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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 Zhongzhi Pharmaceutical Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Zhongzhi Pharmaceutical Holdings Limited

中智藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3737)

(1) GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
(2) PROPOSED PAYMENT OF FINAL DIVIDEND AND SPECIAL
DIVIDEND OUT OF SHARE PREMIUM ACCOUNT
(3) RE-ELECTION OF DIRECTORS
AND
(4) NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of Zhongzhi Pharmaceutical Holdings Limited to be held at Unit 908A, 9/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Monday, 18 May 2020 at 2:30 p.m. is set out in this circular.

A proxy form for use at the annual general meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 2:30 p.m. on Saturday, 16 May 2020) before the time appointed for holding of the annual general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending, and voting in person at the annual general meeting or any adjournment thereof and in such event, the proxy form shall be deemed to be revoked.

15 April 2020

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meaning:

“AGM”	the annual general meeting of the Company to be held at Unit 908A, 9/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Monday, 18 May 2020 at 2:30 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the AGM set out on pages 17 to 21 of this circular, or any adjournment thereof
“Articles”	the articles of association of the Company, adopted on 8 June 2015, and as amended from time to time
“Board”	the board of directors of the Company
“Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of consolidated and restated) of the Cayman Islands
“Company”	Zhongzhi Pharmaceutical Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 3737)
“Cheer Lik”	Cheer Lik Development Limited, a limited liability company incorporated in the British Virgin Islands on 2 January 2014 and wholly-owned by Ms. Jiang Li Xia, a Controlling Shareholder
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Lai Zhi Tian, Ms. Jiang Li Xia, Crystal Talent and Cheer Lik
“Crystal Talent”	Crystal Talent Investment Group Limited, a limited liability company incorporated in the British Virgin Islands on 25 July 2014 and wholly-owned by Mr. Lai Zhi Tian, a Controlling Shareholder
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Board to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Share Issue Mandate

DEFINITIONS

“Final Dividend”	the proposed final dividend of HK2.9 cents per share as recommended by the Board
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	1 April 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Date”	13 July 2015, being the date on which dealings of the shares of the Company on the Main Board of the Stock Exchange first commenced
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Memorandum”	the memorandum of association of the Company, adopted on 8 June 2015, and as amended from time to time
“PRC”	the People’s Republic of China
“Register of Members”	the register of members of the Company
“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to the Board to repurchase the Shares up to a maximum of 10% of the total number of issued shares of the Company as at the date of the passing the relevant resolution at the AGM
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Issue Mandate”	the general and unconditional mandate proposed to be granted to the Board to allot, issue and otherwise deal with Shares not exceeding 20% of the total number of issued shares of the Company as at the date of the passing of the relevant resolution at the AGM

DEFINITIONS

“Share Premium Account”	the share premium account of the Company, the amount standing to the credit of which was approximately RMB243,440,000 as at 31 December 2019 based on the audited consolidated financial statement of the Company as at that date
“Special Dividend”	the proposed special dividend of HK1.45 cents per Share as recommended by the Board
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent

LETTER FROM THE BOARD



Zhongzhi Pharmaceutical Holdings Limited

中智藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3737)

Executive Directors:

Mr. Lai Zhi Tian (*Chairman*)

Mr. Lai Ying Feng

Mr. Cao Xiao Jun

Mr. Cheng Jin Le

Non-executive Directors:

Ms. Jiang Li Xia

Mr. Yang Ai Xing

Independent Non-executive Directors:

Mr. Ng Kwun Wan

Mr. Wong Kam Wah

Mr. Zhou Dai Han

Registered Address:

Clifton House

75 Fort Street

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

*Principal Place of Business
in Hong Kong:*

Unit 10B, 15/F

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan, New Territories

Hong Kong

15 April 2020

To the Shareholders

Dear Sir or Madam,

**(1) GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
(2) PROPOSED PAYMENT OF FINAL DIVIDEND AND SPECIAL
DIVIDEND OUT OF SHARE PREMIUM ACCOUNT
(3) RE-ELECTION OF DIRECTORS
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the relevant information regarding (i) the granting of the Repurchase Mandate, the Share Issue Mandate and the Extension Mandate; (ii) the payment of Final Dividend and Special Dividend for the year ended 31 December 2019 out of the

LETTER FROM THE BOARD

Share Premium Account; and (iii) the re-election of Directors; and to give you notice of the AGM at which resolutions will be proposed for the Shareholders to consider and, if thought fit, approve the aforesaid matters.

