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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) 2023 ANNUAL PROFIT DISTRIBUTION PLAN
(II) PROPOSED FACILITY FINANCING AND PROVISION OF FINANCING GUARANTEES TO SUBSIDIARIES
(III) PROPOSED PROVISION OF FINANCING GUARANTEES TO ITS CONTROLLING SUBSIDIARY LIJIAN ANIMAL HEALTHCARE
(IV) PROPOSED RENEWAL OF THE REPURCHASE OF PART OF THE COMPANY'S A SHARES SCHEME
(V) PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD TO REPURCHASE H SHARES
(VI) CONVENING THE AGM, THE CLASS MEETING OF A SHAREHOLDERS AND THE CLASS MEETING OF H SHAREHOLDERS

The letter from the Board is set out on pages 6 to 27 of this circular.

The Company will hold the AGM, the Class Meeting of A Shareholders and Class Meeting of H Shareholders 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 AGM or any adjournment) and 4:00 p.m. (or immediately after the conclusion of the Class Meeting of A Shareholders or any adjournment) respectively on Friday, 14 June 2024. The notices convening the AGM and Class Meeting of H Shareholders and the proxy forms for use by the Shareholders of the Company at the AGM and Class Meeting of H Shareholders have been posted 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 AGM and/or the Class Meeting of H Shareholders 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 H Share Registrar of the Company, Tricor Investor Services Limited (for H Shareholders) as soon as possible and in any event no later than 24 hours before the AGM and/or the Class Meeting of H Shareholders or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM and/or the Class Meeting of H Shareholders or any adjournment thereof in person if you so wish.

* For identification purpose only

CONTENTS

	<i>Pages</i>
Definitions	1
Expected Timetable	5
Letter from the Board	6
Appendix — Explanatory Statement	28

DEFINITIONS

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

“2023 Annual Profit Distribution Plan”	the plan of the Company for distribution of the Cash Dividend for the year 2023
“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 Share Repurchase Scheme”	the Repurchase of Part of the Company’s A Shares Scheme approved by the Board on 30 October 2023, and by the 2023 third extraordinary general meeting, 2023 second class meeting of A Shareholders and 2023 second class meeting of H Shareholders of the Company on 19 December 2023
“A Shareholder(s)”	holder(s) of the A Share(s)
“AGM”	the annual general meeting of the Company for the year 2023 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 Friday, 14 June 2024
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Banks”	several banks incorporated in the PRC
“Board”	the board of Directors of the Company
“Cash Dividend”	to distribute cash dividend of RMB13.50 (tax inclusive) for every 10 shares to all Shareholders of the Company, based on the Company’s total share capital (excluding the shares of the Company which were repurchased but not yet cancelled) as at the record date of shareholding determined for implementation of the 2023 Annual Profit Distribution Plan

DEFINITIONS

“Class Meeting of A Shareholders”	the 2024 First Class Meeting of A Shareholders of the Company to be held at 3:30 p.m. (or immediately after the AGM or any adjournment) on Friday, 14 June 2024
“Class Meeting of H Shareholders”	the 2024 First Class Meeting of H Shareholders of the Company to be held at 4:00 p.m. (or immediately after the Class Meeting of A Shareholders or any adjournment) on Friday, 14 June 2024
“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
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Company
“General Meetings”	the AGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders
“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)
“H Share Repurchase Mandate”	the grant of general mandate to the Board to repurchase H Shares approved by the Board on 13 May 2024
“H Shareholder(s)”	holder(s) of the H Share(s)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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”	健康元藥業集團股份有限公司 Joincare Pharmaceutical Industry Group Co., Ltd.* (Shanghai Stock Exchange stock code: 600380), a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange in 2001 and one of the Company’s controlling shareholders
“Latest Practicable Date”	9 May 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Lijian Animal Healthcare”	Lijian (Guangdong) Animal Healthcare Co., Ltd.* (麗健(廣東)動物保健有限公司)
“Lijian Animal Healthcare Facilities”	the facilities limited up to RMB234.50 million (or its equivalent in foreign currencies) in aggregate to be applied by Lijian Animal Healthcare from the Banks
“Lijian Animal Healthcare Guarantees”	the financing guarantees limited up to RMB234.50 million (or its equivalent in foreign currencies) in aggregate to be provided by the Company in favour of the Banks to secure the Lijian Animal Healthcare Facilities
“Notices of the General Meetings”	notices dated 14 May 2024 for convening the AGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders
“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
“Record Date”	Tuesday, 9 July 2024, the record date set to determine the H Shareholders who are entitled to the Cash Dividend
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

DEFINITIONS

“Shenzhen Listing Rules”	the Stock Listing Rules of the Shenzhen Stock Exchange (as amended in 2024) (《深圳證券交易所股票上市規則(2024年修訂)》)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Xinbeijiang Company”	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.* (麗珠集團新北江製藥股份有限公司)
“Zhong Hui Yuan”	Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership)* 珠海中匯源投資合夥企業(有限合夥)

In case of any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese names shall prevail.

* For identification purposes only

EXPECTED TIMETABLE

2024

The record date for determining the qualification of the H Shareholders to attend and vote at the AGM and the Class Meeting of H Shareholders. Thursday, 6 June

Latest time for lodging transfer documents for registration of transfer of H Shares to qualify for attending and voting at the AGM and the Class Meeting of H Shareholders. 4:30 p.m. on Thursday, 6 June

Latest time for returning proxy form for the AGM 2:00 p.m. on Thursday, 13 June

Latest time for returning proxy form for the Class Meeting of H Shareholders 4:00 p.m. on Thursday, 13 June

AGM 2:00 p.m. on Friday, 14 June

Class Meeting of A Shareholders 3:30 p.m. on Friday, 14 June
(or immediately after the AGM or any adjournment)

Class Meeting of H Shareholders 4:00 p.m. on Friday, 14 June
(or immediately after the Class Meeting of A Shareholders or any adjournment)

Last day of dealings in H Shares on a cum-entitlement basis relating to the Cash Dividend Friday, 5 July

First day of dealings in H Shares on an ex-entitlement basis relating to the Cash Dividend Monday, 8 July

Record Date (to qualify H Shareholders for the Cash Dividend) Tuesday, 9 July

Latest time for lodging transfer documents for registration of transfer of H Shares to qualify H Shareholders for the Cash Dividend. 4:30 p.m. on Tuesday, 9 July

Latest date for delivery of payment cheques for the Cash Dividend for H Shares Monday, 5 August

Note: The dates with regard to the Cash Dividend are for references only as they are subject to approval by the Shareholders and might be adjusted by the Company. If there is any such change, the Company will publish announcement to inform the Shareholders as soon as practicable. All times and dates in this circular are Hong Kong times and dates.

