr. Tao Desheng is deemed to be interested in these shares and underlying shares by virtue of the SFO.
- (7) These shares include 112,000 share options, which can subscribe for 112,000 A Shares of the Company pursuant to the 2022 Share Options Incentive Scheme of the Company.
- (8) These shares include 112,000 share options, which can subscribe for 112,000 A Shares of the Company pursuant to the 2022 Share Options Incentive Scheme of the Company.
- (9) Baiyeyuan held 895,653,653 A shares of Joincare.
- (10) The total issued share capital of Joincare was 1,874,200,420 shares. Therefore, the shareholding in Joincare held by Baiyeyuan was 47.79%.
- (11) LivzonBio is directly held as to 26.84% by Joincare, Livzon HK and Livzon MAB are directly held as to 100% by Livzon Bio.
- (12) These equity interests are held by Joincare.
- (13) These shares are held by LivzonBio.
- (14) These equity interests are held by LivzonBio.
- (15) Xinbeijiang Pharmaceutical is directly held as to 87.14% by the Company, and directly held as to 8.44% by Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中匯源投資合夥企業(有限合夥)) (“**Zhong Hui Yuan**”), which is in turn directly held as to 24.00% by Mr. Tang Yanggang, who is also the managing partner of Zhong Hui Yuan.
- (16) Livzon Diagnostics is directly held as to 47.425% by the Company, and as to 9.025% by Zhuhai Liying Investment Management Partnership (Limited Partnership)\* (珠海麗英投資管理合夥企業(有限合夥)) (“**Liying**”), and Mr. Tang Yanggang is a general partner of Liying, who directly holds 19.9234% equity interest in Liying and has sole discretion to decide all matters of Liying.
- (17) Mr. Xu Guoxiang directly holds 5.9651% equity interest in Liying, and therefore Livzon Diagnostics is indirectly held as to 0.54% by Mr. Xu Guoxiang.
- (18) These shares include 420,000 share options, which can subscribe for 420,000 A shares of Joincare pursuant to the 2022 share options incentive scheme of Joincare.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors and chief executive of the Company had any interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations which were recorded in the register required to be kept under Section 352 of the SFO or notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## 3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors, the supervisors or chief executive of the Company) has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of substantial shareholders required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares interested	Position	As a % of the specific class of issued shares of the Company	As a % of the total issued shares of the Company
Baiyeyuan	Interested of controlled corporation	255,513,953 A Shares <sup>(1)</sup>	Long position	41.22%	27.57%
	Interested of controlled corporation	163,364,672 H Shares <sup>(2)</sup>	Long position	53.20%	17.62%
		418,878,625 Shares			45.19%
Ms. Liu Guangxia	Interest of spouse	255,513,953 A Shares <sup>(3)</sup>	Long position	41.22%	27.57%
		163,364,672 H Shares <sup>(3)</sup>	Long position	53.20%	17.62%
		418,878,625 Shares			45.19%
Joincare	Beneficial owner	221,376,789 A Shares	Long position	35.71%	23.88%
	Interest of controlled corporation	16,830,835 A Shares <sup>(4)</sup>	Long position	2.72%	1.82%
	Holder of security interest in shares	17,306,329 A Shares <sup>(5)</sup>	Long position	2.79%	1.87%
		255,513,953 A Shares		41.22%	27.57%
	Interest of controlled corporations	163,364,672 H Shares <sup>(2)</sup>	Long position	53.20%	17.62%
Topsino	Beneficial owner	163,364,672 H Shares	Long position	53.20%	17.62%

*Notes:*

- (1) Among these shares, 238,683,118 shares and 16,830,835 shares are directly held by Joincare and its wholly-owned subsidiary, Haibin Pharma, respectively.
- (2) These shares are held directly by Topsino, a wholly-owned subsidiary of Joincare.
- (3) As Ms. Liu Guangxia is the spouse of Mr. Zhu Baoguo, she is deemed to be interested in the shares in which Mr. Zhu Baoguo is deemed to be interested by virtue of the SFO.
- (4) These shares are directly held by Haibin Pharma, a wholly-owned subsidiary of Joincare.
- (5) These shares were directly transferred, entrusted and pledged by Begol in favour of Joincare in accordance with the share transfer, custody and pledge agreement entered into among three parties, namely Begol, Joincare and Lishi Investment, on 2 January 2004, and the share transfer and custody agreement and the share pledge agreement entered into between Begol and Joincare.

Save as disclosed above, so far as the Director are aware, as at the Latest Practicable Date, no other person had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, Mr. Zhu Baoguo, the non-executive Director and the chairman of the Company, is the director and general manager of Baiyeyuan, chairman of Joincare, and director of Topsino, and Mr. Qiu Qingfeng, the non-executive Director, is the non-executive director of Joincare. Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any proposed director of the Company was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. NO MATERIAL ADVERSE CHANGE**

The Directors confirm that as at the Latest Practicable Date, there has been no material adverse change in the Group's financial or trading position since 31 December 2023 (being the date to which the latest published audited accounts of the Group were made up).