A notice convening the AGM is set out on pages 17 to 21 of this circular.

2. REPURCHASE MANDATE, SHARE ISSUE MANDATE AND EXTENSION MANDATE

Pursuant to the ordinary resolutions passed at the last annual general meeting of the Company held on 17 May 2019, the Board was granted the general and unconditional mandates to issue, allot and repurchase Shares. Such general mandates will expire upon the conclusion of the AGM. In order to ensure flexibility for the Board to issue, allot and repurchase Shares, ordinary resolutions will be proposed to seek for Shareholders' approval at the AGM to renew the Repurchase Mandate and to grant the Share Issue Mandate and the Extension Mandate. Details of such ordinary resolutions are set out in ordinary resolutions numbered 7, 8 and 9 in the notice of the AGM. The Repurchase Mandate, the Share Issue Mandate and the Extension Mandate, if approved at the AGM, will continue in force until (i) the conclusion of the next annual general meeting of the Company following the AGM; (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Articles or applicable laws to be held; or (iii) the revocation or variation of the authority given to the Directors by ordinary resolution by the Shareholders in general meeting, whichever occurs first.

An explanatory statement as required by the Listing Rules to provide the Shareholders with all the information reasonably necessary for them to make an informed decision on the proposed resolution for the granting of the Repurchase Mandate is set out in Appendix I to this circular.

3. PAYMENT OF FINAL DIVIDEND AND SPECIAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT

The Board has recommended declaration and payment of a final dividend of HK2.9 cents per ordinary Share and a special dividend of HK1.45 cents per ordinary Share out of the Share Premium Account for the year ended 31 December 2019, subject to the Shareholders' approval at the AGM.

As at the Latest Practicable Date, the Company has 840,000,000 Shares in issue. Based on the number of issued Shares as at the Latest Practicable Date, the Final Dividend and Special Dividend, if declared and paid, will amount to an aggregate amount of HK\$24,360,000 and HK\$12,180,000, respectively. Subject to the fulfilment of the conditions set out in the paragraph headed "Conditions of the Payment of Final Dividend and Special Dividend out of Share Premium Account" below, the Final Dividend and Special Dividend is intended to be paid out of the Share Premium Account pursuant to Article 13(h) of the Articles of Association and in accordance with the Cayman Companies Law.

As at 31 December 2019, based on the audited consolidated financial statements of the Group, the amount standing to the credit of the Share Premium Account was approximately RMB243,440,000.

LETTER FROM THE BOARD

Conditions of the Payment of Final Dividend and Special Dividend out of Share Premium Account

The payment of the Final Dividend and Special Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders declaring and approving the payment of the Final Dividend and Special Dividend out of the Share Premium Account pursuant to Article 13(h) of the Articles of Association; and
- (b) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, immediately following the date on which the Final Dividend and Special Dividend is paid, unable to pay its debts as they fall due in the ordinary course of business.

Subject to the fulfilment of the above conditions, it is expected that the Final Dividend and Special Dividend will be paid in cash on or about Wednesday, 10 June 2020 to those Shareholders whose names appeared on the Register of Members of the Company at close of business on Wednesday, 27 May 2020, being the record date for determination of entitlements to the Final Dividend and Special Dividend.

The conditions set out above cannot be waived. If the conditions set out above are not satisfied, the Final Dividend and Special Dividend will not be paid.

Reasons for and effect of the payment of Final Dividend and Special Dividend out of Share Premium Account

The Board considers it is appropriate to distribute the Final Dividend and Special Dividend in recognition of Shareholders' support.

After taking into account a number of factors including cash flow and financial condition of the Company, the Board considers it is appropriate and proposes that Final Dividend and Special Dividend be paid out of the Share Premium Account in accordance with Article 13(h) of the Articles and the Cayman Companies Law. The Board considers such arrangement to be in the interests of the Company and its Shareholders as a whole.

The Board believes that the payment of the Final Dividend and Special Dividend will not have any material adverse effect on the underlying assets, business, operations or financial position of the Group and does not involve any reduction in the authorised or issued share capital of the Company or reduction in the nominal value of the Shares or result in any change in the trading arrangements in respect of the Shares.