LETTER FROM THE BOARD



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. 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
YF Life Centre
38 Gloucester Road
Wanchai
Hong Kong

14 May 2024

To the Shareholders

Dear Sir/Madam,

- (I) 2023 ANNUAL PROFIT DISTRIBUTION PLAN**
(II) PROPOSED FACILITY FINANCING AND PROVISION OF
FINANCING GUARANTEES TO SUBSIDIARIES
(III) PROPOSED PROVISION OF FINANCING GUARANTEES
TO ITS CONTROLLING SUBSIDIARY
LIJIAN ANIMAL HEALTHCARE
(IV) PROPOSED RENEWAL OF THE REPURCHASE OF
PART OF THE COMPANY'S A SHARES SCHEME
(V) PROPOSED GRANT OF GENERAL MANDATE TO
THE BOARD TO REPURCHASE H SHARES
(VI) CONVENING THE AGM, THE CLASS MEETING OF
A SHAREHOLDERS AND THE
CLASS MEETING OF H SHAREHOLDERS

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with relevant information to enable you to make informed decisions in voting on the following special resolutions to be proposed at the General Meetings:

- (I) 2023 Annual Profit Distribution Plan;
- (II) proposed facility financing and provision of financing guarantees to subsidiaries;
- (III) proposed provision of financing guarantees to its controlling subsidiary Lijian Animal Healthcare;
- (IV) proposed renewal of the A Share Repurchase Scheme;
- (V) the grant of general mandate to the Board to repurchase H shares.

I. 2023 ANNUAL PROFIT DISTRIBUTION PLAN

The Company will propose a special resolution to be considered and passed at the AGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders to (i) distribute cash dividend of RMB13.50 (tax inclusive) for every 10 shares to all Shareholders of the Company, based on the Company's total share capital (excluding the shares of the Company which were repurchased but not yet cancelled) as at the record date of shareholding determined for implementation of the 2023 Annual Profit Distribution Plan. There will be no bonus shares, nor will the capital reserves be capitalized; and (ii) authorise the Board to deal with all specific matters regarding the 2023 Annual Profit Distribution Plan.

The proposed Cash Dividend by the Company will be denominated and declared in RMB and will be distributed in RMB to the A Shareholders and in Hong Kong dollar to H Shareholders, using the middle exchange rate for RMB to Hong Kong dollar as published by the People's Bank of China on the date of the AGM (Friday, 14 June 2024) as the exchange rate. The remaining undistributed profits and capital reserve will be carried forward to the next financial year.

Based on the 307,052,417 issued and not repurchased H Shares of the Company as at the Latest Practicable Date, the Cash Dividend in the sum of RMB414,520,762.95 will be distributed to H Shareholders whose names are listed on the register of members of H Shares of the Company at close of business on the Record Date. The Record Date for determining the qualification of the H Shareholders for the proposed distribution of the Cash Dividend will be Tuesday, 9 July 2024. In order to qualify for the proposed distribution of the Cash Dividend, 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, 9 July 2024.

LETTER FROM THE BOARD

In accordance with the “Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》)” (the “**CIT Law**”) and the “Rules for the Implementation of the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》)” (the “**Implementation Rules of CIT Law**”), both became effective on 1 January 2008, and the “Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Offshore Non-resident Enterprise Holders of H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號))” promulgated by the State Administration of Taxation on 6 November 2008, the Company is obliged to withhold and pay the enterprise income tax on behalf of non-resident enterprise(s) at a tax rate of 10% when the Company distributes any dividends to non-resident enterprise Shareholder(s) whose names appear on the register of members for H Shares of the Company. Accordingly, any H Shares which are not registered under the name(s) of individual(s) (which include H Shares registered under the name of HKSCC Nominees Limited, other nominees, trustees, or other organisations or groups) shall be deemed to be H Shares held by non-resident enterprise Shareholder(s), and the enterprise income tax shall be withheld from dividends payable thereon. Non-resident enterprise Shareholders may apply for a tax refund (if any) after receiving dividends in accordance to relevant tax laws such as tax treaty (arrangement).

In accordance with the “Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號))” promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are temporarily exempted from the individual income tax for dividends or bonuses received from foreign invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of overseas individual Shareholders whose names appear on the register of members for H Shares of the Company when the Company distributes dividends to those Shareholders.

In accordance with the “Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《財政部國家稅務總局證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號))”, (i) for dividends received by mainland individual investor from investing in the H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the Company shall apply to China Securities Depository and Clearing Corporation Limited (“**CSDCC**”) for, and the CSDCC shall provide the Company with the registrar of mainland individual investors and the Company is obliged to withhold personal income tax at a tax rate of 20%. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds through the Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements; (ii) for dividends received by domestic enterprise investors from investing in Shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, such amount shall be reckoned in their gross revenue and subject to corporate income tax pursuant to laws. In particular, for the dividends obtained by mainland resident enterprises from holding relevant H Shares for consecutive 12 months, the corporate income taxes shall be exempted pursuant to laws. The Company shall apply to

LETTER FROM THE BOARD

CSDCC for, and the CSDCC shall provide the Company with the registrar of domestic individual investors. The Company will not withhold the income tax on dividend for the domestic enterprise investors, and the tax payable shall be declared and paid by the domestic enterprise investors.

Shareholders are advised to consult their tax advisers regarding the PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares of the Company.

According to the relevant provisions of CSDCC Shenzhen Branch and in accordance with the market practice as adopted for distribution of dividends for A Shares, the Company will separately publish an announcement on distribution of the Cash Dividend to A Shareholders after the General Meetings, which will set out (among others) the record date (registration date of shares) and ex-dividend date for A Shareholders.

Risk warning for trading of H Shares

H Shareholders should note that H Shares are expected to be traded on ex-entitlement basis commencing from Monday, 8 July 2024. The distribution of the Cash Dividend will be subject to the approval of Shareholders at the General Meetings. Any person who deals in H Shares on ex-entitlement basis prior to obtaining of the approval from Shareholders will be subject to the risk that the relevant proposal may fail to proceed. Shareholders or potential investors shall seek professional advice from their own professional consultants should they have any doubt on their situations.

II. PROPOSED FACILITY FINANCING AND PROVISION OF FINANCING GUARANTEES TO SUBSIDIARIES

In order to meet the business development needs, in 2024, the Company plans to apply for facility financing of not more than RMB15,460,000,000 or its equivalent in foreign currencies in total (the “**Company Facility Financing**”) from the following banks, details of which are set out below:

No.	Name of facility granting bank	Currency	Amount of credit (RMB)	Note
1	China Development Bank	RMB	800,000,000	or equivalent in foreign currencies
2	The Export-Import Bank of China	RMB	1,000,000,000	or equivalent in foreign currencies
3	Bank of China Limited	RMB	800,000,000	or equivalent in foreign currencies
4	Agricultural Bank of China Limited	RMB	500,000,000	or equivalent in foreign currencies

