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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) REPURCHASE OF PART OF THE COMPANY'S A SHARES SCHEME
(II) CONVENING THE EGM, THE A SHAREHOLDERS' CLASS MEETING
AND THE H SHAREHOLDERS' CLASS MEETING

The letter from the Board is set out on pages 3 to 11 of this circular.

The Company will hold the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting at the Conference Room on the 6th Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China at 2:00 p.m., 3:30 p.m. (or immediately after the conclusion of the EGM or any adjournment) and 4:00 p.m. (or immediately after the conclusion of the A Shareholders' Class Meeting or any adjournment) respectively on Tuesday, 25 October 2022. Notices and proxy forms have been dispatched regarding the EGM and the H Shareholders' Class Meeting by the Company on 29 September 2022. The aforesaid documents are also available for download on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.livzon.com.cn).

If you would like to attend the EGM and/or the H Shareholders' Class Meeting 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 Company's H Share Registrar, Tricor Investor Services Limited (for H Shareholders) as soon as possible and in any event no later than 24 hours before the EGM and/or the H Shareholders' Class Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM and/or the H Shareholders' Class Meeting or any adjournment thereof in person if you so wish.

30 September 2022

* For identification purpose only

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DEFINITIONS

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

“A Share(s)”	the domestic 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)
“A Shareholder(s)”	holder(s) of the A Share(s)
“A Shareholders’ Class Meeting”	the 2022 third class meeting of A Shareholders of the Company to be convened at 3:30 p.m. (or immediately after the conclusion or adjournment of the EGM) on Tuesday, 25 October 2022, if thought fit, to approve the repurchase of part of the Company’s A Shares Scheme
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors of the Company
“Company”	麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.*, a joint stock company incorporated in the PRC in accordance with the Company Law 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
“Company Law”	Company Law of the PRC (中華人民共和國公司法), as adopted at the Fifth Session of the Standing Committee of the Eighth National People’s Congress of the PRC on 29 December 1993, effective from 1 July 1994, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“EGM”	the 2022 third extraordinary general meeting of the Company to be held at the Conference Room on the 6th Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China at 2:00 p.m. on Tuesday, 25 October 2022, if thought fit, to approve the repurchase of part of the Company’s A Shares Scheme
“Group”	the Company and its subsidiaries
“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)

DEFINITIONS

“H Shareholder(s)”	holder(s) of the H Share(s)
“H Shareholders’ Class Meeting”	the 2022 third class meeting of H Shareholders of the Company to be convened at 4 p.m. (or immediately after the conclusion or adjournment of the EGM and the A Shareholders’ Class Meeting) on Tuesday, 25 October 2022, if thought fit, to approve the repurchase of part of the Company’s A Shares Scheme
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	23 September 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for the inclusion in this circular
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this circular, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Repurchase Scheme”	the Repurchase of Part of the Company’s A Shares Scheme approved by the Board on 14 September 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China (《中華人民共和國證券法》)
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Supervisor(s)”	supervisor(s) of the Company

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LETTER FROM THE BOARD



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
Mr. Yu Xiong

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
China Evergrande Centre
38 Gloucester Road
Wanchai
Hong Kong

30 September 2022

To the Shareholders

Dear Sir/Madam,

**(I) REPURCHASE OF PART OF THE COMPANY'S A SHARES SCHEME
(II) CONVENING THE EGM, THE A SHAREHOLDERS' CLASS MEETING
AND THE H SHAREHOLDERS' CLASS MEETING**

The purpose of this circular is to provide you with relevant information regarding the Repurchase Scheme to enable you to make informed decisions in voting on the special resolution to be proposed at the EGM and the H Shareholders' Class Meeting.

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LETTER FROM THE BOARD

I. PROPOSED ADOPTION OF THE REPURCHASE SCHEME

In order to promote the stable development of the Company and effectively protect the interests of the Shareholders, the Board considered and approved the Repurchase Scheme on 14 September 2022. The Repurchase Scheme is subject to Shareholders' approval in the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting by way of a special resolution.

1. Purpose of the share repurchase

With the aim of enhancing the long-term investment value of the Company's shares, safeguarding 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 in accordance with relevant provisions of laws, regulations and normative documents such as the Company Law, the Securities Law, the Rules for the Repurchase of Shares by Listing Companies and the Guideline No.9 on Self-Discipline Supervision of Companies Listed on the Shenzhen Stock Exchange – Share Repurchase, the Company intends to use its internal funds to repurchase part of its A Shares by means of centralized bidding, and all the A Shares repurchased shall be cancelled for reducing its registered capital.

