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丽珠医药
LIVZON

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)

THE RESERVED GRANT OF SHARE OPTIONS TO THE INCENTIVE PARTICIPANTS

This announcement is made pursuant to rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”).

The board of directors (the “**Board**”) of 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.* (the “**Company**”) hereby announces that, on 30 October 2023 (the “**Date of Reserved Grant**”), the Company granted share options (the “**Share Options under the Reserved Grant**”) to 243 incentive participants (the “**Incentive Participants**”) to subscribe for a total of 2,000,000 A shares of the Company (the “**A Shares**”) under the 2022 Share Options Incentive Scheme (Revised Draft) (the “**Incentive Scheme**”) adopted by the Company on 14 October 2022. Unless otherwise defined in this announcement, capitalised terms in this announcement shall have the same meanings as those defined in the circular of the Company dated 27 September 2022.

A summary of the Share Options under the Reserved Grant granted and their terms are set out below:

NUMBER OF THE SHARE OPTIONS UNDER THE RESERVED GRANT

Name	Position	Number of Share Options granted (0'000)	Percentage to the total number of Share Options under the Reserved Grant	Percentage to the current total share capital
Du Jun	Vice President	3.00	1.50%	0.003%
Mid-level management and core personnel of the Company (242 persons)		197.00	98.50%	0.211%
Total (243 persons)		200.00	100.00%	0.214%

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Incentive Participants is (i) a Director, chief executive or substantial shareholder (as defined under the Hong Kong Listing Rules) of the Company or an associate (as defined under the Hong Kong Listing Rules) of any of them; (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit (as defined in the Hong Kong Listing Rules) of 1%; or (iii) a related entity participant (as defined under the Hong Kong Listing Rules) or service provider (as defined under the Hong Kong Listing Rules) of the Company.

EXERCISE PRICE

The Exercise Price of the Share Options under the Reserved Grant shall be RMB36.26/A Share.

CLOSING PRICE OF THE A SHARES ON THE DATE OF RESERVED GRANT

The closing price of the A Shares on the Date of Reserved Grant was RMB34.68/A Share.

VESTING PERIOD

The Share Options under the Reserved Grant will be vested to the Incentive Participants in two tranches, 50% with a waiting period of 12 months (i.e. after 12 months from the date of completion of registration of the Reserved Grant) and 50% with a waiting period of 24 months (i.e. after 24 months from the date of completion of registration of the Reserved Grant).

EXERCISE PERIOD

The following table sets out the exercise schedule of the Share Options under the Reserved Grant (subject to the exercise conditions and provisions of termination procedures under the Incentive Scheme):

Exercise arrangement	Duration	Exercise proportion
First exercise period for Share Options under the Reserved Grant	Commencing on the first trading day after expiry of the 12-month period from the registration completion date of the Reserved Grant and ending on the last trading day of the 24-month period from the registration completion date of the Reserved Grant	50%
Second exercise period for Share Options under the Reserved Grant	Commencing on the first trading day after expiry of the 24-month period from the registration completion date of the Reserved Grant and ending on the last trading day of the 36-month period from the registration completion date of the Reserved Grant	50%

PERFORMANCE TARGETS

1. Performance targets at the Company level

The Share Options granted under the Incentive Scheme are subject to annual assessment for exercise during the accounting years in the exercise period, such that achieving of the performance targets by the Incentive Participants is a condition to exercise the Share Options.

The performance targets of the Reserved Grant are as follows:

Exercise period	Performance target
First exercise period for Share Options under the Reserved Grant	On the basis of net profit in 2021, the compound growth rate of the net profit for 2023 shall not be lower than 15%;
Second exercise period for Share Options under the Reserved Grant	On the basis of net profit in 2021, the compound growth rate of the net profit for 2024 shall not be lower than 15%.

In the event the Company fails to meet the performance targets above, all Share Options which are exercisable by the Incentive Participants in the respective assessment year shall not be exercised and shall be cancelled by the Company.