LETTER FROM THE BOARD

No.	Name of facility granting bank	Currency	Amount of credit (RMB)	Note
5	Industrial and Commercial Bank of China Ltd.	RMB	1,560,000,000	or equivalent in foreign currencies
6	China Construction Bank Corporation	RMB	800,000,000	or equivalent in foreign currencies
7	Bank of Communications Co., Ltd.	RMB	700,000,000	or equivalent in foreign currencies
8	Postal Savings Bank of China Limited	RMB	300,000,000	or equivalent in foreign currencies
9	China Merchants Bank Co., Ltd.	RMB	1,500,000,000	or equivalent in foreign currencies
10	China Minsheng Banking Corp., Ltd.	RMB	400,000,000	or equivalent in foreign currencies
11	China Everbright Bank Co., Ltd.	RMB	900,000,000	or equivalent in foreign currencies
12	China CITIC Bank Corporation Limited	RMB	1,000,000,000	or equivalent in foreign currencies
13	Industrial Bank Co., Ltd.	RMB	300,000,000	or equivalent in foreign currencies
14	Shanghai Pudong Development Bank Co., Ltd.	RMB	500,000,000	or equivalent in foreign currencies
15	PingAn Bank Co., Ltd.	RMB	750,000,000	or equivalent in foreign currencies
16	Hua Xia Bank Co., Limited	RMB	200,000,000	or equivalent in foreign currencies
17	China Zheshang Bank Co., Ltd.	RMB	650,000,000	or equivalent in foreign currencies
18	Bank of Guangzhou Co., Ltd.	RMB	400,000,000	or equivalent in foreign currencies
19	China Bohai Bank Co., Ltd.	RMB	200,000,000	or equivalent in foreign currencies
20	China Resources Bank of Zhuhai Co., Ltd.	RMB	200,000,000	or equivalent in foreign currencies
21	Standard Chartered Bank (China) Limited	RMB	1,000,000,000	or equivalent in foreign currencies
22	HSBC Bank (China) Company Limited	RMB	800,000,000	or equivalent in foreign currencies
23	Morgan Stanley Bank International (China) Limited	RMB	200,000,000	or equivalent in foreign currencies
	Total	RMB	<u><u>15,460,000,000</u></u>	

LETTER FROM THE BOARD

The Company plans to provide joint liability guarantees (the “**Subsidiaries Guarantees**”) to the following banks for the applications of facility financing of no more than RMB13,029,750,000 or its equivalent in foreign currencies (the “**Subsidiaries Facility Financing**”) made by the following subsidiaries, details of which are set out below:

No.	Subject of guarantee	Shareholding of the Company	Name of facility granting bank	Currency	Maximum guarantee amount (RMB)	Term of guarantee (years)	Type of guarantee	Note
1	Livzon Group Livzon Pharmaceutical Factory* (麗珠集團麗珠製 藥廠)	100%	China Development Bank	RMB	200,000,000	3	Joint liability	
			The Export-Import Bank of China	RMB	200,000,000	3	guarantee	
			Bank of China Limited	RMB	150,000,000	3		
			Agricultural Bank of China Limited	RMB	80,000,000	3		
			Industrial and Commercial Bank of China Ltd.	RMB	300,000,000	3		
			China Construction Bank Corporation	RMB	200,000,000	3		
			Bank of Communications Co., Ltd.	RMB	170,000,000	3		
			Postal Savings Bank of China Limited	RMB	100,000,000	3		
			China Merchants Bank Co., Ltd.	RMB	200,000,000	3		Amount to be shared with the Group
			China Minsheng Banking Corp., Ltd.	RMB	200,000,000	3		
			China Everbright Bank Co., Ltd.	RMB	100,000,000	3		Amount to be shared with the Group
			China CITIC Bank Corporation Limited	RMB	100,000,000	3		
			Industrial Bank Co., Ltd.	RMB	150,000,000	3		
			Bank of Guangzhou Co., Ltd.	RMB	200,000,000	3		Amount to be shared with the Group
			China Resources Bank of Zhuhai Co., Ltd.	RMB	150,000,000	3		
			Standard Chartered Bank (China) Limited	RMB	115,000,000	3		Amount to be shared with the Group
		Subtotal:		RMB	<u>2,615,000,000</u>			

LETTER FROM THE BOARD

No.	Subject of guarantee	Shareholding of the Company	Name of facility granting bank	Currency	Maximum guarantee amount (RMB)	Term of guarantee (years)	Type of guarantee	Note
2	Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.* (珠海保稅區麗珠合成製藥有限公司)	100%	China Development Bank	RMB	200,000,000	3	Joint liability guarantee	
			Bank of China Limited	RMB	100,000,000	3		
			Industrial and Commercial Bank of China Ltd.	RMB	160,000,000	3		
			China Construction Bank Corporation	RMB	100,000,000	3		
			Bank of Communications Co., Ltd.	RMB	200,000,000	3		
			China Guangfa Bank Co., Ltd.	RMB	250,000,000	3		
			Postal Savings Bank of China Limited	RMB	50,000,000	3		
			China Merchants Bank Co., Ltd.	RMB	200,000,000	3		Amount to be shared with the Group
			China Minsheng Banking Corp., Ltd.	RMB	200,000,000	3		
			China Everbright Bank Co., Ltd.	RMB	100,000,000	3		Amount to be shared with the Group
			China CITIC Bank Corporation Limited	RMB	100,000,000	3		
			Industrial Bank Co., Ltd.	RMB	100,000,000	3		
			Shanghai Pudong Development Bank Co., Ltd.	RMB	50,000,000	3		
			China Resources Bank of Zhuhai Co., Ltd.	RMB	100,000,000	3		
			Standard Chartered Bank (China) Limited	RMB	230,000,000	3		Amount to be shared with the Group
		Subtotal:		RMB	<u>2,140,000,000</u>			

LETTER FROM THE BOARD

No.	Subject of guarantee	Shareholding of the Company	Name of facility granting bank	Currency	Maximum guarantee amount (RMB)	Term of guarantee (years)	Type of guarantee	Note
3	Zhuhai Livzon Pharmaceutical Trading Co., Ltd.* (珠海市麗珠醫藥貿易有限公司)	100%	China Development Bank	RMB	100,000,000	3	Joint liability guarantee	
			The Export-Import Bank of China	RMB	200,000,000	3		
			Bank of China Limited	RMB	100,000,000	3		
			Agricultural Bank of China Limited	RMB	70,000,000	3		
			Industrial and Commercial Bank of China Ltd.	RMB	100,000,000	3		
			China Construction Bank Corporation	RMB	100,000,000	3		
			Bank of Communications Co., Ltd.	RMB	150,000,000	3		
			China Merchants Bank Co., Ltd.	RMB	100,000,000	3		Amount to be shared with the Group
			China Minsheng Banking Corp., Ltd.	RMB	200,000,000	3		
			China Everbright Bank Co., Ltd.	RMB	200,000,000	3		Amount to be shared with the Group
			China CITIC Bank Corporation Limited	RMB	100,000,000	3		
			Industrial Bank Co., Ltd.	RMB	50,000,000	3		
			China Zheshang Bank Co., Ltd.	RMB	100,000,000	3		Amount to be shared with the Group
			China Resources Bank of Zhuhai Co., Ltd.	RMB	100,000,000	3		
			Standard Chartered Bank (China) Limited	RMB	57,500,000	3		Amount to be shared with the Group
		HSBC Bank (China) Company Limited	RMB	100,000,000	3	Amount to be shared with the Group		
		Morgan Stanley Bank International (China) Limited	RMB	140,000,000	3	Amount to be shared with the Group		
		Subtotal:		RMB	<u>1,967,500,000</u>			

