

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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)

NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2016

NOTICE IS HEREBY GIVEN that the Annual General Meeting for the year 2016 of 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.* (the “**Company**”) (the “**Annual General Meeting**”) will be held at the Conference Room on the 3rd Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China at 2:00 p.m. on Friday, 23 June 2017, agenda of which is as below:

I. Basic Information of the Meeting

1. Convenor: The board of directors of the Company (the “**Board**”)
2. Convention time: 2:00 p.m. on Friday, 23 June 2017
3. Venue: Conference Room on the 3rd Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China
4. Way of conducting the meeting: Poll at the meeting

II. Matters to be considered at the Meeting

(1) Ordinary Resolutions

1. To consider and approve the work report of the Board for the year 2016.
2. To consider and approve the work report of the Supervisory Committee of the Company for the year 2016.
3. To consider and approve the financial accounts report of the Company for the year 2016.
4. To consider and approve the reappointment of Ruihua Certified Public Accountants (LLP) (瑞華會計師事務所(特殊普通合夥)) as the auditor of the Company for the year 2017 and fix its remuneration.

“THAT:

Ruihua Certified Public Accountants (LLP) (瑞華會計師事務所(特殊普通合夥)) be re-appointed as the auditor of the Company for the year 2017, and its remuneration be fixed at RMB1.64 million and RMB0.36 million for the audit of the financial statements of the Company for the year 2017 and the internal control of the Company respectively.”

5. To consider and approve the 2016 annual report of Livzon Pharmaceutical Group Inc*.
6. To consider and approve one by one the re-election and appointment of the Non-Independent Directors for the ninth session of the Board.
 - 6.1 To consider and approve the re-election of Mr. Zhu Baoguo (朱保國先生) as a Non-executive Director of the ninth session of the Board, and his annual director’s fee of RMB90,000.
 - 6.2 To consider and approve the re-election of Mr. Qiu Qingfeng (邱慶豐先生) as a Non-executive Director of the ninth session of the Board, and his annual director’s fee of RMB72,000.
 - 6.3 To consider and approve the re-election of Mr. Zhong Shan (鍾山先生) as a Non-executive Director of the ninth session of the Board, and his annual director’s fee of RMB72,000.
 - 6.4 To consider and approve the re-election of Mr. Tao Desheng (陶德勝先生) as an Executive Director of the ninth session of the Board, and his annual director’s fee of RMB72,000.

- 6.5 To consider and approve the re-election of Mr. Fu Daotian (傅道田先生) as an Executive Director of the ninth session of the Board, and his annual director's fee of RMB72,000.
- 6.6 To consider and approve the appointment of Mr. Xu Guoxiang (徐國祥先生) as an Executive Director of the ninth session of the Board, and his annual director's fee of RMB72,000.
7. To consider and approve one by one the re-election of the Independent Directors for the ninth session of the Board.
 - 7.1 To consider and approve the re-election of Mr. Xu Yanjun (徐焱軍先生) as an Independent Non-executive Director of the ninth session of the Board, and his annual director's fee of RMB96,000.
 - 7.2 To consider and approve the re-election of Mr. Guo Guoqing (郭國慶先生) as an Independent Non-executive Director of the ninth session of the Board, and his annual director's fee of RMB96,000.
 - 7.3 To consider and approve the re-election of Mr. Wang Xiaojun (王小軍先生) as an Independent Non-executive Director of the ninth session of the Board, and his annual director's fee of RMB96,000.
 - 7.4 To consider and approve the re-election of Mr. Zheng Zhihua (鄭志華先生) as an Independent Non-executive Director of the ninth session of the Board, and his annual director's fee of RMB96,000.
 - 7.5 To consider and approve the re-election of Mr. Xie Yun (謝耘先生) as an Independent Non-executive Director of the ninth session of the Board, and his annual director's fee of RMB96,000.
8. To consider and approve one by one the re-election of the Supervisors of the ninth session of the Supervisory Committee.
 - 8.1 To consider and approve the re-election of Mr. Huang Huamin (黃華敏先生) as a Supervisor of the ninth session of the Supervisory Committee, and his annual supervisor's fee of RMB36,000.
 - 8.2 To consider and approve the re-election of Mr. Tang Yin (湯胤先生) as a Supervisor of the ninth session of the Supervisory Committee, and his annual supervisor's fee of RMB36,000.
9. To consider and approve the adjustment to the fund-raising investment project plan of the non-public issuance of A shares of the Company.