2. Satisfaction of relevant conditions for the share repurchase

The share repurchase by the Company complies with relevant provisions of Article 10 of the Guideline No.9 on Self-Discipline Supervision of Companies Listed on the Shenzhen Stock Exchange – Share Repurchase:

- (1) the company's shares have been listed for one year;
- (2) the company has no major violations in the last year;
- (3) after the share repurchase, the company can pay its debts and continue to operate;
- (4) after the share repurchase, the company's equity distribution should, in principle, meet the listing requirements;
- (5) other conditions stipulated by the CSRC and the Shenzhen Stock Exchange.

3. Share repurchase method and price range

The Company intends to repurchase part of its A Shares by means of centralized bidding through the trading system of the Shenzhen Stock Exchange. The repurchase price shall not exceed RMB40/A Share.

LETTER FROM THE BOARD

4. Type, use and number of shares to be repurchased, percentage in the Company's total share capital and aggregate amount of funds to be used for the repurchase

- (1) Type of shares to be repurchased: RMB ordinary shares (A Shares) issued by the Company.
- (2) Use of shares to be repurchased: A Shares repurchased shall be cancelled for reducing the registered capital.
- (3) Aggregate amount of funds to be used for the repurchase: the aggregate amount of funds to be used by the Company for the repurchase shall not be less than RMB400 million (inclusive) and not more than RMB800 million (inclusive). The exact aggregate amount of funds used for the repurchase shall be the actual aggregate amount of funds used for the repurchase at the end of the repurchase period.
- (4) Number of shares to be repurchased and its percentage in the Company's total share capital: if calculating based on the maximum aggregate repurchase amount of RMB800 million and the maximum repurchase price of RMB40/A Share, the number of shares to be repurchased is estimated to be approximately 20,000,000 A Shares, accounting for approximately 2.14% of the Company's total share capital as at the Latest Practicable Date; if calculating based on the minimum aggregate repurchase amount of RMB400 million and the maximum repurchase price of RMB40/A Share, the number of shares to be repurchased is estimated to be approximately 10,000,000 A Shares, accounting for approximately 1.07% of the Company's total share capital as at the Latest Practicable Date. The exact number of shares repurchased shall be the actual number of A Shares repurchased at the end of the repurchase period. If the Company implements any matters relating to ex-rights and ex-dividend shares such as conversion of capital reserves into share capital, distribution of shares, reduction of number of shares, placing of shares and distribution of cash dividends during the repurchase period, corresponding adjustment shall be made to the Repurchase Scheme in accordance with relevant provisions of the CSRC and the Shenzhen Stock Exchange starting from the ex-rights and ex-dividend date. The total number of A Shares that may be repurchased by the Company shall not exceed 10% of the total number of the issued A Shares on the date of the general meeting at which the Repurchase Scheme is considered.

5. Source of funds for the share repurchase

The source of funds used by the Company for the share repurchase shall be the Company's internal funds only.

LETTER FROM THE BOARD

6. Implementation period of the share repurchase

Subject to the provisions of paragraphs (1) and (2) below, the implementation period of the share repurchase shall be twelve (12) months from the date of the Company's general meeting at which the Repurchase Scheme is considered and approved.

- (1) The implementation period of the share repurchase expires early if the following conditions are met:
 - ① If the amount of fund used for the repurchase reaches the maximum limit within the implementation period, the Repurchase Scheme shall be completed and the implementation period shall expire early starting from that date;
 - ② If the Board decides to terminate the Repurchase Scheme, the implementation period shall expire early starting from the date of the Board resolution on the termination of the Repurchase Scheme;
 - ③ Conclusion of the next annual general meeting of the Company following the passing of the Repurchase Scheme at the general meeting, the class meeting of A Shareholders and the class meeting of H Shareholders of the Company (except where the Repurchase Scheme is renewed by special resolution passed at general meeting, class meeting of A Shareholders and class meeting of H Shareholders of the Company);
 - ④ The Repurchase 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.
- (2) The Company may not repurchase its shares within the following periods:
 - ① Within ten (10) trading days prior to the announcement of the annual reports and interim reports of the Company. If the announcement date is postponed due to special reasons, it shall be counted from the ten (10) trading days prior to the original scheduled announcement;
 - ② Within ten (10) trading days prior to the announcement of the quarterly reports, results forecasts and preliminary results of the Company;
 - ③ From the date of occurrence or in the decision-making process of a major event that may have a material impact on the Company's share price to the date of disclosure thereof in accordance to the laws;
 - ④ Other circumstances stipulated by the CSRC, the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