LETTER FROM THE BOARD

No.	Subject of guarantee	Shareholding of the Company	Name of facility granting bank	Currency	Maximum guarantee amount (RMB)	Term of guarantee (years)	Type of guarantee	Note
4	Xinbeijiang Company (Note 1, 5)	87.14%	China Development Bank	RMB	100,000,000	3	Joint liability guarantee	
			The Export-Import Bank of China	RMB	100,000,000	3		
			Bank of China Limited	RMB	100,000,000	3		
			Agricultural Bank of China Limited	RMB	100,000,000	3		
			Industrial and Commercial Bank of China Ltd.	RMB	100,000,000	3		
			Bank of Communications Co., Ltd.	RMB	100,000,000	3		
			China Merchants Bank Co., Ltd.	RMB	200,000,000	3		Amount to be shared with the Group
			China Everbright Bank Co., Ltd.	RMB	100,000,000	3		Amount to be shared with the Group
			China CITIC Bank Corporation Limited	RMB	100,000,000	3		
			Industrial Bank Co., Ltd.	RMB	50,000,000	3		
			Standard Chartered Bank (China) Limited	RMB	74,750,000	3		Amount to be shared with the Group
			HSBC Bank (China) Company Limited	RMB	100,000,000	3		Amount to be shared with the Group
			Morgan Stanley Bank International (China) Limited	RMB	140,000,000	3		Amount to be shared with the Group
		Subtotal:		RMB	<u>1,364,750,000</u>			

LETTER FROM THE BOARD

No.	Subject of guarantee	Shareholding of the Company	Name of facility granting bank	Currency	Maximum guarantee amount (RMB)	Term of guarantee (years)	Type of guarantee	Note
5	Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.* (麗珠 集團福州福興醫 藥有限公司) ("Fuzhou Fuxing") (Note 2, 5)	90.36%	Bank of China Limited	RMB	200,000,000	3	Joint liability guarantee	
			China Construction Bank Corporation	RMB	200,000,000	3		
			Bank of Communications Co., Ltd.	RMB	100,000,000	3		
			China Merchants Bank Co., Ltd.	RMB	200,000,000	3	Amount to be shared with the Group	
			China Minsheng Banking Corp., Ltd.	RMB	100,000,000	3		
			China Everbright Bank Co., Ltd.	RMB	200,000,000	3	Amount to be shared with the Group	
			Industrial Bank Co., Ltd. Standard Chartered Bank (China) Limited	RMB RMB	 172,500,000	 3 3	 Amount to be shared with the Group	
	Subtotal:		RMB	<u>1,272,500,000</u>				
6	Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.* (麗珠 集團(寧夏)製藥有 限公司) ("Ningxia Company") (Note 3, 5)	87.14%	Bank of China Limited	RMB	100,000,000	3	Joint liability guarantee	
			Bank of Communications Co., Ltd.	RMB	150,000,000	3		
			China Merchants Bank Co., Ltd.	RMB	200,000,000	3	Amount to be shared with the Group	
			China Minsheng Banking Corp., Ltd.	RMB	100,000,000	3		
			China Everbright Bank Co., Ltd.	RMB	80,000,000	3	Amount to be shared with the Group	
			Industrial Bank Co., Ltd.	RMB	200,000,000	3		
			Standard Chartered Bank (China) Limited	RMB	230,000,000	3	Amount to be shared with the Group	
	Subtotal:		RMB	<u>1,060,000,000</u>				

LETTER FROM THE BOARD

No.	Subject of guarantee	Shareholding of the Company	Name of facility granting bank	Currency	Maximum guarantee amount (RMB)	Term of guarantee (years)	Type of guarantee	Note
7	Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd.* (四川光大製藥有限公司)	100%	Industrial and Commercial Bank of China Ltd.	RMB	200,000,000	3	Joint liability guarantee	Amount to be shared with the Group
			Bank of Communications Co., Ltd.	RMB	100,000,000	3		
			Industrial Bank Co., Ltd.	RMB	150,000,000	3		
			Shanghai Pudong Development Bank Co., Ltd.	RMB	100,000,000	3		
			Standard Chartered Bank (China) Limited	RMB	115,000,000	3		
		Subtotal:		RMB	<u>665,000,000</u>			
8	Livzon Group Limin Pharmaceutical Manufacturing Factory* (麗珠集團利民製藥廠)	100%	Bank of Communications Co., Ltd.	RMB	15,000,000	3	Joint liability guarantee	
			Industrial Bank Co., Ltd.	RMB	50,000,000	3		
		Subtotal:		RMB	<u>65,000,000</u>			
9	Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.* (焦作麗珠合成製藥有限公司)	100%	Bank of Communications Co., Ltd.	RMB	150,000,000	3	Joint liability guarantee	Amount to be shared with the Group
			Industrial Bank Co., Ltd.	RMB	150,000,000	3		
			Standard Chartered Bank (China) Limited	RMB	172,500,000	3		
		Subtotal:		RMB	<u>472,500,000</u>			

LETTER FROM THE BOARD

No.	Subject of guarantee	Shareholding of the Company	Name of facility granting bank	Currency	Maximum guarantee amount (RMB)	Term of guarantee (years)	Type of guarantee	Note	
10	Zhuhai Livzon Microsphere Technology Co., Ltd.* (珠海市麗珠微球科技有限公司)	100%	Bank of China Limited	RMB	100,000,000	3	Joint liability guarantee		
			Agricultural Bank of China Limited	RMB	100,000,000	3			
			Industrial and Commercial Bank of China Ltd.	RMB	100,000,000	3			
			Bank of Communications Co., Ltd.	RMB	100,000,000	3			
			China Merchants Bank Co., Ltd.	RMB	100,000,000	3			Amount to be shared with the Group
			Industrial Bank Co., Ltd.	RMB	50,000,000	3			
Subtotal:			RMB	<u>550,000,000</u>					
11	Zhuhai Livzon Pharmaceuticals Import and Export Trading Co., Ltd.* (珠海市麗珠醫藥進出口貿易有限公司)	100%	Bank of Communications Co., Ltd.	RMB	100,000,000	3	Joint liability guarantee	Amount to be shared with the Group	
			China Merchants Bank Co., Ltd.	RMB	100,000,000	3			
			Subtotal			RMB			<u>200,000,000</u>
12	Gutian Fuxing Pharmaceutical Co., Ltd.* (古田福興醫藥有限公司) (“Gutian Fuxing”) (Note 4, 5)	92.77%	Bank of China Limited	RMB	50,000,000	3	Joint liability guarantee		
			China Construction Bank Corporation	RMB	50,000,000	3			
			Bank of Communications Co., Ltd.	RMB	50,000,000	3			
			China Merchants Bank Co., Ltd.	RMB	50,000,000	3			Amount to be shared with the Group
			Industrial Bank Co., Ltd.	RMB	50,000,000	3			
			Standard Chartered Bank (China) Limited	RMB	57,500,000	3			Amount to be shared with the Group
Subtotal			RMB	<u>307,500,000</u>					

