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麗珠醫藥集團股份有限公司
**LIVZON PHARMACEUTICAL GROUP INC.***
*(a joint stock company incorporated in the People's Republic of China with limited liability)*
**(Stock code: 1513)**

# NOTICE OF THE 2022 THIRD EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2022 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, 25 October 2022 at 2:00 p.m. for the purposes of considering and, if thought fit, passing the following resolutions.

## SPECIAL RESOLUTION

1. To consider and approve the Repurchase of Part of the Company's A Shares Scheme:

   (A) the purpose of the share repurchase;

   (B) the price range of shares to be repurchased;

   (C) the type, number and percentage of shares to be repurchased (Note 8);

   (D) the aggregate amount of funds used for the repurchase and the source of funds;

   (E) the share repurchase period;

   (F) the validity period of the resolution on the share repurchase (Note 9);

   (G) authorization for the board of directors to handle matters relating to the A share repurchase.

*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 "**Hong Kong Listing Rules**"). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.livzon.com.cn) in accordance with the Hong Kong Listing Rules.

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, 18 October 2022. In order to qualify as Shareholders to attend and vote at the EGM, holders of H shares (the "**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 H Share Registrar of the Company, 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, 18 October 2022.

3. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more persons as his proxy to attend the EGM and vote 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 (the "**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 at Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China (postal code: 519090) not less than 24 hours before the holding of the EGM. To be valid, the H Shareholders must lodge the proxy form with the H Share Registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 24 hours before the holding of the 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: | Secretariat of the Board, Livzon Pharmaceutical Group Inc.,<br>Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai,<br>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 and half. Shareholders who attend the EGM (in person or by proxy) should be responsible for their own travelling, accommodation and the other related costs.

8. Based on the maximum aggregate repurchase of RMB800 million and the maximum repurchase price of RMB40.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 20,000,000 A Shares, accounting for approximately 2.14% of the Company's total share capital and approximately 3.20% of the Company's total issued A Shares as at 22 September 2022 (the "**Latest Practicable Date**"). Based on the minimum aggregate repurchase of RMB400 million and the maximum repurchase price of RMB40.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 10,000,000 A Shares, accounting for approximately 1.07% of the Company's total share capital and approximately 1.60% of the Company's total issued A Shares as at the Latest Practicable Date.

9. The share repurchase period shall commence on the date of passing of the special resolution at the EGM, the class meeting of the A Shareholders and the class meeting of the H Shareholders for a period of 12 months, subject to early expiry on the date of the occurrence of the following circumstances:

   (1) the maximum aggregate repurchase amount has been reached;

   (2) the board of directors of the Company determines to terminate the Repurchase of Part of the Company's A Shares Scheme;

   (3) the conclusion of the first annual general meeting following the passing of this special resolution (except where the Repurchase of Part of the Company's A Shares Scheme is renewed by special resolution passed at general meeting, class meeting of A Shareholders and class meeting of H Shareholders); and

   (4) the Repurchase of Part of the Company's A Shares Scheme being revoked or varied by special resolution of the shareholders in general meeting, class meeting of A Shareholders and class meeting of H Shareholders.

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
29 September 2022

*As at the date of this notice, the Executive Directors of the Company are Mr. Tang Yanggang (President) and Mr. Xu Guoxiang (Vice Chairman and Vice President); the Non-Executive Directors of the Company are Mr. Zhu Baoguo (Chairman), Mr. Tao Desheng (Vice Chairman), Mr. Qiu Qingfeng and Mr. Yu Xiong; and the Independent Non-Executive Directors of the Company are Mr. Bai Hua, Mr. Tian Qiusheng, Mr. Wong Kam Wa, Mr. Luo Huiyuan and Ms. Cui Lijie.*

* *For identification purpose only*

# APPENDIX

This appendix serves as an explanatory statement, as required under Rule 10.06(1)(b) of the Hong Kong Listing Rules (as modified by Rules 19A.24 and 19A.25 of the Hong Kong Listing Rules), to provide the requisite information to the Shareholders of the Company for their consideration of the Repurchase of Part of the Company's A Shares Scheme (the "**A Share Repurchase Mandate**").

