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If you are in any doubt as to any aspect about this circular or as to what action to be taken, you should consult your licensed securities dealer, 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 to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)

**PROPOSED DECLARATION AND
PAYMENT OF INTERIM DIVIDEND AND SPECIAL DIVIDEND
OUT OF THE SHARE PREMIUM ACCOUNT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening an extraordinary general meeting of Zhongzhi Pharmaceutical Holdings Limited to be held at Units 3306–12, 33/F., Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong on Thursday, 10 October 2019 at 2:30 p.m. is set out in this circular.

A form of proxy for use at the extraordinary 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 Company's Hong Kong branch share registrar and transfer office, 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 Tuesday, 8 October 2019) before the time appointed for holding of the extraordinary 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 extraordinary general meeting and any adjournment thereof should you so wish.

12 September 2019

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DEFINITIONS

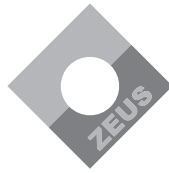
In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

| | |
|---------------------------|--|
| “Articles” | the articles of association adopted by the Company, adopted on 8 June 2015, and amended from time to time |
| “Board” | the board of Directors |
| “Cayman Companies Law” | the Companies Law (as revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time |
| “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) |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be held at Units 3306–12, 33/F., Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong on Thursday, 10 October 2019 at 2:30 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the EGM set out on pages 7 to 9 of this circular, or any adjournment thereof |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Interim Dividend” | the proposed interim dividend of HK3.15 cents per Share as recommended by the Board |
| “Latest Practicable Date” | 4 September 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |

DEFINITIONS

| | |
|-------------------------|---|
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “Register of Members” | the register of members of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | the ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Share Award Plan” | “The Zhongzhi Pharmaceutical Holdings Limited Share Award Plan” adopted by the Board and became effective on 8 January 2016 |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share Premium Account” | the share premium account of the Company, the amount standing to the credit of which was approximately RMB278,607,000 as at 30 June 2019 based on the unaudited 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 |

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

12 September 2019

To the Shareholders

Dear Sir or Madam,

**PROPOSED DECLARATION AND
PAYMENT OF INTERIM DIVIDEND AND SPECIAL DIVIDEND
OUT OF THE SHARE PREMIUM ACCOUNT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the EGM for the proposed declaration and approval of the payment of Interim Dividend and Special Dividend for the six months ended 30 June 2019 out of the Share Premium Account; and to give you notice of the EGM at which resolutions will be proposed for the Shareholders to consider and, if thought fit, approve the aforesaid matter.

A notice convening the EGM is set out on pages 7 to 9 of this circular.

LETTER FROM THE BOARD

2. DECLARATION AND PAYMENT OF INTERIM DIVIDEND AND SPECIAL DIVIDEND OUT OF THE SHARE PREMIUM ACCOUNT

The Board has recommended declaration and payment of an interim dividend of HK3.15 cents per Share and a special dividend of HK1.45 cents per Share out of the Share Premium Account for the six months ended 30 June 2019, subject to the Shareholders' approval at the EGM.

As at the Latest Practicable Date, the Company has 840,000,000 Shares in issue, of which 6,651,500 Shares were held by the trustee for the Share Award Plan. Based on the number of issued Shares as at the Latest Practicable Date and assuming no further grant of Shares under the Share Award Plan up to the record date of determination of entitlements of Interim Dividend and Special Dividend, the Interim Dividend and the Special Dividend, if declared and paid, will amount to an aggregate amount of HK\$26,250,478 and HK\$12,083,553, respectively, after the adjustment of excluding the dividend for Shares held under the Share Award Plan amounting to HK\$305,969. Subject to the fulfilment of the conditions set out in the paragraph headed "Conditions of the Payment of Interim Dividend and Special Dividend out of the Share Premium Account" below, the Interim Dividend and Special Dividend is intended to be paid out of the Share Premium Account pursuant to Article 13(h) of the Articles and in accordance with the Cayman Companies Law.