LETTER FROM THE BOARD

No.	Subject of guarantee	Shareholding of the Company	Name of facility granting bank	Currency	Maximum guarantee amount (RMB)	Term of guarantee (years)	Type of guarantee	Note
13	Zhuhai Livzon	100%	Bank of China Limited	RMB	50,000,000	3	Joint liability	
	Traditional		Industrial and Commercial	RMB	50,000,000	3	guarantee	
	Chinese Medicine		Bank of China Ltd.					
	Modernization		China Construction Bank	RMB	50,000,000	3		
	Technology Co.,		Corporation					
	Ltd.* (珠海市麗		China Merchants Bank Co.,	RMB	50,000,000	3		Amount to be
	珠中藥現代化科		Ltd.					shared with
	技有限公司)							the Group
			China Minsheng Banking	RMB	50,000,000	3		
			Corp., Ltd.					
			China Everbright Bank Co.,	RMB	50,000,000	3		Amount to be
			Ltd.					shared with
								the Group
			China Resources Bank of	RMB	50,000,000	3		
			Zhuhai Co., Ltd.					
		Subtotal		RMB	<u>350,000,000</u>			
Total:				RMB	<u><u>13,029,750,000</u></u>			

LETTER FROM THE BOARD

Notes:

1. Zhong Hui Yuan, which holds 8.44% equity interests of Xinbeijiang Company, has provided “Letter of Undertaking for Counter Guarantee”, pursuant to which it has undertaken to provide a joint liability guarantee for 8.44% of the obligation of the Group under the guarantee provided to Xinbeijiang Company and the guarantee period of which will be expired on the expiry date of the Group’s obligation under the guarantee. Taking into consideration that Xinbeijiang Company had an audited net assets of approximately RMB1,974.67 million and an unaudited net assets of approximately RMB2,122.23 million as at 31 December 2023 and 31 March 2024, respectively, and had not defaulted in repayment of its prior facility financing, the Directors consider that the risk for Xinbeijiang Company to default its repayment of the relevant Subsidiaries Facility Financing is relatively low. To the best knowledge of the Directors after making reasonable enquiries with Zhong Hui Yuan, Zhong Hui Yuan does not have sufficient net assets to fully perform its counter guarantee. However, the Company, as the major shareholder of Xinbeijiang Company, has control over the daily operation and management, including the levels of borrowings and debt liabilities, of Xinbeijiang Company, and therefore the Company can assess and re-evaluate the repayment ability of Xinbeijiang Company on an on-going basis and based on the relatively low risk for Xinbeijiang Company to default its repayment, the chance of enforcing such counter guarantee against Zhong Hui Yuan is therefore relatively remote. Based on the above, the Directors are of the view that a counter guarantee from Zhong Hui Yuan serves as sufficient protection to the Company and its Shareholders as a whole. The remaining 4.42% equity interests in Xinbeijiang Company are held by 1,393 individuals (the “**Individual Shareholders**”, all of whom are independent third parties and none of them holds more than 0.15% of equity interests in Xinbeijiang Company). Given the large number of the Individual Shareholders, the Directors consider that it would be impracticable to obtain counter guarantees from each of the Individual Shareholders of Xinbeijiang Company. Considering the relatively low risk of default of Xinbeijiang Company and the counter guarantee provided by Zhong Hui Yuan, the Directors are of the view that the absence of counter guarantees from the Individual Shareholders are fair and reasonable from an administrative perspective and is in the interests of the Company and the Shareholders as a whole.
2. Xinbeijiang Company, which holds 75% equity interests of Fuzhou Fuxing, has provided “Letter of Undertaking for Counter Guarantee”, pursuant to which it has undertaken to provide a joint liability guarantee for 75% of the obligation of the Group under the guarantee provided to Fuzhou Fuxing and the guarantee period of which will be expired on the expiry date of the Group’s obligation under the guarantee. Considering that Fuzhou Fuxing recorded an audited net assets and an unaudited net assets of approximately RMB1,038.17 million and approximately RMB905.18 million as at 31 December 2023 and 31 March 2024, respectively, and had not defaulted in repayment of its prior facility financing, the Directors consider that the risk for Fuzhou Fuxing to default its repayment of the relevant Subsidiaries Facility Financing is relatively low. Furthermore, as a major shareholder of Xinbeijiang Company, the Company has control over the daily operation and management, including the levels of borrowings and debt liabilities, of Xinbeijiang Company, and therefore the Company can assess and re-evaluate the financial ability of Xinbeijiang Company to fulfil its obligations under the counter guarantee on an on-going basis. Based on the above, the Directors are of the view that a counter guarantee from Xinbeijiang Company serves as sufficient protection to the Company and its Shareholders as a whole.
3. Xinbeijiang Company, which holds 100% equity interests of Ningxia Company, has provided “Letter of Undertaking for Counter Guarantee”, pursuant to which it has undertaken to provide a joint liability guarantee for 100% of the obligation of the Group under the guarantee provided to Ningxia Company and the guarantee period of which will be expired on the expiry date of the Group’s obligation under the guarantee. Considering that Ningxia Company recorded an audited net assets and an unaudited net assets of approximately RMB533.73 million and approximately RMB587.09 million as at 31 December 2023 and 31 March 2024, respectively, and had not defaulted in repayment of its prior facility financing, the Directors are of the view that the risk for Ningxia Company to default its repayment of the relevant Subsidiaries Facility Financing is relatively low. Furthermore, as a major shareholder of Xinbeijiang Company, the Company has control over the daily operation and management, including the levels of borrowings and debt liabilities, of Xinbeijiang Company, and therefore the Company can assess and re-evaluate the financial ability of Xinbeijiang Company to fulfil its obligations under the counter guarantee on an on-going basis. Based on the above, the Directors are of the view that a counter guarantee from Xinbeijiang Company serves as sufficient protection to the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

4. Fuzhou Fuxing, which holds 75% equity interests of Gutian Fuxing, has provided “Letter of Undertaking for Counter Guarantee”, pursuant to which it has undertaken to provide a joint liability guarantee for 75% of the obligation of the Group under the guarantee provided to Gutian Fuxing and the guarantee period of which will be expired on the expiry date of the Group’s obligation under the guarantee. Considering that Gutian Fuxing recorded an audited net assets and an unaudited net assets of approximately RMB111.16 million and approximately RMB114.66 million as at 31 December 2023 and 31 March 2024, respectively, and had not defaulted in repayment of its prior facility financing, the Directors consider that the risk for Gutian Fuxing to default its repayment of the relevant Subsidiaries Facility Financing is relatively low. Furthermore, as a major shareholder of Fuzhou Fuxing, the Company has control over the daily operation and management, including the levels of borrowings and debt liabilities, of Fuzhou Fuxing, and therefore the Company can assess and re-evaluate the financial ability of Fuzhou Fuxing to fulfil its obligations under the counter guarantee on an on-going basis. Based on the above, the Directors are of the view that a counter guarantee from Fuzhou Fuxing serves as sufficient protection to the Company and its Shareholders as a whole.
5. As advised by the Company’s PRC legal adviser, each of the aforesaid counter guarantees is legally enforceable, and the Company has the legal right to exercise such counter guarantees and claim against the respective counter parties. In the event that a counter party fails to fulfil its obligations under the relevant counter guarantee, the Company is entitled to apply to the courts to freeze its assets, including its equity interests in the relevant non-wholly owned subsidiaries of the Group, and receive compensation in priority.

