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丽珠医药
LIVZON

麗珠醫藥集團股份有限公司

LIVZON PHARMACEUTICAL GROUP INC.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 1513)

**INSIDE INFORMATION
PROPOSED DISTRIBUTION OF CASH DIVIDEND AND SHARE ISSUE
BY WAY OF CONVERSION OF CAPITAL RESERVE AND
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

This announcement is made by the board of directors (the “**Board**”) of 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

**PROPOSED DISTRIBUTION OF CASH DIVIDEND AND SHARE ISSUE BY WAY OF
CONVERSION OF CAPITAL RESERVE**

The Board announces that, on 23 January 2018, the Company received a notice from Joincare Pharmaceutical Industry Group Co., Ltd (“**Joincare**”, which is the controlling shareholder of the Company), based on the total share capital of the Company of 553,231,369 shares (comprising 363,962,601 A shares and 189,268,768 H shares) as at 31 December 2017, proposing (i) the distribution of cash dividend of RMB20.00 (tax inclusive) for every ten (10) shares to all shareholders of the Company (the “**Proposed Distribution of Cash Dividend**”) and (ii) the issue of three (3) bonus shares for every ten (10) shares to all shareholders by way of conversion of capital reserve, with an aggregate amount of RMB1,106,462,738 and a total of 165,969,410 shares expected to be issued (the “**Proposed Issue**”). Following the completion of share issue by way of conversion of capital reserve, the total share capital of the Company will be 719,200,779 shares.

More than half of the directors of the Company have undertaken that they will vote in favour of the resolutions in relation to the Proposed Distribution of Cash Dividend and the Proposed Issue when considering the same at the Board meeting convened by the Company.

The Proposed Distribution of Cash Dividend and the Proposed Issue are subject to the approval of the shareholders' meeting. Joincare has undertaken to vote in favour of the resolutions in relation to the Proposed Distribution of Cash Dividend and the Proposed Issue at the shareholders' meeting.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

After the implementation of the Proposed Issue, the Company will be required to amend certain articles in the "Articles of Association of Livzon Pharmaceutical Group Inc.*" (the "**Articles of Association**") that are related to the increase of the registered capital and the number of A shares and H shares in issue (the "**Proposed Amendments**"). Details of the Proposed Amendments will be included in the circular to be dispatched by the Company in due course.

The Proposed Amendments are subject to the approval of the shareholders' meeting.

GENERAL MATTERS

The Proposed Distribution of Cash Dividend, the Proposed Issue and the Proposed Amendments are subject to the approval of the shareholders' meeting. The Company will announce the expected timetable and further details of the Proposed Distribution of Cash Dividend, the Proposed Issue and the Proposed Amendments in due course.

A circular containing, among other things, further details of the Proposed Distribution of Cash Dividend, the Proposed Issue and the Proposed Amendments, and the notices of the shareholders' meeting and class meetings will be dispatched to the shareholders in due course.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

23 January 2018

As at the date of this announcement, the Executive Directors of the Company are Mr. Tao Desheng (Vice Chairman and President), Mr. Fu Daotian (Vice President) and Mr. Xu Guoxiang (Vice President); the Non-Executive Directors of the Company are Mr. Zhu Baoguo (Chairman) and Mr. Qiu Qingfeng; and the Independent Non-Executive Directors of the Company are Mr. Xu Yanjun, Mr. Guo Guoqing, Mr. Wang Xiaojun, Mr. Zheng Zhihua and Mr. Xie Yun.

** For identification purpose only*