LETTER FROM THE BOARD

7. Expected changes in the Company's share capital structure after the repurchase

Nature of shares	Before the repurchase and cancellation		After the repurchase and cancellation based on the upper limit		After the repurchase and cancellation based on the lower limit	
	Quantity (share)	Percentage	Quantity (share)	Percentage	Quantity (share)	Percentage
I. Restricted shares (A Shares)	19,861,101	2.12%	19,861,101	2.17%	19,861,101	2.15%
II. Unrestricted shares	915,252,473	97.88%	895,252,473	97.83%	905,252,473	97.85%
1. RMB ordinary shares (A Shares)	605,421,256	64.74%	585,421,256	63.97%	595,421,256	64.36%
2. Overseas listed foreign shares (H Shares)	309,831,217	33.13%	309,831,217	33.86%	309,831,217	33.49%
III. Total number of shares	935,113,574	100.00%	915,113,574	100.00%	925,113,574	100.00%

Note: The total number of shares before the repurchase and cancellation by the Company is the total share capital of the Company as at Latest Practicable Date.

8. Management analysis of the impact of the share repurchase on the Company's operations, finances, research and development, debt performance, future development, and maintenance of its listing status and other aspects, and the commitment of all the directors that the share repurchase will not harm the debt performance and going concern of the Company

As at 31 December 2021, the Company had total assets of RMB22,371.9156 million, net assets attributable to Shareholders of the Company of RMB13,003.7636 million, and current assets of RMB14,673.0966 million. If calculating based on the maximum aggregate repurchase amount of RMB800 million, the funds used for the repurchase accounts for 3.58%, 6.15%, and 5.45% of the Company's total assets, net assets attributable to Shareholders of the Company, and current assets, respectively. The Company will have sufficient funds to pay for the share repurchase.

As at 30 June 2022 (unaudited), the Company had total assets of RMB22,937.7291 million, net assets attributable to Shareholders of the Company of RMB12,866.9201 million, and current assets of RMB15,013.2345 million. If calculating based on the maximum aggregate repurchase amount of RMB800 million, the funds used for the repurchase accounts for 3.49%, 6.22% and 5.33% of the Company's total assets, net assets attributable to Shareholders of the Company, and current assets, respectively. The Company will have sufficient funds to pay for the share repurchase.

LETTER FROM THE BOARD

The Company has sufficient cash flow, and the Company's management believes that the share repurchase will not have material impact on the Company's operations, finances, research and development, ability to meet its debt obligations and future development.

The share repurchase will not lead to change in the control of the Company and its listing status, and the equity distribution will still be in compliance with the listing requirements.

All Directors undertake that the share repurchase will not jeopardise the Company's ability to meet its debt obligations and operate on an going concern basis.

- 9. Explanation of whether there is any insider trading or market manipulation activities conducted individually or jointly with others involved in the trading of the Company's shares by the Company's Directors, Supervisors, senior management, controlling shareholders, de facto controllers and parties acting in concert within six months prior to the resolution adopted by the Board on the share repurchase, and whether there is any plan to increase or reduce shareholdings during the repurchase period; explanation of whether there is any plan to reduce shareholdings for shareholders holding more than 5% of the Company's shares and their concerted parties in the next six months**

Within six months prior to the resolution adopted by the Board on the share repurchase, the Directors, Supervisors, senior management, controlling shareholders, de facto controllers and parties acting in concert of the Company did not buy or sell any shares of the Company.

The Directors, Supervisors, senior management, controlling shareholders, de facto controllers and parties acting in concert of the Company has not conducted any insider trading or market manipulation activities individually or jointly with others.

The Directors, Supervisors, senior management, controlling shareholders, de facto controllers and parties acting in concert of the Company have no clear plans to increase or reduce their shareholdings during the repurchase period. In case of any plan to increase or reduce shareholdings in the future, the Company will perform its disclosure obligations in a timely manner in accordance with relevant regulations.#

Shareholders holding more than 5% of the Company's shares and their concerted parties have no clear plans to reduce their holdings in the next six months. In case of any subsequent plan to increase or reduce holdings in the future, the Company will perform its disclosure obligations in a timely manner in accordance with relevant regulations.