As at the Latest Practicable Date, the Company has not entered into any guarantee agreement with relevant banks in relation to the Subsidiaries Guarantees. In consideration of the repayment record and creditworthiness of the Group, in particular the Company, the relevant banks providing the Subsidiaries Facility Financing do not require the relevant subsidiaries to provide or deposit any guarantee fees but only joint liability guarantees from the Company, the guarantee fees saved can be used by the relevant subsidiaries in their other business activities, which, in the view of the Directors, could create more value to those relevant subsidiaries and the Company. Furthermore, the Subsidiaries Facility Financing is intended to be used to finance the general operation and business of the relevant subsidiaries, and the Company will benefit from alleviating its capital contribution requirement into the relevant subsidiaries. In view of above, the Directors are of the view that the provision of the Subsidiaries Guarantees in respect of the Subsidiaries Facility Financing is in the interests of the Company and the Shareholders as a whole.

According to the Shenzhen Listing Rules and the Articles of Association, the guarantees of facility financing of approximately RMB13,029.75 million to be provided by the Company to its subsidiaries represent approximately 92.78% of the latest audited net assets attributable to shareholders of the parent company (RMB14,042.50 million), therefore the Company’s facility financing and provision of guarantees to its subsidiaries are subject to the approval of Shareholders by special resolution. While the proposed Company Facility Financing, subject to the approval of the Shareholders at the AGM, is provided by the relevant banks to the Company, the Subsidiaries Facility Financing, which is proposed to be covered by the Subsidiaries Guarantees, is provided by the relevant banks to the specific subsidiaries of the Company.

LETTER FROM THE BOARD

It is therefore proposed at the AGM to seek approval for the abovementioned credit facilities and guarantees, and to grant mandate to the Board and other persons authorised by the Board to negotiate with the relevant banks regarding the amount of credit facilities and guarantees within the above-mentioned credit facilities or guarantee limits, and to execute all relevant documents.

III. PROPOSED PROVISION OF FINANCING GUARANTEES TO ITS CONTROLLING SUBSIDIARY LIJIAN ANIMAL HEALTHCARE

In view of the needs of business development of Lijian Animal Healthcare, on 13 May 2024, the Board has considered and approved the provision of joint liability guarantees to the Banks for Lijian Animal Healthcare's applications of facility financing of no more than RMB234.50 million or its equivalent in foreign currencies (the "**Lijian Animal Healthcare Guarantees**").

As at the date of this circular, the Company has not entered into any agreement in relation to the Lijian Animal Healthcare Guarantees. The Company will not charge Lijian Animal Healthcare any commissions, fees or costs in relation to the Lijian Animal Healthcare Guarantees. Based on the audited net asset of RMB128.08 million as at 31 December 2023 of Lijian Animal Healthcare, the Board considered that the guarantee risks assumed by Lijian Animal Healthcare Guarantees are within the manageable range and Lijian Animal Healthcare has the ability to repay the debts.

In order to ensure the fairness and equity of the Lijian Animal Healthcare Guarantees, Joincare, which directly holds 49% equity interests of Lijian Animal Healthcare, will provide to the Company a "Letter of Undertaking for Counter Guarantee" subject to the approval by its shareholders, pursuant to which it will undertake to provide joint and several guarantees for 49% of the obligation of the Company under the Lijian Animal Healthcare Guarantees (the "**Joincare Counter Guarantees**"), and the guarantee period of the Joincare Counter Guarantees will be expired on the expiry date of the Company's obligation under the Lijian Animal Healthcare Guarantees. Based on the audited net assets of approximately RMB22,639.53 million as at 31 December 2023 of Joincare, the Directors are of the view that Joincare has sufficient financial ability to fulfil its obligation under the Joincare Counter Guarantees. In addition, Lijian Animal Healthcare will only apply and draw down the Lijian Animal Healthcare Facilities and hence the Company will only enter into specific guarantee agreements with the Banks in respect of Lijian Animal Healthcare Guarantees upon the shareholders of Joincare approving the Joincare Counter Guarantees.

Reasons for and Benefit of Provision of the Lijian Animal Healthcare Guarantees

As at the Latest Practicable Date, Lijian Animal Healthcare was indirectly held as to 51% by the Company and 49% by Joincare. The Directors (including the independent non-executive Directors) consider that the Company will benefit from the provision of the Lijian Animal Healthcare Guarantees in terms of facilitation of the general operation and business of Lijian Animal Healthcare to be supported by the Lijian Animal Healthcare Facilities, and the Company will benefit from alleviating its capital contribution requirement into Lijian Animal Healthcare and optimising its capital allocation to the other profitable business segments, therefore benefiting the overall business development and financial position of the Group.

LETTER FROM THE BOARD

In addition, it is also common commercial practice for banks in the PRC to require guarantee from the controlling shareholder of a borrower for financing facilities. In view that Joincare will undertake to provide counter guarantees for 49% of the obligation of the Company under the Lijian Animal Healthcare Guarantees, the Directors (including the independent non-executive Directors) consider that the risk exposure to the Company is relatively low.

The Directors (including the independent non-executive Directors) consider that the Lijian Animal Healthcare Guarantees are fair and reasonable and on normal commercial terms, and although the Lijian Animal Healthcare Guarantees is not in the ordinary course of business of the Group, it is in the interests of the Company and the Shareholders as a whole for the reasons set out above.

Intended use of the Lijian Animal Healthcare Facilities

Lijian Animal Healthcare Facilities are intended to be used to finance the general operation and business of Lijian Animal Healthcare. The amounts of the Lijian Animal Healthcare Facilities have been primarily determined based on its anticipated future needs such as research and development collaboration expenses, procurement of production materials, and machinery and equipment. As at the date of this circular, Lijian Animal Healthcare has not entered into any agreement in relation to the Lijian Animal Healthcare Facilities.

Information on the Company, Lijian Animal Healthcare and the Banks

The Company

The Company, through its subsidiaries, is principally engaged in the research and development, production and sales of drug preparation products, active pharmaceutical ingredients and intermediates, as well as diagnostic reagents and equipment.

Lijian Animal Healthcare

Lijian Animal Healthcare is a limited liability company established in the PRC in 2023 which is directly held as to 51% by the Company and 49% by Joincare. It is principally engaged in research, development, production and sale of veterinary drugs.

Banks

The Banks are banks incorporated in the PRC. To the best knowledge, information and belief of the Board, having made all reasonable enquiries, each of the Banks and its ultimate beneficial owner are independent third parties.