10. To consider and approve the proposed disposal of 100% equity interest of a subsidiary, Zhuhai Weixing Shiye Co., Ltd. (珠海維星實業有限公司).

“THAT

- (a) the terms and conditions of the agreement dated 18 April 2017 (the **“Equity Transfer Agreement”**) entered into between the Company and Livzon Group Livzon Pharmaceutical Factory* (麗珠集團麗珠製藥廠), a wholly-owned subsidiary of the Company, as sellers and Zhuhai Hengqin Weichuang Fortune Investment Co., Ltd.* (珠海橫琴維創財富投資有限公司), who is an independent third party, as purchaser, in relation to the proposed disposal of the entire equity interest of Zhuhai Weixing Shiye Co., Ltd. and the transactions contemplated thereunder be and are hereby approved; and
 - (b) the execution of the Equity Transfer Agreement by the Company is hereby approved, confirmed and ratified in all respects.”
11. To consider and approve the grant of full mandate to the board and its authorizers for conducting the equity transfer of Zhuhai Weixing Shiye Co., Ltd. (珠海維星實業有限公司).

(2) Special Resolutions

12. To consider and approve the 2016 Annual Profit Distribution Plan of the Company.

“THAT:

The 2016 Annual Profit Distribution Plan of the Company proposed by the Board be approved.

The 2016 Annual Profit Distribution Plan: to distribute cash dividend of RMB5 (tax inclusive) for every 10 shares held to all shareholders of the Company and make a bonus issue by way of capitalizing our capital reserve on the basis of 3 shares for every 10 shares held to all shareholders of the Company, based on the Company’s total share capital as at the registration date of shareholding determined by implementation of the 2016 Annual Profit Distribution Plan.

The Board be authorized to implement the 2016 Annual Profit Distribution Plan.”

13. To consider and approve the Company’s facility financing and provision of financing guarantees to its subsidiaries.

14. To consider and approve the grant of general mandate to the Board for issuing of shares.

“THAT:

- (a) The Board be granted an unconditional general mandate to, separately or concurrently distribute, issue, allot and deal with additional A shares and H shares of the Company in accordance with the status quo of the market, including to decide on the class and number of shares to be issued; the pricing mechanism and/or the issue price (or the range of issue price); the opening and closing date and time of such issue, the class and number of shares to be issued and allotted to current shareholders of the Company; and/or to make any proposals, enter into any agreements or grant any share options or conversion rights which may involve the exercise of the power mentioned above;
- (b) The number of A shares and H shares distributed, issued and allotted or agreed conditionally or unconditionally to be distributed, issued and allotted (whether or not by way of the exercise of share options, conversion rights or by any other means) in accordance with (a) above shall not exceed 20% of the aggregate nominal amount of the issued A share and H share of the Company as at the date of this resolution. If there are changes in the share capital as a result of the distribution of dividend, bonus issuance, transfer of capital reserve into share capital and other ex-rights and ex-dividends events during the relevant period, the number of shares that can be issued will be determined based on the latest share capital;
- (c) The Board may make any proposals, enter into any agreements or grant any share options or conversion rights which may involve the exercise, after the expiry of the relevant period of this mandate, of the power mentioned above;

