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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)**

## **DISTRIBUTION OF CASH DIVIDEND AND BONUS SHARES**

Reference is made to the announcement published by 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.\* (the “**Company**”) on 21 May 2018 in relation to the poll results of the annual general meeting for the year 2017 (the “**AGM**”), the 2018 second class meeting of A shareholders (the “**Class Meeting of A Shareholders**”) and the 2018 second class meeting of H shareholders (the “**Class Meeting of H Shareholders**”) (collectively, the “**Meetings**”) held on 21 May 2018. Details of the resolutions considered at the Meetings were set out in the circular dated 27 April 2018 of the Company (the “**Circular**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

The Meetings have approved to distribute cash dividend of RMB20.00 (tax inclusive) for every 10 shares to all Shareholders and to issue 3 Bonus Shares for every 10 shares to all Shareholders by way of conversion of capital reserve, based on the total share capital of the Company of 553,231,369 shares as at 31 December 2017. If the total share capital of the Company changes during the period from the promulgation to implementation of the 2017 Annual Profit Distribution Plan, the aggregate distribution will be adjusted based on the total share capital as at the registration date of shareholding as determined by implementation of the 2017 Annual Profit Distribution Plan, with the distribution ratio unchanged. As the date of this announcement, the total issued share capital of the Company has been reduced to 553,115,570 Shares (comprising 363,846,802 A Shares and 189,268,768 H Shares).

Such Cash Dividend and Bonus Shares will be distributed to the H Shareholders whose names appear on the register of members of the Company on Tuesday, 3 July 2018. The distribution of Cash Dividend above are denominated in RMB, and are to be paid to A Shareholders in RMB and to H Shareholders in HKD. The

exchange rate for calculating dividends denominated in HKD is subject to the middle exchange rates for RMB to HKD (i.e. HKD1.00 to RMB0.81342) as announced by the People's Bank of China on the date of the AGM (i.e. Monday, 21 May 2018), being a Cash Dividend of approximately HKD2.45875 per H Share (tax inclusive). Relevant cheques will be despatched on or before Tuesday, 17 July 2018 to H Shareholders entitled to receive such Cash Dividend by ordinary post and at their own risk.

The certificates of new H shares will be sent to the H Shareholders who are entitled to the new shares by ordinary post on Tuesday, 17 July 2018 at their own risk. In case of joint shareholders, certificates of new H shares will be posted to the person whose name appears first on the register of members of H Shareholders for such jointly-held shares. All Bonus Shares are non-renounceable. Shareholders will receive one share certificate for all the Bonus Shares being allotted. The expected date of commencement of dealings in the bonus H Shares is on Wednesday, 18 July 2018.

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 implemented 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 on 6 November 2008, the Company is obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise shareholders at a tax rate of 10% when the Company distributes any dividends to non-resident enterprise shareholders whose names appear on the register of members of H Shares of the Company. As such, any H Shares which are not registered in the name(s) of individual(s) (which, for this purpose, includes H Shares registered in 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 any dividends payable thereon. Non-resident enterprise shareholders may apply for a tax refund for the difference (if any) 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 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 of H Shares of the Company when the Company distributes dividends to those shareholders.

The register of members of H Shareholders will be closed from Tuesday, 26 June 2018 to Tuesday, 3 July 2018 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. In order to be qualified for the distribution of Cash Dividend and Bonus Shares, holders of H Shares who are not registered must lodge all transfers of shares together with the relevant share certificates to 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 Monday, 25 June 2018.

Shareholders of the Company should consult their tax advisers about the impact of taxation of China and Hong Kong and other tax effects resulted from holding and selling H shares of the Company. The Company does not and will not assume liability in respect of any possible impact over anyone arising from abovementioned withholding and payment.

The Company will not entertain any claims arising from and assumes no liability whatsoever in respect of any delay in, or inaccurate determination of, the country of domicile of the shareholders or any disputes over the withholding and payment of tax.

The Company has appointed Industrial and Commercial Bank of China (Asia) Trustee Company Limited (工銀亞洲信託有限公司) as the receiving agent in Hong Kong (the "**Receiving Agent**") and will pay to the Receiving Agent the Cash Dividend as declared for payment to H Shareholders. Relevant cheques will be despatched on Tuesday, 17 July 2018 to H Shareholders entitled to receive such Cash Dividend by ordinary post and at their own risk.

For A Shareholders, the record date for Cash Dividend and Bonus Shares entitlement, dividend payment methods and time will be announced separately on the website of the Shenzhen Stock Exchange.

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  
13 June 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; 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*