LETTER FROM THE BOARD

Hong Kong Listing Rules Implications

As at the Latest Practicable Date, Joincare directly and indirectly held approximately 45.12% of the total issued share capital of the Company, and Lijian Animal Healthcare is directly held as to 49% by Joincare. Therefore, Lijian Animal Healthcare, an associate of Joincare, is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. As such, the Lijian Animal Healthcare Guarantees constitute connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratios (as defined in the Hong Kong Listing Rules) in respect of the Lijian Animal Healthcare Guarantees exceed 0.1% but are less than 5%, the Lijian Animal Healthcare Guarantees are subject to the reporting and announcement requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As the Joincare Counter Guarantees to be provided in relation to the Lijian Animal Healthcare Guarantees by Joincare are on normal commercial terms and will not be secured by the assets of the Group, according to Rule 14A.90 of the Hong Kong Listing Rules, the Joincare Counter Guarantees will be fully exempt from reporting, annual review, announcements, and independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

According to Rule 6.1.10 of the Shenzhen Listing Rules and Article 65 of the Articles of Association, the total amount of the Lijian Animal Healthcare Guarantees of RMB234.50 million, and is therefore subject to the approval at the general meeting of the Company.

According to the Shenzhen Listing Rules and the Articles of Association, the Lijian Animal Healthcare Guarantees are subject to the approval of Shareholders by way of special resolution. It is therefore proposed at the AGM for the Shareholders' approval for the Lijian Animal Healthcare Guarantees, and to grant mandate to the Board and other persons authorised by the Board to negotiate with the Banks regarding the amount of guarantees within the limits under the Lijian Animal Healthcare Guarantees, and to execute all relevant documents.

General

Given that (i) Mr. Zhu Baoguo, the non-executive Director and the chairman of the Company, is also the chairman of Joincare and indirectly holds 47.93% equity interest in Joincare and 49% equity interest in Lijian Animal Healthcare as at the Latest Practicable Date, (ii) Mr. Qiu Qingfeng and Mr. Yu Xiong, the non-executive Directors, are also a director and the president of Joincare, respectively, and (iii) Mr. Tang Yanggang, the executive Director, is also a director of Lijian Animal Healthcare, therefore Mr. Zhu Baoguo, Mr. Qiu Qingfeng, Mr. Yu Xiong and Mr. Tang Yanggang were deemed to have material interest in the Lijian Animal Healthcare Guarantees and had abstained from voting at the Board meeting approving the Lijian Animal Healthcare Guarantees. Except for Mr. Zhu Baoguo, Mr. Qiu Qingfeng, Mr. Yu Xiong and Mr. Tang Yanggang, no other Directors were required to abstain from voting at the Board meeting approving the Lijian Animal Healthcare Guarantees.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Joicare and its associates (including Shenzhen Haibin Pharmaceutical Co., Ltd.* (深圳市海濱製藥有限公司) and Topsino Industries Limited* (天誠實業有限公司)), directly and indirectly holding approximately 45.12% of the total issued share capital of the Company, shall abstain from voting on the resolution approving the proposed provision of financing guarantees to controlling subsidiary Lijian Animal Healthcare at the AGM.

IV. PROPOSED RENEWAL OF THE A SHARE REPURCHASE SCHEME

Reference is made to the announcements dated 30 October 2023 and 19 December 2023 and the circular dated 18 November 2023 of the Company (the “**Circular**”).

In order to promote the stable development of the Company and effectively protect the interests of its Shareholders, the Board considered and approved the A Share Repurchase Scheme on 30 October 2023. The A Share Repurchase Scheme was approved by the 2023 third extraordinary general meeting, the 2023 second class meeting of A Shareholders and the 2023 second class meeting of H Shareholders of the Company on 19 December 2023. Please refer to the Circular for the full text of the A Share Repurchase Scheme.

According to the A Share Repurchase Scheme, the implementation period of the A Share repurchase (the “**A Share Repurchase Period**”) shall be within twelve months from the date of the Company’s general meetings at which the A Share Repurchase Scheme was considered and approved (i.e. 19 December 2023 to 18 December 2024). However, if (a) the A Share Repurchase Scheme is not approved for renewal at the AGM, Class Meeting of A Shareholders and Class Meeting of H Shareholders, or (b) the authority conferred by the A Share Repurchase Scheme is revoked or varied by a special resolution of the Shareholders at a general meeting or by the A Shareholders or the H Shareholders at their respective class meetings, the A Share Repurchase Period will expire early on the earliest of above dates.

In order to ensure the smooth implementation of the A Share Repurchase Scheme, it is therefore proposed at the AGM, Class Meeting of H Shareholders and Class Meeting of A Shareholders to seek the Shareholders’ approval as a special resolution for the renewal of the A Share Repurchase Scheme and the grant of mandate to the Board for repurchasing A Shares of the Company under the A Share Repurchase Scheme.

For more details of the A Share Repurchase Scheme, please refer to the explanatory statement set out in the Appendix to this circular.

LETTER FROM THE BOARD

V. PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD TO REPURCHASE H SHARES

To promote the stable development of the Company and effectively safeguard the interests of the shareholders at large, the Board considered and approved the grant of general mandate to the Board to repurchase H Shares on 13 May 2024. As at the Latest Practicable Date, the Company had a total number of issued H Shares (excluding H shares repurchased but not yet cancelled) of 307,052,417 H Shares. Subject to the passing of the resolution in respect of the H Share Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the General Meetings, the Company will be allowed to repurchase up to 30,705,241 H Shares under the H Share Repurchase Mandate, being 10% of the aggregate number of H Shares in issue and having not been repurchased as at the date of the passing of the resolutions in relation to the H Share Repurchase Mandate. The H Share Repurchase Mandate is subject to Shareholders' approval at the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting by way of a special resolution.

For more details of the H Share Repurchase Mandate, please refer to the notices of the AGM and the H Shareholders' Class Meeting and the explanatory statement set out in the Appendix to this circular.

VI. CONVENING THE GENERAL MEETINGS

The Company will hold the AGM, the Class Meeting of A Shareholders and Class Meeting of H Shareholders 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 AGM or any adjournment) and 4:00 p.m. (or immediately after the conclusion of the Class Meeting of A Shareholders or any adjournment) respectively on Friday, 14 June 2024. The notices convening the AGM and Class Meeting of H Shareholders and the proxy forms for use by the Shareholders of the Company at the AGM and Class Meeting of H Shareholders have been posted 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 AGM and/or the Class Meeting of H Shareholders 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 H Share Registrar of the Company, Tricor Investor Services Limited (for H Shareholders) as soon as possible and in any event no later than 24 hours before the AGM and/or the Class Meeting of H Shareholders or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM and/or the Class Meeting of H Shareholders or any adjournment thereof in person if you so wish.

LETTER FROM THE BOARD

VII. RECORD DATE

The record date for determining the qualification of the Shareholders to attend and vote at the AGM and the Class Meeting of H Shareholders will be Thursday, 6 June 2024. In order to qualify as Shareholders to attend and vote at the AGM and the Class Meeting of H Shareholders, 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 Thursday, 6 June 2024.

