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

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

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

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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)**

**(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**

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The letter from the Board is set out on pages 4 to 13 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 2:30 p.m., 3:00 p.m. (or immediately after the conclusion of the EGM or any adjournment) and 3:30 p.m. (or immediately after the conclusion of the A Shareholders' Class Meeting or any adjournment) respectively on Tuesday, 24 December 2024. The notices convening the EGM and H Shareholders' Class Meeting and the proxy forms for use by the Shareholders of the Company at the EGM and H Shareholders' Class Meeting have been posted on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.livzon.com.cn](http://www.livzon.com.cn)).

If you would like to attend the EGM 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.

\* *For identification purpose only*

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## DEFINITIONS

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

“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 2024 second class meeting of A Shareholders of the Company to be convened at 3:00 p.m. (or immediately after the conclusion or adjournment of the EGM) on Tuesday, 24 December 2024, if thought fit, to approve the repurchase of part of the Company’s A Shares Scheme
“A Shares Repurchase Scheme”	the Repurchase of Part of the Company’s A Shares Scheme approved by the Board on 28 November 2024
“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
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company

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## DEFINITIONS

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“EGM”	the 2024 fourth 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 2:30 p.m. on Tuesday, 24 December 2024, if thought fit, to approve the repurchase of part of the Company’s A Shares Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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)
“H Shareholder(s)”	holder(s) of the H Share(s)
“H Shareholders’ Class Meeting”	the 2024 second class meeting of H Shareholders of the Company to be convened at 3:30 p.m. (or immediately after the conclusion or adjournment of the EGM and the A Shareholders’ Class Meeting) on Tuesday, 24 December 2024, 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
“Joincare”	Joincare Pharmaceutical Industry Group Co., Ltd.* (健康元藥業集團股份有限公司) (Shanghai Stock Exchange stock code: 600380), a joint stock company incorporated in the PRC, and listed on the Shanghai Stock Exchange in 2001 and is one of the Company’s controlling shareholders
“Latest Practicable Date”	25 November 2024, 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

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## DEFINITIONS

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“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 district
“Repurchase Period”	has the meaning ascribed to it under the notice of the EGM dated 29 November 2024
“RMB”	Renminbi, the lawful currency of the PRC
“R&D”	research and development
“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
“%”	per cent

\* *For identification purpose only*

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LETTER FROM THE BOARD

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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)**

**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. Lin Nanqi

**Independent Non-executive Directors:**

Mr. Bai Hua

Mr. Tian Qiusheng

Mr. Wong Kam Wa

Mr. Luo Huiyuan

Ms. Cui Lijie

**Registered office:**

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

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

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

29 November 2024

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 A Shares 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.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### I. REPURCHASE OF PART OF THE COMPANY'S A SHARES SCHEME

In order to promote the stable development of the Company and effectively protect the interests of the investors, the Board considered and approved the A Shares Repurchase Scheme on 28 November 2024. The A Shares Repurchase Scheme is subject to Shareholders' approval at 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 or self-raised 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. Whether relevant conditions for the share repurchase are satisfied

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 six months;
- (2) the company has no major violation of laws in the last year;
- (3) after the share repurchase, the company has the ability to meet its debt obligations and continue to operate;
- (4) after the share repurchase, the company's shareholding 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 RMB45.00/A Share.

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## LETTER FROM THE BOARD

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#### **4. Type, use and number of shares to be repurchased, percentage in the Company's total share capital and total amount of funds to be used for 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 all be cancelled for reducing the registered capital.
- (3) Total amount of funds to be used for repurchase: the total amount of funds to be used by the Company for repurchase shall not be less than RMB600.00 million (inclusive) and not more than RMB1,000.00 million (inclusive). The exact total amount of repurchase funds shall be based on the total amount of funds actually used to repurchase shares when the Repurchase Period expires.
- (4) Number of shares to be repurchased and its percentage in the Company's total share capital: if calculating based on the maximum total repurchase funds of RMB1,000.00 million and the maximum repurchase price of RMB45.00/A Share, the number of shares to be repurchased is estimated to be approximately 22,222,222 A Shares, accounting for approximately 2.44% of the Company's total share capital (excluding repurchased shares that have not yet been cancelled) as at the Latest Practicable Date; if calculating based on the minimum total repurchase funds of RMB600.00 million and the maximum repurchase price of RMB45.00/A Share, the number of shares to be repurchased is estimated to be approximately 13,333,333 A Shares, accounting for approximately 1.46% of the Company's total share capital (excluding repurchased shares that have not yet been cancelled) as at the Latest Practicable Date. The exact number of shares to be repurchased shall be the actual number of A Shares repurchased when the Repurchase Period expires. 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 that have not yet been repurchased on the date of the general meeting at which the A Shares Repurchase Scheme is considered.