Closure of Register of Members

The Register of Members will be closed from Monday, 25 May 2020 to Wednesday, 27 May 2020, (both days inclusive), for the purpose of determining the entitlement to the Final Dividend and Special Dividend for the year ended 31 December 2019. The record date will be Wednesday, 27 May 2020. In order to qualify for the Final Dividend and Special Dividend, all

LETTER FROM THE BOARD

transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:00 p.m. on Friday, 22 May 2020.

4. RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the executive Directors are Mr. Lai Zhi Tian, Mr. Lai Ying Feng, Mr. Cao Xiao Jun and Mr. Cheng Jin Le, the non-executive Directors are Ms. Jiang Li Xia and Mr. Yang Ai Xing and the independent non-executive Directors are Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han.

Pursuant to Article 108(a) of the Company's Articles, one-third of the Directors or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at each annual general meeting. Accordingly, Mr. Cao Xiao Jun, Mr. Wong Kam Wah and Mr. Zhou Dai Han will retire at the AGM, and who being eligible, offer themselves for re-election.

In accordance with the nomination policy of the Company and the objective criteria (including without limitation, gender, age, ethnicity, cultural and educational background, professional experiences and knowledge) with due regard for the benefits of diversity, as set out under the board diversity policy of the Company, the nomination committee of the Company ("Nomination Committee") has reviewed the re-election of the Directors through:

- (a) evaluating the performance and contribution of the retiring Directors during the last financial year of the Company and the period thereafter up to the date of evaluation; and
- (b) assessing the independence of the independent non-executive Directors, being Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han, and considered whether they remained independent and suitable to continue to act in such roles.

After due evaluation and assessment, the Nomination Committee is of the opinion that:

- (a) the performance of the retiring Directors was satisfactory and contributed effectively to the operation of the Board; and
- (b) based on the information available to the Nomination Committee and the annual written independence confirmation received from the independent non-executive Directors, the Nomination Committee was satisfied that Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han
 - i. fulfill the requirements of an independent non-executive Director as stipulated under Rule 3.13 of the Listing Rules; and
 - ii. are the persons of integrity and independent in character and judgement.

LETTER FROM THE BOARD

Accordingly, the Nomination Committee recommended to the Board, and the Board has considered the re-election of Mr. Cao Xiao Jun as the executive Director, Mr. Wong Kam Wah and Mr. Zhou Dai Han as the independent non-executive Directors, is in the best interests of the Company and the Shareholders as a whole and has resolved to propose to re-elect each of the retiring Directors at the AGM.

Biographical details of each of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

5. THE ANNUAL GENERAL MEETING

A notice convening the AGM is set out on pages 17 to 21 of this circular. At the AGM, resolutions will be proposed to approve, *inter alia*, (i) the granting of the Repurchase Mandate, the Share Issue Mandate and the Extension Mandate; (ii) the payment of Final Dividend and Special Dividend for the year ended 31 December 2019 out of the Share Premium Account; and (iii) the re-election of Directors.

Enclosed with this circular is a proxy form for use at the AGM. Whether or not you intend to attend the AGM or any adjournment thereof, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 2:30 p.m. on Saturday, 16 May 2020) before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof and in such event, your proxy form shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the AGM will be voted by way of a poll by the Shareholders. Results of the poll voting will be published on the Company's website at www.zeus.cn and the website of the Stock Exchange at www.hkexnews.hk upon the closing of the AGM.

For the purposes of holding the AGM, the register of members of the Company will be closed from Tuesday, 12 May 2020 to Monday, 18 May 2020 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the AGM to be held on Monday, 18 May 2020. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 11 May 2020.

LETTER FROM THE BOARD

6. RECOMMENDATION

The Directors are of the opinion that all the proposed resolutions at the AGM, including but not limited to (i) the granting of the Repurchase Mandate, the Share Issue Mandate and the Extension Mandate; (ii) the payment of Final Dividend and Special Dividend out of the Share Premium Account for the year ended 31 December 2019; and (iii) the re-election of Directors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favor of all the resolutions proposed at the AGM. No Shareholder is required to abstain from voting in respect of any of the resolutions to be proposed at the AGM under the Listing Rules.