- (d) For the purpose of this resolution, relevant period of this general mandate means the period from the passing of this resolution on the Annual General Meeting until the earliest of:
- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
 - (ii) the expiration of the 12-month period following the passing of this resolution at the Annual General Meeting; or
 - (iii) the date on which the mandate set out in this resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting;
- (e) The Board be and is hereby authorised to increase the registered share capital and make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increased registered share capital and the new capital structure of the Company by reference to the manner of the allotment and issuance, class and number of shares of the Company allotted and issued, as well as the capital structure of the Company after such allotment and issuance;
- (f) The Board be and is hereby authorised to execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of such shares so long as the same does not contravene laws, rules, regulations or The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on which the shares of the Company are listed, and the Articles of Association of the Company;

- (g) In order to facilitate the issuance of shares in accordance with this resolution in a timely manner, the Board be and is hereby authorised to exercise all such power granted to the Board to execute and do or procure to be executed and done all such documents, deeds and things as it may consider necessary in connection with the issue of such shares contingent on the passing of sub-paragraphs (a) to (f) of this resolution and within the relevant period of this mandate. Such power shall include but not limited to the following:
- (i) depending on the actual market conditions, the Board is authorised to determine the method of issuance, the target for issuance as well as the amount and proportion of issuance, pricing method and/or price of issuance (including price range), the start and end time, the listing time, use of proceeds and other information;
 - (ii) engaging professional agencies and signing relevant engagement agreements;
 - (iii) signing the underwriting agreement, sponsors agreement, listing agreement and all other documents as considered necessary for executing the share issue mandate on behalf of the Company;
 - (iv) handling the issues on registration of change in registered share capital and share capital on a timely basis according to the method, type and amount of the shares issued and the actual situation of the capital structure of the Company;
 - (v) applying for approval, registration, filing and other procedures in connection with the issuance and listing of such shares from the relevant authorities on behalf of the Company;
 - (vi) determining and paying up the listing fee and application fee;

- (vii) amending the Articles of Association of the Company from time to time and arranging necessary registration and filing procedures according to the method, type and number of the shares issued and the actual situation of the capital structure of the Company; and
- (viii) all other procedures and issues as the Board may consider necessary in connection with the issuance;
- (h) The Board will only exercise its respective power under such mandate in accordance with the Company Law of the PRC, the Securities Law of the PRC, regulations or the Listing Rules of the Hong Kong Stock Exchange on which the Shares of the Company are listed (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained and the Board will only exercise its power under such mandate in accordance with the power granted by the shareholders to the Board at the Annual General Meeting.”

(3) Matter to be Reported

To listen to the debriefing report of the Independent Non-executive Directors of the Company for the year 2016.

Notes:

1. All resolutions at the Annual General Meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.livzon.com.cn) in accordance with the Hong Kong Listing Rules.
2. For the purpose of determining the qualification of the shareholders who are entitled to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 24 May 2017 to Friday, 23 June 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified as shareholders to attend and vote at the Annual General Meeting, holders of H shares of the Company (“**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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 23 May 2017.

3. The Board proposed to distribute cash dividend of RMB5 (tax inclusive) for every 10 shares held to all shareholders of the Company (the “**Cash Dividend**”) and make a bonus issue by way of capitalizing our capital reserve on the basis of 3 shares for every 10 shares held to all shareholders of the Company (the “**Bonus Share**”), based on the Company’s total share capital as at the registration date of shareholding determined by implementation of the 2016 Annual Profit Distribution Plan. Based on the total issued share capital of the Company of 425,596,852 shares as at the date of this notice, it is expected that the Company will pay RMB212,798,426 on profit distribution, and will capitalize RMB127,679,055 of its capital reserve for the bonus issue. All remaining undistributed profits and capital reserve will be carried forward to next year. The above profit distribution plan will be proposed for review at the Annual General Meeting, the 2017 First Class Meeting of A Shareholders and the 2017 First Class Meeting of H Shareholders (collectively the “**General Meetings**”). If approved on the General Meetings, the Cash Dividend and the Bonus Share will be distributed to shareholders whose names are on the register of the shareholders of the Company on Wednesday, 12 July 2017. The aforementioned Cash Dividend will be denominated and declared in RMB and will be distributed in RMB to A shareholders of the Company (the “**A Shareholders**”) and in HK\$ to H Shareholders, using the exchange rate of the middle exchange rates for RMB to Hong Kong dollar as published by the People’s Bank of China on the date of the Annual General Meeting (Friday, 23 June 2017).