#### **5. Source of funds for the share repurchase**

The source of funds used for the share repurchase is the Company's internal funds or self-raised funds.



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## LETTER FROM THE BOARD

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### 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 A Shares Repurchase Scheme is considered and approved.

**(1) The Repurchase Period expires early if any of the following condition is met:**

- ① If the amount of funds used for repurchase reaches the maximum limit within the Repurchase Period, implementation of the A Shares Repurchase Scheme shall be completed and the Repurchase Period shall expire early from such date;
- ② If the Board decides to terminate the A Shares Repurchase Scheme, the Repurchase Period shall expire early from the date of the Board resolution on the termination of the A Shares Repurchase Scheme;
- ③ Conclusion of the next annual general meeting of the Company following the passing of the A Shares 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 A Shares 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); or
- ④ The A Shares 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 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 until the date of disclosure thereof in accordance to the laws;
- ② Other circumstances stipulated by the CSRC, the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

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## LETTER FROM THE BOARD

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### 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	
	<i>Quantity</i>		<i>Quantity</i>		<i>Quantity</i>	
	<i>(share)</i>	<i>Percentage</i>	<i>(share)</i>	<i>Percentage</i>	<i>(share)</i>	<i>Percentage</i>
I. Restricted shares (A Shares)	19,960,260	2.19%	19,960,260	2.24%	19,960,260	2.22%
II. Unrestricted shares	892,144,334	97.81%	869,922,112	97.76%	878,811,001	97.78%
1. RMB ordinary shares (A Shares)	587,951,617	64.46%	565,729,395	63.57%	574,618,284	63.93%
2. Overseas listed foreign shares (H Shares)	304,192,717	33.35%	304,192,717	34.18%	304,192,717	33.85%
III. Total number of shares	912,104,594	100.00%	889,882,372	100.00%	898,771,261	100.00%

*Note:* The total number of shares before the repurchase and cancellation by the Company is the total share capital of the Company (excluding repurchased shares that have not yet been cancelled) as at the Latest Practicable Date.

### 8. Management analysis of the impact of the share repurchase on the Company's operations, finance, research and development, performance on debt obligations, future development, and maintenance of its listing status and other aspects, and the undertaking of all the directors that the share repurchase will not harm the Company's ability to meet its debt obligations and continue to operate

As at 31 December 2023, the Company had total assets of RMB25,044.8271 million, net assets attributable to Shareholders of the Company of RMB14,042.4953 million, and current assets of RMB17,266.1747 million. If calculating based on the maximum total repurchase funds of RMB1,000.00 million, the funds used for repurchase accounts for 3.99%, 7.12%, 5.79% of the Company's total assets, net assets attributable to Shareholders of the Company and current assets, respectively. The Company has sufficient funds to pay for the share repurchase.

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## LETTER FROM THE BOARD

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As at 30 September 2024 (unaudited), the Company had total assets of RMB24,909.3082 million, net assets attributable to Shareholders of the Company of RMB14,158.5955 million, and current assets of RMB16,613.3940 million. If calculating based on the maximum total repurchase funds of RMB1,000.00 million, the funds used for repurchase accounts for 4.01%, 7.06%, 6.02% of the Company's total assets, net assets attributable to Shareholders of the Company and current assets, respectively. The Company has sufficient funds to pay for the share repurchase.

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, finance, research and development, ability to meet its debt obligations and future development.

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

All Directors of the Company undertake that the share repurchase will not jeopardise the Company's ability to meet its debt obligations and continue to operate.

- 9. Explanation on the Company's shares purchased or sold within six months prior to the resolution adopted by the Board on the share repurchase, and whether there is any insider trading or market manipulation activities conducted individually or jointly with others by the Directors, Supervisors, senior management, controlling shareholders, de facto controllers of the Company and their parties acting in concert, and whether there is any plan to increase or reduce shareholdings during the Repurchase Period; explanation on whether Shareholders holding more than 5% and their parties acting in concert have any plans to reduce their shareholdings 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 of the Company and their parties acting in concert did not buy or sell any shares of the Company.

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

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## LETTER FROM THE BOARD

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The Directors, Supervisors, senior management, controlling shareholders, de facto controllers of the Company and their parties acting in concert 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 parties acting in concert have no clear plans to reduce their holdings in the next six months. In case of any subsequent plan to increase or reduce holdings, 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.