The record date for determining the qualification of the H Shareholders for the proposed distribution of the Cash Dividend will be Tuesday, 9 July 2024. In order to qualify for the proposed distribution of the Cash Dividend, 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, 9 July 2024.

For A Shareholders, the record date for the Cash Dividend, dividend payment methods and time will be announced separately.

VIII. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, the resolutions put forward at the AGM and the Class Meeting of H Shareholders 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 AGM and the Class Meeting of H Shareholders.

IX. RECOMMENDATION

The Board considers that the resolutions set out in the Notices of the General Meetings in relation to, as applicable, (I) 2023 Annual Profit Distribution Plan, (II) proposed facility financing and provision of financing guarantees to subsidiaries, (III) proposed provision of financing guarantees to its controlling subsidiary Lijian Animal Healthcare; (IV) proposed renewal of the A Share Repurchase Scheme, (V) the grant of general mandate to the Board to repurchase H shares and other resolutions are in the interests of the Company and the Shareholders as a whole, and accordingly recommends the Shareholders to vote in favour of all the resolutions to be proposed the General Meetings.

LETTER FROM THE BOARD

X. 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

* *For identification purpose only*

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**”) and the H Share Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the Company had a total share capital of 928,291,977 shares, comprising 618,460,760 A Shares (including 2,152,600 repurchased A Shares that have not yet been cancelled) and 309,831,217 H Shares (including 2,778,800 repurchased H Shares that have not yet been cancelled).

NUMBER OF A SHARES PROPOSED TO BE REPURCHASED

As at the Latest Practicable Date, the Company had a total number of issued A Shares (excluding repurchased A Shares that have not yet been cancelled) of 616,308,160 A Shares. Base on the amount available for use at the Latest Practicable Date i.e. RMB526,563,466 (to meet the requirement of the maximum aggregate repurchase amount of RMB600 million) and the maximum repurchase price of RMB38.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 13,856,933 A Shares, accounting for approximately 1.50% of the Company’s total share capital (excluding repurchased A Shares that have not yet been cancelled) and approximately 2.25% of the Company’s total issued A Shares (excluding repurchased A Shares that have not yet been cancelled) as at the Latest Practicable Date. Base on the amount available for use at the Latest Practicable Date i.e. RMB326,563,466 (to meet the requirement of the minimum aggregate repurchase amount of RMB400 million) and the maximum repurchase price of RMB38.00/A Share, the number of A Shares to be repurchased is estimated to be no more than 8,593,775 A Shares, accounting for approximately 0.93% of the Company’s total share capital (excluding repurchased A Shares that have not yet been cancelled) and approximately 1.39% 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 AGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders.

NUMBER OF H SHARES PROPOSED TO BE REPURCHASED

As at the Latest Practicable Date, the Company had a total number of issued H Shares (excluding H shares repurchased but not yet cancelled) of 307,052,417 H Shares. Subject to the passing of the resolution in respect of the H Share Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the General Meetings, the Company will

be allowed to repurchase up to 30,705,241 H Shares under the H Share Repurchase Mandate, being 10% of the aggregate number of H Shares in issue and having not been repurchased as at the date of the passing of the resolutions in relation to the H Share Repurchase Mandate.

DISPOSAL OF THE REPURCHASED SHARES

The Company will cancel the repurchased A Shares and H 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 and the H Share Repurchase Mandate could enhance the long-term investment value of the Company's shares, effectively safeguard the interests of shareholders, strengthen investor confidence, and promote the stable development of the Company 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 and H 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

In repurchasing A Shares and H Shares, the Company intends to apply funds from the Company's internal resources legally available for such purposes in accordance with its Articles of Association and the applicable laws of the PRC.

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 A Share Repurchase Period and in the event that the H Share Repurchase Mandate were to be exercised in full during the Relevant Period (as defined in the notices of the General Meetings).

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 and H Shares to the Company if the A Share Repurchase Mandate and the H Share Repurchase Mandate are approved by the Shareholders at the AGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders.

GENERAL MATTERS

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

The Company confirms that there neither the explanatory statement was set out in this appendix nor the A Share Repurchase Mandate and the H 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 and H Shares pursuant to the A Share Repurchase Mandate and H 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, Joicare, 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 53.20% and 41.46% of the H Shares and A Shares of the Company in issue (excluding repurchased A Shares and H Shares that have not yet been cancelled), and in aggregate approximately 45.36% of the total shares of the Company in issue (excluding repurchased A Shares and H Shares that have not yet been cancelled). If the A Share Repurchase Mandate is fully exercised, base on the amount available for use at the Latest Practicable Date i.e. RMB526,563,466 (to meet the requirement of the maximum aggregate repurchase amount of RMB600 million) and the maximum repurchase price of RMB38.00/A Share, the Company may repurchase in maximum approximately 13,856,933 A Shares. If the H Share Repurchase Mandate is fully exercised, the Company may repurchase 30,705,241 H Shares. Accordingly, Joicare's interest in the Company would be increased to approximately 47.40%. The Directors consider 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 and the H 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 and H Shares made under the A Share Repurchase Mandate and the H 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:

Date of Repurchase	Number of Shares Repurchased (A Shares)	Highest Price (RMB)	Lowest Price (RMB)
18 January 2024	110,000	35.15	35.00
22 January 2024	650,000	34.68	33.81
23 January 2024	119,500	33.95	33.73
31 January 2024	674,000	34.65	33.91
01 February 2024	310,000	33.95	33.68
05 February 2024	289,100	33.36	32.95

Date of Repurchase	Number of Shares Repurchased (H Shares)	Highest Price (HKD)	Lowest Price (HKD)
05 January 2024	400,000	25.00	24.60
10 January 2024	163,800	24.50	24.35
11 January 2024	181,700	24.95	24.60
16 January 2024	152,000	25.15	24.65
17 January 2024	194,200	24.95	24.40
18 January 2024	309,300	24.85	24.35
22 January 2024	111,300	23.50	23.05
23 January 2024	280,800	23.95	23.20
26 January 2024	222,100	24.45	23.80
29 January 2024	196,300	24.80	24.35
31 January 2024	106,000	23.90	23.65
05 February 2024	158,800	23.95	23.15
24 April 2024	285,800	25.95	25.50
25 April 2024	16,700	26.15	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 and H Shares to the Company, or have undertaken not to do so, in the event that the A Share Repurchase Mandate and the H Share Repurchase Mandate are 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 <i>RMB</i>	Lowest <i>RMB</i>	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2023				
May	40.00	35.68	30.10	27.65
June	40.58	37.51	28.75	25.65
July	39.40	36.00	27.90	24.60
August	37.28	32.04	27.30	23.15
September	37.40	33.35	26.25	23.90
October	37.18	31.72	25.95	21.50
November	36.07	33.82	24.25	22.50
December	35.29	33.12	24.20	22.35
2024				
January	36.97	33.68	25.45	22.85
February	39.00	32.70	27.80	23.00
March	39.93	35.31	29.05	26.60
April	40.77	35.90	27.00	24.40
May (as at the Latest Practicable Date)	41.20	39.78	28.20	26.35