## NUMBER OF THE A SHARES PROPOSED TO BE REPURCHASED

Based on the maximum aggregate repurchase amount of RMB800 million and the maximum repurchase price of RMB40.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 20,000,000 A Shares, accounting for approximately 2.14% of the Company's total share capital and approximately 3.20% of the Company's total issued A Shares as at the Latest Practicable Date. Based on the minimum aggregate repurchase amount of RMB400 million and the maximum repurchase price of RMB40.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 10,000,000 A Shares, accounting for approximately 1.07% of the Company's total share capital and approximately 1.60% of the Company's total issued A Shares as at the Latest Practicable Date.

The total number of A Shares that may be repurchased under the A Share Repurchase Mandate by the Company shall not exceed 10% of the total number of the issued A Shares on the date of the 2022 third extraordinary general meeting of the Company.

## REASONS FOR REPURCHASE

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

## SOURCE OF FUNDS

In repurchasing A Shares of the Company, the Company intends to apply funds from the Company's internal resources legally available for such purpose in accordance with its Articles of Association and the applicable laws of the PRC and the Hong Kong Listing Rules, as the case may be.

## IMPACT ON WORKING CAPITAL OR GEARING POSITION

As compared with the financial position of the Company as at 31 December 2021 (being the date to which the latest audited accounts of the Company were made up), the Directors consider that there will not be a material adverse impact on the working capital or the gearing position of the Company in the event that the A Share Repurchase Mandate were to be exercised in full during the proposed repurchase period.

## PRESENT INTENTION OF THE DIRECTORS AND CLOSE ASSOCIATES

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Hong Kong Listing Rules) have any present intention to sell any A Shares to the Company if the A Share Repurchase Mandate is approved by the Shareholders at the 2022 third extraordinary general meeting, 2022 third class meeting of A Shareholders and 2022 third class meeting of H Shareholders (the "**General Meetings**").

## DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases of A Shares pursuant to the resolution as set out in the notices of the General Meetings in accordance with the Hong Kong Listing Rules and the applicable laws of the PRC.

## EFFECT OF THE TAKEOVERS CODE

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

As at the Latest Practicable Date and insofar the Directors are aware, 健康元藥業集團股份有限公司 Joincare Pharmaceutical Industry Group Co., Ltd.* ("**Joincare**"), together with its associates (as defined in the Hong Kong Listing Rules), directly or indirectly held 163,364,672 H Shares and 255,513,953 A Shares of the Company, representing approximately 52.73% and 40.86% of the H Shares and A Shares of the Company in issue, and in aggregate approximately 44.80% of the total shares of the Company in issue. If the A Share Repurchase Mandate is fully exercised, based on the maximum repurchase price of RMB40.00/A Share and the maximum aggregate repurchase amount of RMB800 million, the Company may repurchase approximately 20,000,000 A Shares, accounting for approximately 2.14% of the Company's total share capital as at the Latest Practicable Date. Accordingly, Joincare's interest in the Company would be increased to approximately 45.77%. The Directors consider that the increase would not trigger a mandatory offer under Rule 26 of the Takeovers Code.

Save as aforesaid, the Directors are currently not aware of any consequences which will arise under either or both the Takeovers Code and any similar applicable law of which the Directors are aware as a result of any repurchase of A Shares made under the A Share Repurchase Mandate.

## SHARES REPURCHASE MADE BY THE COMPANY

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

## PRESENTATION INTENTION OF THE CORE CONNECTED PERSONS

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

## PRICES OF A SHARES AND H SHARES

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

| | **A Shares** | | **H Shares** | |
|---|---|---|---|---|
| | **Highest** | **Lowest** | **Highest** | **Lowest** |
| | *RMB* | *RMB* | *HK$* | *HK$* |
| **2021** | | | | |
| September | 42.95 | 37.95 | 32.15 | 27.95 |
| October | 39.60 | 34.00 | 28.70 | 25.10 |
| November | 38.24 | 34.59 | 27.45 | 24.60 |
| December | 40.75 | 35.10 | 28.70 | 28.15 |
| **2022** | | | | |
| January | 43.65 | 34.72 | 31.60 | 26.90 |
| February | 41.25 | 34.85 | 31.05 | 26.70 |
| March | 42.62 | 33.54 | 31.40 | 24.00 |
| April | 38.98 | 30.55 | 29.20 | 24.75 |
| May | 34.58 | 31.22 | 27.45 | 24.30 |
| June | 36.73 | 32.00 | 27.60 | 24.65 |
| July | 37.02 | 31.61 | 28.15 | 23.35 |
| August | 32.35 | 31.80 | 23.45 | 21.75 |
| September (as at the Latest Practicable Date) | 32.98 | 30.06 | 23.45 | 20.40 |