**11. Consideration of the A Shares Repurchase Scheme by the Board**

The A Shares Repurchase Scheme has been considered and approved at the 21st meeting of the eleventh session of the Board of the Company. 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 A Shares Repurchase Scheme, the Company's general meeting is hereby requested to authorize the Board to handle all matters relating to the share repurchase within the scope permitted by laws and regulations. The content and scope of authorization include but are not limited to:

- (1) establishing a dedicated securities account for the repurchase and other related matters;
- (2) repurchasing A Shares as and when appropriate during the Repurchase Period, taking into account factors such as timing, price and quantity of repurchase;

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## LETTER FROM THE BOARD

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- (3) making adjustment to specific implementation plans in accordance with relevant provisions and the requirements of regulatory authorities, 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 etc. according to the actual repurchase situation, and handling industrial and commercial registration filings;
- (5) determining the continuation or termination of the A Shares 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 necessary for the share repurchase in accordance with relevant regulations (i.e. applicable laws and regulations, and relevant provisions of regulatory authorities).

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

### **13. Reminder of the risk of the A Shares Repurchase Scheme**

- (1) In accordance with relevant laws and regulations, the provisions of the Articles of Association and the Hong Kong Listing Rules, the A Shares 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 general meeting, the class meeting of A Shareholders or the class meeting of H Shareholders of the Company fail to approve the A Shares Repurchase Scheme, the A Shares 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 A Shares Repurchase Scheme during the Repurchase Period, there is a risk that the A Shares 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 investment risks.

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## LETTER FROM THE BOARD

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### 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 2:30 p.m., 3:00 p.m. (or immediately after the conclusion of the EGM or any adjournment) and 3:30 p.m. (or immediately after the conclusion of the A Shareholders' Class Meeting or any adjournment) respectively on Tuesday, 24 December 2024. The notices convening the EGM and H Shareholders' Class Meeting and the proxy forms for use by the Shareholders of the Company at the EGM and H Shareholders' Class Meeting have been posted on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.livzon.com.cn](http://www.livzon.com.cn)).

If you would like to attend the EGM 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.

### 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, 17 December 2024. 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, 17 December 2024.

### 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.

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## LETTER FROM THE BOARD

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### V. RECOMMENDATION

The Board considers that the special resolution related to the A Shares Repurchase Scheme set out in the notices of the EGM and the H Shareholders' Class Meeting is in the interests of the Company and the Shareholders as a whole, and accordingly recommends the Shareholders to vote in favour of the related 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  
29 November 2024

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 terms and mandate of the A Shares Repurchase Scheme (the “**A Share Repurchase Mandate**”).

## **SHARE CAPITAL**

As at the Latest Practicable Date, the Company had a total share capital of 912,104,594 shares (excluding repurchased shares that have not yet been cancelled), comprising 607,911,877 A Shares and 304,192,717 H Shares.

## **NUMBER OF A SHARES PROPOSED TO BE REPURCHASED**

Based on the maximum aggregate repurchase amount of RMB1,000.00 million and the maximum repurchase price of RMB45.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 22,222,222 A Shares, accounting for approximately 2.44% of the Company’s total share capital (excluding repurchased shares that have not yet been cancelled) and approximately 3.66% of the Company’s total issued A Shares (excluding repurchased A Shares that have not yet been cancelled) as at the Latest Practicable Date. Based on the minimum aggregate repurchase amount of RMB600.00 million and the maximum repurchase price of RMB45.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 13,333,333 A Shares, accounting for approximately 1.46% of the Company’s total share capital (excluding repurchased shares that have not yet been cancelled) and approximately 2.19% of the Company’s total issued A Shares (excluding repurchased A Shares that have not yet been cancelled) 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 that have not yet been repurchased on the date of the passing of the resolution in relation to the A Share Repurchase Mandate at the EGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting.

## **DISPOSAL OF THE REPURCHASED SHARES**

The Company will cancel the repurchased A Shares upon completion of the repurchase, and the Company will reduce its registered capital accordingly.



**REASONS FOR REPURCHASE**

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 strengthen investor confidence, on the basis of 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.

**SOURCE OF FUNDS**

The source of funds for repurchase of A Shares will be funds legally available for share repurchase purposes in accordance with the Articles of Association, the Hong Kong Listing Rules, and applicable PRC laws, including the internal funds or self-raised funds of the Company.

**IMPACT ON WORKING CAPITAL OR GEARING POSITION**

As compared with the financial position of the Company as at 31 December 2023 (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 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 EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

**GENERAL MATTERS**

The Directors will exercise the A Share Repurchase Mandate in accordance with the Hong Kong Listing Rules and the applicable laws of the PRC, and the relevant resolutions of the EGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders.