Yours faithfully,
For and on behalf of the board of
Zhongzhi Pharmaceutical Holdings Limited
Lai Zhi Tian
Chairman

This Appendix serves as an explanatory statement, as required to be sent to all Shareholders under the Listing Rules, to provide the relevant information in connection with the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASES OF SECURITIES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase shares on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

2. EXERCISE OF THE REPURCHASE MANDATE

The Directors believe that the flexibility afforded by the mandate granted to them if the Repurchase Mandate is approved would be beneficial to the Company.

It is proposed that up to 10% of the issued and outstanding Shares as at the date of the passing of the resolution to approve the Repurchase Mandate may be repurchased. As at the Latest Practicable Date, 840,000,000 Shares were in issue and outstanding. Subject to the passing of the ordinary resolution set out in item 7 of the notice for the AGM and on the basis that no Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Board would be authorised to repurchase up to 84,000,000 Shares during the period up to: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Articles or applicable laws to be held; or (iii) the revocation or variation of the Repurchase Mandate by ordinary resolution of the Shareholders at a general meeting of the Company, whichever occurs first.

3. REASONS FOR REPURCHASES

Repurchases of Shares will only be made if the Board is of the view that such repurchases will benefit the Company and its Shareholders as a whole. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

4. FUNDING OF REPURCHASES

Any exercise of the Repurchase Mandate would be financed entirely from the Company's available cash flow or working capital. Any repurchases will be made out of funds of the Company that are legally permitted to be utilised in this connection in accordance with the Company's Memorandum and Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the financial position of the Company as at 31 December 2019 (being the date of its latest published audited financial statements) and taking into account the current working capital position of the Company and the number of Shares now in issue, the Directors consider that there will unlikely be any material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is to be exercised in full during the proposed repurchase period. The Directors confirm that no repurchase would be made to such extent as would, in the circumstances, have a material adverse impact on the working capital or gearing position of the Company.

5. STATUS OF REPURCHASED SECURITIES

The Listing Rules provide that the listing of all repurchased securities is automatically cancelled and that the certificates for those securities must be cancelled and destroyed. The aggregate of the authorised share capital shall remain unchanged.

6. INTENTION TO SELL SHARES

None of the Directors, and to the best of their knowledge, having made all reasonable enquiries, none of the close associates (as defined in the Listing Rules) of the Directors, have any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Company's Memorandum and Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company during the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

9. TAKEOVERS CODE CONSEQUENCES

If, as a result of a repurchase of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of its or their shareholding, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

APPENDIX I EXPLANATORY STATEMENT FOR REPURCHASE MANDATE

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, Mr. Lai Zhi Tian through himself and Crystal Talent is interested in 472,281,000 Shares, Ms. Jiang Li Xia through Cheer Lik is interested in 42,240,000 Shares and Mr. Lai Ying Feng is interested in 5,990,000 Shares (respectively representing approximately 56.22%, 5.03% and 0.71% of the total issued Shares of the Company as at the Latest Practicable Date) (the “Group of Shareholders”). The Group of Shareholders are together entitled to exercise or control the exercise of approximately 61.96% of voting power of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding interest of the Controlling Shareholders in the Company would be increased to approximately 68.85% of the issued shares of the Company and such an increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to repurchase Shares to an extent which will result in the number Shares held by the public reduced to less than 25%.

10. MARKET PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months up to the Latest Practicable Date were as follows:

	Traded market price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2019		
April	1.64	1.55
May	1.57	1.39
June	1.44	1.36
July	1.49	1.30
August	1.38	1.19
September	1.42	1.19
October	1.70	1.34
November	1.39	1.27
December	1.31	1.24
2020		
January	1.30	1.25
February	1.27	1.00
March	1.27	1.05
April*	1.22	1.22

* Up to the Latest Practicable Date

11. INTENTION OF CORE CONNECTED PERSON(S) TO SELL SHARES TO THE COMPANY

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorised to make purchases of Shares.

Biographical details of the Directors proposed to be re-elected at the AGM are set out as follows:

- (1) **Mr. Cao Xiao Jun (曹曉俊) (“Mr. Cao”)**, aged 52, was appointed as the executive Director on 30 January 2015 and is the chief financial officer and the deputy general manager of our Group. He joined our Group on 8 March 2010 and is responsible for supervising business development and overseeing sales and marketing activities of our Group. He obtained a Bachelor degree of Chemistry and Pharmacy Training from China Pharmaceutical University* (中國藥科大學) in July 1989. Mr. Cao was qualified as a pharmaceutical manufacturing engineer* (製藥工程師) and obtained a professional qualification in pharmacy* (藥學) in July 1999 and October 2002 respectively.