- 10. Relevant arrangements for cancellation according to laws after the share repurchase and relevant arrangements for preventing infringements on the interests of creditors**

All A Shares repurchased by the Company will be cancelled for reducing the registered capital. The Company will notify its creditors of matters relating to the cancellation of shares and the reduction of registered capital in accordance with the relevant provisions of the Company Law.

LETTER FROM THE BOARD

11. Consideration of the Repurchase Scheme by the Board of the Company

The Repurchase Scheme has been considered and approved at the 35th meeting of the tenth session of the Board of the Company, and the Company's independent Directors have given their independent opinions on the repurchase. The proposal is required to be submitted to the general meeting of the Company for consideration.

12. Specific authorization on the handling of matters relating to the share repurchase

In order to successfully implement the Repurchase Scheme, the Company's general meeting is specifically requested to authorize the Board to handle all matters relating to the share repurchase within the scope permitted by laws and regulations. The authorized content and scope include but are not limited to:

- (1) establishing a dedicated securities account for the repurchase and other related matters;
- (2) repurchase A Shares as and when appropriate during the repurchase period, taking into account factors such as timing, price and quantity;
- (3) making adjustment to specific implementation plans in accordance with relevant provisions and the requirements of regulators, and handling other matters relating to the share repurchase;
- (4) making corresponding modification to relevant clauses in the Articles of Association relating to the registered capital, total share capital and other items according to the actual repurchase situation, and conducting industrial and commercial registration formalities;
- (5) determining the continuation or termination of the Repurchase Scheme based on the Company's actual circumstance, the Company's share price performance and other comprehensive factors;
- (6) handling other matters that are not stated above but are necessary for the share repurchase in accordance with relevant stipulations (that is, applicable laws and regulations, and relevant provisions of regulatory authorities).

The aforesaid authorization shall commence from the date on which the Repurchase Scheme is considered and approved by the general meeting of the Company and end on the date on which the matters authorised as above are completed.

LETTER FROM THE BOARD

13. Reminder of the risk of the Repurchase Scheme

- (1) In accordance with relevant laws and regulations, the provisions of the Articles of Association and the Hong Kong Listing Rules, the Repurchase Scheme shall be submitted to the general meeting, the class meeting of A Shareholders and the class meeting of H Shareholders of the Company for consideration and approval by way of a special resolution. If the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting fail to approve the Repurchase Scheme, the Repurchase Scheme cannot be implemented.
- (2) If the Company's share price continues to exceed the upper limit of the repurchase price as disclosed in the Repurchase Scheme during the repurchase period, there is a risk that the Repurchase Scheme cannot be implemented.

The Company will perform its disclosure obligations in a timely manner according to the progress of the share repurchase. Investors are kindly reminded to pay attention to possible investment risks.

II. CONVENING THE EGM, THE A SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING

The Company will hold the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting at the Conference Room on the 6th Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China at 2:00 p.m., 3:30 p.m. (or immediately after the conclusion of the EGM or any adjournment) and 4:00 p.m. (or immediately after the conclusion of the A Shareholders' Class Meeting or any adjournment) respectively on Tuesday, 25 October 2022. Notices and proxy forms have been dispatched regarding the EGM and the H Shareholders' Class Meeting by the Company on 29 September 2022. The aforesaid documents are also available for download on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.livzon.com.cn).

If you would like to attend the EGM and/or the H Shareholders' Class Meeting 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 Company's H Share Registrar, Tricor Investor Services Limited (for H Shareholders) as soon as possible and in any event no later than 24 hours before the EGM and/or the H Shareholders' Class Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM and/or the H Shareholders' Class Meeting or any adjournment thereof in person if you so wish.

LETTER FROM THE BOARD

III. RECORD DATE

The record date for determining the qualification of the Shareholders to attend and vote at the EGM and the H Shareholders' Class Meeting will be Tuesday, 18 October 2022. In order to qualify as Shareholders to attend and vote at the EGM and the H Shareholders' Class Meeting, 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, 18 October 2022.

IV. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, all the resolutions put forward at the EGM and the H Shareholders' Class Meeting will be voted on by poll except where the chairman of the meeting, 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. Poll results will be announced by the Company in accordance with Rule 13.39(5) of the Hong Kong Listing Rules after the EGM and the H Shareholders' Class Meeting.

V. RECOMMENDATION

The Board considers that special resolution set out in the notices of the EGM and the H Shareholders' Class Meeting are in the interests of the Company and the Shareholders as a whole, and accordingly recommends the Shareholders to vote in favour of the resolution to be proposed the EGM and the H Shareholders' Class Meeting.

VI. 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