2. Performance targets at individual level

The assessment of the Incentive Participants at individual level shall be conducted according to the Company's current requirements for remuneration and assessment, and the comprehensive appraisal results of the Incentive Participants for each assessment year will be graded as follows:

Appraisal results	Excellent	Good	Qualified	Fail
Exercise percentage	100%	100%	80%	0%

If the performance target at the Company level for the respective year is met, the actual personal exercise amount of an Incentive Participant for the respective year = exercise percentage × the scheduled personal exercise amount of the Incentive Participants for the respective year.

The Company shall cancel the Share Options granted to the Incentive Participants which cannot be exercised in the respective year.

CLAWBACK MECHANISM

1. Handling unusual changes to the Company

(i) The Incentive Scheme shall be terminated immediately if any of the following events occurs to the Company. The Share Options which have been granted to the Incentive Participants but not yet exercised shall not be exercised any more and shall be cancelled by the Company:

(a) change in control of the Company;

(b) merger and spin-off of the Company;

(c) issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the financial report of the Company for its most recent accounting year;

(d) issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the internal control of the financial report of the Company for its most recent accounting year;

(e) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months after listing;

(f) prohibition from implementation of a share incentive scheme by laws and regulations;

(g) other circumstances under which the Incentive Scheme shall be terminated as determined by the CSRC;

(h) other circumstances under which the Incentive Scheme shall be terminated as determined by the Board of the Company.

(ii) Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with conditions of grant or arrangements for exercise of the Share Options, all outstanding Share Options shall be cancelled by the Company. In respect of the Share Options already exercised by the Incentive Participants, the Incentive Participants concerned shall return to the Company all interests granted. The Incentive Participants who bear no responsibility for the aforesaid matters and who incur losses as a result of the return of the Share Options granted may seek compensation from the Company or responsible parties in accordance with relevant arrangements under the Incentive Scheme.

The Board shall recover the gain received by the Incentive Participants in accordance with the aforesaid provisions and the relevant arrangements under the Incentive Scheme.

2. Change in personal particulars of the Incentive Participants

(i) In case an Incentive Participant has a change in job positions but still works in the Company or a branch or a subsidiary of the Company, the Share Options granted to him will be fully regulated by the procedures as specified in the Incentive Scheme before the change of his job positions.

However, in case an Incentive Participant has a job position change because he is not qualified for his job, violates laws, disobeys professional ethics, reveals confidential information of the Company, fails to discharge his duties or has willful misconduct, causing damages to the interest or reputation of the Company; or the Company terminates his employment contract for any of the above reasons, the Share Options granted to him but not yet exercised shall not be exercised, and shall be cancelled by the Company.

(ii) In case an Incentive Participant leaves the Company due to resignation or redundancy, the Share Options granted to him but not yet exercised which satisfy the restriction on time of exercise and performance target for that year can still be exercised after he leaves the Company, and the remaining which not yet satisfy the restriction on time of exercise and performance target will be cancelled by the Company.

(iii) In case an Incentive Participant who retires and is not re-employed by the Company, the Share Options granted to him but not yet exercised which satisfy the restriction on time of exercise and performance target for that year can still be exercised after he leaves the Company, and the remaining which not yet satisfy the restriction on time of exercise and performance target will be cancelled by the Company. But in case an Incentive Participant retires and is re-employed by the Company, the Share Options granted to him shall be operated entirely in accordance with the procedures as stipulated in the Incentive Scheme before his job positions changes.

(iv) In case an Incentive Participant leaves the Company because of death or loss of his capability of civil conduct, the Share Options granted to him but not yet exercised which satisfy the restriction on time of exercise and performance target for that year can still be exercised after he leaves the Company and be held by his lawful successor or himself, and the remaining which not yet satisfy the restriction on time of exercise and performance target will be cancelled by the Company.

(v) The Board shall decide other unspecified circumstances and determine the handling thereof.

FINANCIAL ASSISTANCE

The Company or any of its subsidiaries has not provided any financial assistance to the Incentive Participants to facilitate the purchase of the Company's shares under the Incentive Scheme.

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANT

After the grant of the Share Options under the Reserved Grant as disclosed in this announcement, all Share Options available for grant under the Incentive Scheme have been granted and there are no more shares available for grant.

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
30 October 2023

As at the date of this announcement, 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*