#### **5. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, no service contract that cannot be terminated within one year without payment of compensation (other than statutory compensation) had been or proposed to be entered into between the Company and the Directors or the supervisors of the Company.



**6. DIRECTORS' AND SUPERVISORS' INTERESTS IN THE GROUP'S ASSETS, CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors or supervisors of the Company, directly or indirectly, had any interest in any assets which had since 31 December 2023 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date, in which any of the Directors or supervisors of the Company were materially interested in and which was significant to the business of the Group.

**7. DIRECTORS' AND SUPERVISORS' COMPETING INTERESTS**

As disclosed in the section headed "Relationship with Our Controlling Shareholders" in the listing document of the Company dated 14 January 2014, both of the Group and Joincare Group have been engaged in the R&D, production and/or sale of four different types of drugs, namely: (i) cardio-cerebrovascular drugs; (ii) systemic anti-infective drugs/antibiotics; (iii) blood and hemopoietic system drugs; and (iv) blood management drugs. However, the drugs researched, developed, produced and/or sold by the Group are of different categories from those of Joincare Group. Although both groups adopt similar distribution models for the sales and distribution of drug preparation products in the PRC, which is in line with the industry practice, and their targeted end customers are similar (including hospitals, clinics and pharmacies), the Directors are of the view that the Group and Joincare Group are two separate groups operating independently of each other with individual listing status. Furthermore, the sales teams of the Group are separate from and independent of Joincare Group, and the Group does not share its customer resources and databases with Joincare Group. Accordingly, the Directors are of the view that there is no substantial competition between the Group's production and sales of products and those of Joincare Group.

Save as mentioned above, as at the Latest Practicable Date, none of the Directors or the supervisors of the Company and their respective close associates (as defined in the Hong Kong Listing Rules) has any competing interests which would be required to be disclosed under Rule 8.10 of the Hong Kong Listing Rules if each of them were a controlling shareholder of the Company.

**8. QUALIFICATIONS AND CONSENTS OF EXPERT**

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Frontpage Capital	Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Frontpage Capital, being the Independent Financial Adviser, has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice dated 24 October 2024 and/or reference to its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date, Frontpage Capital did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Frontpage Capital did not, directly or indirectly, had any interest in any assets which had since 31 December 2023 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## **9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.livzon.com.cn](http://www.livzon.com.cn)) for a period of 14 days from the date of this circular:

- (i) the 2025 Continuing Guarantee Support Framework Agreement; and
- (ii) the Letter of Undertaking for Counter Guarantees.

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## NOTICE OF THE EGM

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*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.*



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 2024 THIRD EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 third extraordinary general meeting (the “EGM”) 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 6th Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China on Tuesday, 26 November 2024 at 2:30 p.m. for the purposes of considering and, if thought fit, passing the following resolutions.

#### SPECIAL RESOLUTION

1. To consider and approve a three-year continuing guarantee support framework agreement for 2025-2027 entered into between the Company and its controlling subsidiary Livzon MAB, the continuing connected transactions of provision of financing guarantees by the Company to Livzon MAB contemplated thereunder and the annual caps of the guarantees.

#### ORDINARY RESOLUTIONS

2. To consider and approve the conclusion of projects invested with the proceeds and utilisation of the remaining proceeds for permanent replenishment of working capital.
3. To consider and approve the election of Mr. Lin Nanqi as a non-executive director of the 11th session of the board of directors.

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## NOTICE OF THE EGM

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*Notes:*

1. All resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**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 Listing Rules.
2. The record date for determining the qualification of the holders of the shares of the Company (“**Shareholder(s)**”) to attend and vote at the EGM will be Tuesday, 19 November 2024. In order to qualify as Shareholders to attend and vote at the EGM, 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 Tuesday, 19 November 2024.
3. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more persons as his proxy to attend and vote at the EGM in his stead. A proxy need not be a Shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the class of shares and number in respect of which each such proxy is so appointed.
4. A Shareholder shall attend the EGM by his proxy duly authorised in writing. The instrument appointing a proxy must be signed by the Shareholder(s) or his 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 holders of A shares of the Company (the “**A Shareholders**”) must lodge the proxy form and the notarised power of attorney or other documents of authorisation (if any) with the secretariat of the board of directors of the Company (the “**Secretariat of the Board**”) at Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China (postal code: 519090) no later than 24 hours before the holding of the EGM. To be valid, the H Shareholders must lodge the proxy form with the Company’s H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 24 hours before the holding of the EGM. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the EGM or any adjournment thereof in person, and in such event, the proxy form shall be deemed to be revoked.
5. Contact details of the Secretariat of the Board are as follows:

Address:	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
6. Shareholders or their proxies shall produce their identity proof when attending the EGM.
7. The EGM is expected to last for one hour. Shareholders who attend the EGM (in person or by proxy) should be responsible for their own travelling, accommodation and the other 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  
24 October 2024

*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) and Mr. Qiu Qingfeng; 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