As at 30 June 2019, based on the unaudited consolidated financial statements of the Group, the amount standing to the credit of the Share Premium Account was approximately RMB278,607,000. Following the payment of the Interim Dividend and the Special Dividend, there will be a remaining balance of approximately RMB243,730,922 standing to the credit of the Share Premium Account.

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

The payment of the Interim 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 Interim Dividend and Special Dividend out of the Share Premium Account pursuant to Article 13(h) of the Articles; 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 Interim 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 Interim Dividend and Special Dividend will be paid in cash on or about Friday, 1 November 2019 to those Shareholders whose names appear on the Register of Members at close of business on Monday, 21 October 2019, being the record date of determination of entitlements of Interim Dividend and Special Dividend.

LETTER FROM THE BOARD

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

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

The Board considers it appropriate to distribute the Interim 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 appropriate and proposes that Interim 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 Interim 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 authorized 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 Thursday, 17 October 2019 to Monday, 21 October 2019 (both days inclusive), for the purpose of determining the entitlement to the Interim Dividend and Special Dividend for the six months ended 30 June 2019. The record date will be Monday, 21 October 2019. In order to qualify for the Interim Dividend and Special Dividend, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, 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 Wednesday, 16 October 2019.

3. THE EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 7 to 9 of this circular. No Shareholder is required to abstain from voting in respect of the ordinary resolutions to be proposed at the EGM to approve the proposed declaration and the payment of Interim Dividend and Special Dividend for the six months ended 30 June 2019 out of the Share Premium Account.

LETTER FROM THE BOARD

Enclosed with this circular is a proxy form for use at the EGM. Whether or not you intend to attend the EGM 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 Company's Hong Kong branch share registrar and transfer office, 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 Tuesday, 8 October 2019) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. In the event that a Shareholder having lodged a proxy form attends the EGM, his proxy form will be deemed to have been 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 EGM will be voted by way of a poll by the Shareholders. Results of the poll voting will be published on the Company's websites at www.zeus.cn and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the closing of the EGM.

4. RECOMMENDATION

The Directors are of the opinion that the proposed resolutions of declaration and payment of Interim Dividend and Special Dividend out of the Share Premium Account at the EGM, is 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 EGM.

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

NOTICE OF EXTRAORDINARY 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 extraordinary general meeting of Zhongzhi Pharmaceutical Holdings Limited (the “**Company**”) will be held at Units 3306–12, 33/F., Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong on Thursday, 10 October 2019 at 2:30 p.m. (the “**EGM**”), 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. (a) the declaration and payment of an interim dividend of HK3.15 cents per ordinary share (the “**Shares**”) out of the share premium account of the Company (the “**Interim Dividend**”) to shareholders of the Company whose names appear 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 Interim 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 Interim Dividend.
2. (a) the declaration and payment of a special dividend of HK1.45 cents per Share out of the share premium account of the Company (the “**Special Dividend**”) to shareholders of the Company whose names appear 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

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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.

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

Hong Kong, 12 September 2019

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 of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and 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, 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 Tuesday, 8 October 2019) before the time for holding the EGM. 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 authorized 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 authorized.
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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. For the purposes of holding the EGM, the register of members of the Company will be closed from Friday, 4 October 2019 to Thursday, 10 October 2019 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the EGM scheduled to be held on Thursday, 10 October 2019. The record date will be Thursday, 10 October 2019. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, 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 Thursday, 3 October 2019.
6. The register of members of the Company will be closed from Thursday, 17 October 2019 to Monday, 21 October 2019, (both days inclusive), for the purpose of determining the entitlement to the proposed interim dividend and special dividend for the six months ended 30 June 2019. The record date will be Monday, 21 October 2019. In order to qualify for the proposed interim dividend and special dividend the six months ended 30 June 2019, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, 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 Wednesday, 16 October 2019.
7. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 11:30 a.m. on the date of the EGM, the EGM will be postponed. The Company will publish an announcement on the website of the Company at www.zeus.cn and on the "Latest Company Announcements" page of the GEM website at www.hkgem.com to notify shareholders of the Company of the date, time and place 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