The Company confirms that neither the explanatory statement set out in this appendix nor the A Share Repurchase Mandate has any unusual features.

**EFFECT OF THE TAKEOVERS CODE AND SIMILAR APPLICABLE LAW**

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, respectively, 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, 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 53.70% and 42.03% of the H Shares and A Shares of the Company in issue (excluding repurchased shares that have not yet been cancelled), and in aggregate approximately 45.92% of the total shares of the Company in issue (excluding repurchased shares that have not yet been cancelled). If the A Share Repurchase Mandate is fully exercised, based on the maximum repurchase price of RMB45.00/A Share and the maximum aggregate repurchase amount of RMB1,000.00 million, the Company may repurchase approximately 22,222,222 A Shares. Accordingly, Joincare's interest in the Company would be increased to approximately 47.07%. The Directors do not expect that the increase would trigger a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the A Share Repurchase Mandate to such extent as would result in takeover obligations or breach the public float requirement of Rule 8.08 under the Hong Kong Listing Rules.

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.

## SHARE REPURCHASE MADE BY THE COMPANY

Details of the repurchase made by the Company during the previous six months preceding the Latest Practicable Date were as follow:

<b>Date of Repurchase</b>	<b>Number of Shares Repurchased (A Shares)</b>	<b>Highest Price (RMB)</b>	<b>Lowest Price (RMB)</b>
10 July 2024	330,000	35.80	35.54
11 July 2024	120,000	35.85	35.65
12 July 2024	150,900	35.86	35.67
16 July 2024	243,800	35.37	35.13
17 July 2024	300,000	35.59	35.05
23 July 2024	326,000	36.80	36.33
24 July 2024	281,000	36.48	36.20
25 July 2024	450,000	36.28	35.92
29 July 2024	351,800	35.91	35.65
30 July 2024	188,100	36.08	35.46
23 August 2024	160,000	35.42	35.25
26 August 2024	650,000	35.20	34.61
2 September 2024	211,800	35.92	35.52
10 September 2024	211,000	35.85	35.66
12 September 2024	425,000	35.80	35.57
18 September 2024	153,000	35.46	35.18
19 September 2024	400,000	35.58	35.12
20 September 2024	300,000	35.55	35.16
23 September 2024	200,000	35.25	35.08
24 September 2024	250,000	35.76	34.95
24 October 2024	880,000	37.45	37.20
30 October 2024	335,000	37.00	36.68
31 October 2024	230,000	36.64	36.59
15 November 2024	848,000	37.60	37.11
18 November 2024	875,000	37.58	37.06
19 November 2024	858,000	37.80	37.35
21 November 2024	125,000	37.96	37.88
22 November 2024	850,000	37.65	36.85

<b>Date of Repurchase</b>	<b>Number of Shares Repurchased</b> <i>(H Shares)</i>	<b>Highest Price</b> <i>(HK\$)</i>	<b>Lowest Price</b> <i>(HK\$)</i>
10 July 2024	67,200	24.15	23.75
11 July 2024	178,300	24.30	23.80
12 July 2024	366,400	24.95	24.15
15 July 2024	106,100	24.35	24.00
16 July 2024	90,600	24.00	23.75
17 July 2024	237,800	24.25	23.75
18 July 2024	157,700	24.50	24.05
19 July 2024	98,600	24.50	24.10
9 September 2024	378,000	25.55	25.15
10 September 2024	129,100	25.15	24.80
19 September 2024	174,800	25.40	24.85
1 November 2024	151,700	26.15	26.85
20 November 2024	323,600	26.80	26.25
21 November 2024	78,600	26.75	26.50
22 November 2024	321,200	26.50	26.00

Save as disclosed above, 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**

As at the Latest Practicable Date, 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 EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

## PRICES OF A SHARES AND H SHARES

The highest and lowest trading prices at which A Shares and H Shares were traded on the Shenzhen Stock Exchange and the 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 (RMB)	Lowest (RMB)	Highest (HK\$)	Lowest (HK\$)
<b>2023</b>				
November	36.07	33.82	24.25	22.5
December	35.29	33.12	24.2	22.35
<b>2024</b>				
January	36.97	33.68	25.45	22.85
February	32.7	39	27.8	23
March	39.93	35.31	29.05	26.6
April	40.77	35.9	27	24.4
May	41.47	38.05	29.9	26.2
June	40.35	36.9	27.75	25.25
July	38.57	34.84	26.15	23.1
August	37.97	34.6	25.35	23.3
September	40.96	34.93	29.8	24.25
October	44.72	36.55	34	25.8
November (as at the Latest Practicable Date)	38.85	36.00	27.5	25.60