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)

VOLUNTARY ANNOUNCEMENT
ENTERING INTO THE PATENT TRANSFER AND TECHNOLOGY EXCLUSIVE LICENSING AGREEMENT

On 31 August 2020, 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.* (the "**Company**", together with its subsidiaries, the "**Group**") entered into the Patent Transfer and Technology Exclusive Licensing Agreement (the "**Agreement**") with TYK Medicines, Inc.* (浙江同源康醫藥股份有限公司) ("**TYK Medicines**"), pursuant to which, TYK Medicines agreed to grant to the Company an exclusive right to develop and commercialize TY2136b (a ROS1/NTRK/ALK multiple target kinase inhibitor) and its relevant patents in the People's Republic of China ("**PRC**") region (including the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan).

The cooperation including the Agreement has been considered and approved by the operation management of the Company, and is not required to be submitted to the board of directors and the general meeting of the Company for consideration according to the relevant requirements. The cooperation does not constitute a connected transaction.

I. BASIC INFORMATION OF THE COUNTER PARTIES

Name of the company: TYK Medicines

Legal representative: Wu Yusheng (吳豫生)

Registered capital: RMB168,000,000

Principal business: Technological development, transfer and service of new drugs, medical devices, healthcare products and pharmaceutical intermediates.

Registered address: Room 1403-2, 14/F, Block A, Changxing World Trade Building, No. 1278 Mingzhu Road, Changxing Economic Development Zone, Huzhou City, Zhejiang Province

TYK Medicines is not connected to the Company.

II. PRINCIPAL TERMS OF THE AGREEMENT

Party A: the Company

Party B: TYK Medicines

After friendly negotiation, the parties have reached the following agreements:

1. Licensing contents

TYK Medicines agreed to grant to the Company an exclusive right to develop and commercialize TY2136b (a ROS1/NTRK/ALK multiple target kinase inhibitor, the "**Licensed Project**") and its relevant patents in the Licensed Territory (as defined below) and the Licensed Scope (as defined below).

2. Licensed territory

The PRC region, including the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan (collectively, the "**Licensed Territory**").

3. Licensed scope

It refers to the licensing of licensed intellectual property rights for all indications and uses within the Licensed Territory, which is exclusive and subject to a licensing fee with sub-licensing rights (collectively, the "**Licensed Scope**").

4. Research and development expenses, upfront payment, milestone fee and royalties

Pursuant to the Agreement, the Company shall pay the respective pre-clinical research and development fees based on the progress of research and development of the Licensed Project, which shall not exceed RMB22,000,000.00 in total, and the excessive amount shall be borne by TYK Medicines.

Upon the Agreement becoming effective, the Company shall make an upfront payment of RMB8,000,000.00 to TYK Medicines.

The Company shall pay the corresponding milestone fee to TYK Medicines according to the progress achievements of the Licensed Project such as completion of GLP toxicology studies, filing for NMPA IND with implied consent, first patient enrolment in the first phase I clinical trial, first patient enrolment in the first phase II clinical trial, first patient enrolment in the first phase III clinical trial, obtaining NMPA's launch approval for the first indication and obtaining launch approval for each additional indication, totalling no more than RMB129,000,000.00.

The Company shall pay a variable royalty fee of not less than 6% of the net sales to TYK Medicines. The payment of royalties shall be made until the earlier of the expiry of the patent right of the product under the Licensed Project or the 12th anniversary from the first market launch and sale of the product within the Licensed Territory. If any third party launches a generic drug within the Licensed Territory, the royalties shall be reduced.

5. Responsibilities of Party A

(1) Party A shall be responsible for the clinical development, registration and market launch of the product in the Licensed Territory and bear the corresponding expenses;

(2) Party A shall be responsible for the commercialization and marketing of the product within the Licensed Territory after its launch in the future;

(3) Party A is the marketing authorization holder of the product and is responsible for the commercial production of the product in the Licensed Territory;

(4) Party A shall pay the corresponding milestone fee to Party B on time.

6. Responsibilities of Party B

(1) Party B shall be responsible for the pre-clinical research of the product in the Licensed Territory, submission of the IND filing and obtaining implied consent;

(2) Party B shall provide pharmaceutical, clinical, regulatory and other technical support to Party A until the product under the Licensed Project is approved for market launch in the Licensed Territory, and shall continue to provide corresponding technical support for the subsequent expansion of indications;

(3) Party B shall exclusively transfer the relevant production technology of the product to Party A;

(4) Party B shall share with Party A all relevant information obtained outside the Licensed Territory to provide reference and support for obtaining approval of the product in the PRC.

7. Conditions precedent

The Agreement shall become effective upon signing by both parties.

IV. IMPACT ON THE COMPANY

The cooperation further expanded the Company's research and development pipeline layout in the area of oncology, which is in line with the Company's strategic objective of medium and long-term innovative drug development. Through the cooperation, it is beneficial for both parties to jointly leverage their advantages in research and development and the Company's mature commercialized operation advantages in the Licensed Territory.

V. RISK WARNING

Due to the long cycle and multiple segments of the research and development of drugs, which are characterized by high technology, high risk and high added value, and are susceptible to various uncertainties, it is uncertain whether the research and development will be successful and the approval from the drug regulatory authorities will be granted. Investors are advised to pay attention to the investment risks.

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
31 August 2020

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. Zheng Zhihua, Mr. Xie Yun, Mr. Tian Qiusheng and Mr. Wong Kam Wa.

** For identification purpose only*