Mr. Cao has over 25 years of experience in the pharmaceutical industry. He served as the marketing manager in Guangdong Shiqi Pharmaceutical Company Limited* (廣東石岐製藥公司) from July 1989 to March 1997 and since then to June 2000, he became the deputy general manager of Shenzhen Wedge Pharmaceutical Chains Company Limited* (深圳市萬澤醫藥有限公司). From June 2000 to July 2009, he served as the deputy general manager of Shenzhen Naber Medicine Company Limited* (深圳市南北醫藥有限公司).

Mr. Cao has entered into a service agreement with the Company for a term of three years commencing from the Listing Date and shall continue thereafter until terminated by either party by giving to the other party not less than three months' notice in writing at any time after such initial fixed term.

Pursuant to the service agreement, Mr. Cao is entitled to HK\$300,000 per annum (excluding payment pursuant to any discretionary benefits or bonus, granting of share options, or other fringe benefits) for his appointment as an executive Director and may also be entitled to a discretionary bonus if so recommended by the remuneration committee of the Company and approved by the Board having regard to the operating results of the Group and his performance.

Save as disclosed above, (i) Mr. Cao has not held any directorships in the past three years in any listed companies in Hong Kong or overseas; (ii) Mr. Cao has not held any other positions in the Company or any of its subsidiaries; (iii) Mr. Cao does not have any relationship with any other directors, chief executives, senior management, substantial, controlling or management shareholders of the Company or any of its subsidiaries or any of their respective associates; (iv) Mr. Cao does not have any interests in the Shares within the meaning of Part XV of the SFO; and (v) there is no information relating to Mr. Cao that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or any other matter concerning Mr. Cao that needs to be brought to the attention of the Shareholders.

* *The English name is for identification purpose only*

- (2) **Mr. Wong Kam Wah (黃錦華) (“Mr. Wong”)**, aged 51, was appointed as an independent non-executive Director on 8 June 2015. He is the chairman of each of the remuneration committee and the nomination committee and a member of the audit committee of the Company. He obtained his Bachelor’s degree in Laws from the City Polytechnic of Hong Kong, the predecessor institution of the City University of Hong Kong, in December 1994. He obtained a postgraduate certificate in laws from the City University of Hong Kong in November 1995 and a Master degree in Laws from the King’s College London, the University of London in November 1996. He further completed the Diploma in Insolvency held by the Hong Kong Institute of Certified Public Accountants in June 2010. Mr. Wong was admitted as a solicitor of Hong Kong in August 1999.

Mr. Wong has over 15 years of experience in legal practice. He is currently a partner of Messrs. Lau Edward, Wong & Lou.

Mr. Wong has entered into a service agreement with the Company for a term of three years commencing on 13 July 2018 until terminated by either party by giving to the other party not less than three months’ notice in writing at any time after such initial fixed term.

Pursuant to the service agreement, Mr. Wong is entitled to HK\$180,000 per annum (excluding payment pursuant to any discretionary benefits or bonus, granting of share options, or other fringe benefits) for his appointment as an independent non-executive Director.

Save as disclosed above, (i) Mr. Wong has not held any directorships in the past three years in any listed companies in Hong Kong or overseas; (ii) Mr. Wong has not held any other positions in the Company or any of its subsidiaries; (iii) Mr. Wong does not have any relationship with any other directors, chief executives, senior management, substantial, controlling or management shareholders of the Company or any of its subsidiaries or any of their respective associates; (iv) Mr. Wong does not have any interests in the Shares within the meaning of Part XV of SFO; and (v) there is no information relating to Mr. Wong that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or any other matter concerning Mr. Wong that needs to be brought to the attention of the Shareholders.