The register of members of H Shareholders will be closed from Friday, 7 July 2017 to Wednesday, 12 July 2017, both days inclusive, during which period no transfer of H shares of the Company (“**H Shares**”) will be registered. In order to be qualified for the proposed distribution of the Cash Dividend and the Bonus Share, 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 6 July 2017.

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

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》) 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》), both 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 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 PRC 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, for this purpose, 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 PRC enterprise income tax shall be withheld from dividends payable thereon. Non-resident enterprise shareholders are eligible to apply for a tax refund (if any) in accordance with relevant tax requirements, such as tax agreements (arrangements), upon receipt of any dividends.

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 exempted from the PRC 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.

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

4. Any shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons as his proxy to attend and vote in his stead. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
5. Any shareholders who intend to attend the Annual General Meeting shall complete the reply slip for attendance in accordance with the instructions printed thereon and return to the Secretariat of the Board (for A Shareholders) or the H Share Registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, Telephone: (852) 2980 1333, Fax: (852) 2810 8185 (for H Shareholders) on or before Saturday, 3 June 2017, either in person, by mail or fax.
6. A shareholder shall attend the Annual General Meeting by his proxy duly authorised in writing. The instrument appointing a proxy must be signed by the shareholder(s) or his/her/its attorney duly authorised in writing. Where the shareholder is a legal person, the proxy form shall be executed under its common seal or under the hand of its director or a legal representative or an attorney duly authorised. If the proxy form is signed by the attorney of the shareholder, the power of attorney or other documents of authorisation must be notarised. To be valid, the A Shareholders must lodge the proxy form and the notarised power of attorney or other documents of authorization (if any) with the Secretariat of the Board at Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai, Guangdong Province, China (postal code: 519090) not less than 24 hours before the holding of the Annual General Meeting. To be valid, the H Shareholders must lodge the proxy form with the H Share Registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 24 hours before the holding of the Annual General Meeting. Completion and return of the proxy form will not preclude shareholders from attending and voting at the Annual General Meeting or any adjournment thereof in person, and in such event, the proxy form shall be deemed to be revoked.

7. Contact details of the Secretariat of the Board are as follows:

Address: Office of the Secretariat of the Board, Livzon Pharmaceutical Group Inc.,
Headquarters Building, 38 Chuangye North Road, Jinwan District,
Zhuhai, Guangdong Province, China

Postal code: 519090

Contact persons: Mr. Wang Shuguang, Ms. Yuan Ailing

Telephone: (86) 756 8135888

Fax: (86) 756 8891070

8. Shareholders or their proxies shall produce their identity proof when attending the Annual General Meeting.
9. The Annual General Meeting (in person or by proxy) is expected to last for one and a half hours. Shareholders who attend the Annual General Meeting should be responsible for their own travelling, lodging and the related costs.

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

28 April 2017

At the date of the notice, the Executive Directors of the Company are Mr. Tao Desheng (Vice Chairman and President), Mr. Fu Daotian (Vice President) and Mr. Yang Daihong (Vice President); the Non-Executive Directors of the Company are Mr. Zhu Baoguo (Chairman), Mr. Qiu Qingfeng and Mr. Zhong Shan; and the Independent Non-Executive Directors of the Company are Mr. Xu Yanjun, Mr. Guo Guoqing, Mr. Wang Xuaojun, Mr. Zheng Zhihua and Mr. Xie Yun.

* For identification purpose only