- (3) **Mr. Zhou Dai Han (周岱翰) (“Mr. Zhou”)**, aged 78, was appointed as an independent non-executive Director on 8 June 2015. He is a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. He obtained a Bachelor degree of Medical Treatment awarded by the Guangzhou College of Chinese Medicine* (廣州中醫學院) (the predecessor institution of the Guangzhou University of Chinese Medicine* (廣州中醫藥大學)) in August 1966. Mr. Zhou was accredited as an instructor of the Teaching and Inheritance of Experience of Famous and Veteran Doctors of Traditional Chinese Medicine* (全國老中醫藥專家學術經驗繼承指導老師) in November 2002. He was accredited as a Renowned Chinese Medical Practitioner of Guangdong Province* (廣東省名中醫) in October 2012.

Mr. Zhou has over 30 years of experience in the field of Chinese medicines. Since 1976, Mr. Zhou has been working at the Guangzhou College of Chinese Medicine as a lecturer, associate professor, associate dean of the tumor research center* (腫瘤研究室副主任), chief medical practitioner* (主任醫師), dean of the tumor department* (腫瘤科主任) and professor.

Mr. Zhou completed the Listed Companies Independent Directors Training Programme* (上市公司獨立董事培訓班) co-organised by the Securities Association of China and the Shenzhen Stock Exchange in January 2003.

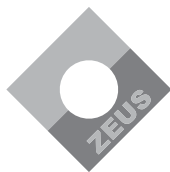
Mr. Zhou has entered into a service agreement with the Company for a term of three years commencing on 13 July 2018 until terminated by either party by giving to the other party not less than three months' notice in writing at any time after such initial fixed term.

Pursuant to the service agreement, Mr. Zhou is entitled to HK\$180,000 per annum (excluding payment pursuant to any discretionary benefits or bonus, granting of share options, or other fringe benefits) for his appointment as an independent non-executive Director.

Save as disclosed above, (i) Mr. Zhou has not held any directorships in the past three years in any listed companies in Hong Kong or overseas; (ii) Mr. Zhou has not held any other positions in the Company or any of its subsidiaries; (iii) Mr. Zhou does not have any relationship with any other directors, chief executives, senior management, substantial, controlling or management shareholders of the Company or any of its subsidiaries or any of their respective associates; (iv) Mr. Zhou does not have any interests in the Shares within the meaning of Part XV of SFO; and (v) there is no information relating to Mr. Zhou that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or any other matter concerning Mr. Zhou that needs to be brought to the attention of the Shareholders.

* *For identification only*

NOTICE OF ANNUAL GENERAL MEETING



Zhongzhi Pharmaceutical Holdings Limited

中智藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3737)

NOTICE IS HEREBY GIVEN that the annual general meeting of Zhongzhi Pharmaceutical Holdings Limited (the “**Company**”) will be held at Unit 908A, 9/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Monday, 18 May 2020 at 2:30 p.m. (the “**AGM**”), for the following purposes:

ORDINARY RESOLUTIONS

As ordinary business to consider and, if thought fit, pass, with or without modification, the following resolutions as ordinary resolutions:

1. to receive and approve the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and the auditor of the Company for the year ended 31 December 2019;
2. (a) the declaration and payment of a final dividend of HK2.9 cents per ordinary share out of the Share Premium Account of the Company (the “**Final Dividend**”) to shareholders of the Company whose names appeared on the register of members of the Company on the record date fixed by the board of Directors (the “**Board**”) for determining the entitlements to the Final Dividend be and is hereby approved; and
(b) any Director of the Company be and is hereby authorised to take such action, do such things and execute such further documents as the Director may at his absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the payment of the Final Dividend;
3. (a) the declaration and payment of a special dividend of HK1.45 cents per ordinary share out of the Share Premium Account of the Company (the “**Special Dividend**”) to shareholders of the Company whose names appeared on the register of members of the Company on the record date fixed by the Board for determining the entitlements to the Special Dividend be and is hereby approved; and
(b) any Director of the Company be and is hereby authorised to take such action, do such things and execute such further documents as the Director may at his absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the payment of the Special Dividend;

NOTICE OF ANNUAL GENERAL MEETING

4. (a) to re-elect Mr. Cao Xiao Jun as an executive director of the Company;
 - (b) to re-elect Mr. Wong Kam Wah as an independent non-executive director of the Company; and
 - (c) to re-elect Mr. Zhou Dai Han as an independent non-executive director of the Company.
5. to authorise the Board to fix the remuneration of all the Directors for the year ending 31 December 2020;
 6. to re-appoint Ernst & Young as the auditor of the Company and to authorise the Board to fix their remuneration for the year ending 31 December 2020;

As special business to consider and, if thought fit, pass, with or without modification, the following resolutions as ordinary resolutions:

7. **“THAT:**
 - (a) subject to paragraphs (b) and (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares of HK\$0.01 each in the capital of the Company (the **“Shares”**) on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange in accordance with all applicable laws including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange (the **“Listing Rules”**) as amended from time to time be and is hereby generally and unconditionally approved;
 - (b) the total number of Shares which may be purchased or agreed conditionally or unconditionally to be purchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
 - (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until the earliest of:

 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiry of the period within which the next annual general meeting of the Company is required by the articles of association of the Company (the **“Articles”**) or the applicable laws to be held; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the revocation or variation of the authority given to the Directors under this resolution by ordinary resolution of the Company's shareholders in general meeting."

8. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which might require the exercise of such powers be and are hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of Shares allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) the exercise of options granted under any share option scheme adopted by the Company or (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, shall not exceed the aggregate of 20% of the total number of issued shares of the Company at the date of passing this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Articles or the applicable laws to be held;
- (iii) the revocation or variation of the authority given to the Directors under this resolution by ordinary resolution of the Company's Shareholders in general meetings; and

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory applicable to the Company) and an offer, allotment or issue of shares by way of rights shall be construed accordingly.”

9. “**THAT:**

Subject to the passing of resolutions numbered 7 and 8 set out in this notice of the AGM, the total number of Shares which are to be purchased by the Company pursuant to the authority granted to the Directors under resolution numbered 7 set out in this notice of the AGM shall be added to the total number of Shares that may be allotted or agreed to be allotted by the Directors pursuant to resolution numbered 8 set out in this notice of the AGM.”

By order of the board
Zhongzhi Pharmaceutical Holdings Limited
Lai Zhi Tian
Chairman

Hong Kong, 15 April 2020

Registered office:

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

*Headquarter, head office and principal place of
business in Hong Kong:*

Unit 10B, 15/F
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan, New Territories
Hong Kong

Notes:

1. Any Shareholder who is entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and, on a poll, vote on his behalf.
2. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not less than 48 hours (i.e. 2:30 p.m. on Saturday, 16 May 2020) before the time for holding the AGM. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he is subsequently able to be present and in such event the form of proxy shall be deemed revoked.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.

NOTICE OF ANNUAL GENERAL MEETING

4. Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such Share shall alone be entitled to vote in respect thereof.
5. In relation to the ordinary resolution set out in item 7 of this notice, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate or for the benefit of the Shareholders. The explanatory statement containing the information necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own Shares is set out in Appendix I of the circular on, amongst others, general mandate to repurchase and issue shares to be published by the Company on 15 April 2020.
6. In relation to the ordinary resolution set out in item 8 of this notice, the Directors wish to state that they have no immediate plans to issue any new shares of the Company.
7. For the purposes of holding the AGM, the register of members of the Company will be closed from Tuesday, 12 May 2020 to Monday, 18 May 2020 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the AGM to be held on Monday, 18 May 2020. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 11 May 2020.
8. The Register of Members will be closed from Monday, 25 May 2020 to Wednesday, 27 May 2020, (both days inclusive), for the purpose of determining the entitlement to the proposed final dividend and special dividend for the year ended 31 December 2019. The record date will be Wednesday, 27 May 2020. In order to qualify for the proposed final dividend and special dividend for the year ended 31 December 2019, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:00 p.m. on Friday, 22 May 2020. The Final Dividend and Special Dividend will be paid in cash on or about Wednesday, 10 June 2020.
9. If Typhoon Signal No. 8 or above is hoisted, or a "black" rainstorm warning signal or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in force in Hong Kong at or at any time after 10:00 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.zeus.cn and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.

As at the date of this notice, the Directors of the Company are:

Executive Directors:

Mr. Lai Zhi Tian (*Chairman*)
Mr. Lai Ying Feng
Mr. Cao Xiao Jun
Mr. Cheng Jin Le

Non-executive Directors:

Ms. Jiang Li Xia
Mr. Yang Ai Xing

Independent Non-executive Directors:

Mr. Ng Kwun Wan
Mr. Wong Kam Wah
Mr. Zhou Dai Han