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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 together with the proxy form 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) THE ALTERATION TO THE FUND-RAISING INVESTMENT PROJECT
OF THE NON-PUBLIC ISSUANCE OF A SHARES OF THE COMPANY**
(II) THE INCREASE OF THE REGISTERED CAPITAL OF THE COMPANY
(III) THE EXPANSION OF BUSINESS SCOPE OF THE COMPANY
**(IV) THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION
OF THE COMPANY**
(V) CONVENING THE EGM

A letter from the Board is set out from pages 4 to 34 of this circular.

The notice convening the EGM to 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 p.m. on Tuesday, 19 September 2017 was given by the Company on 3 August 2017. The reply slip for attendance and proxy form for the EGM, which were also dispatched by the Company on 3 August 2017, are also available at the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.livzon.com.cn). If you would like to attend the EGM in person or by proxy, please complete the reply slip in accordance with the instructions printed thereon and return it to the H Share Registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by hand, by post or by fax in any event on or before Wednesday, 30 August 2017. If you would like to attend the EGM by proxy, please complete the proxy form in accordance with the instructions printed thereon and return it to the H Share Registrar of the Company, Tricor Investor Services Limited as soon as possible and in any event no later than 24 hours before the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof in person if you so wish.

31 August 2017

* For identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
I. THE ALTERATION TO THE FUND-RAISING INVESTMENT PROJECT OF THE NON-PUBLIC OF A SHARES OF THE COMPANY	5
II. THE INCREASE OF THE REGISTERED CAPITAL OF THE COMPANY	24
III. THE EXPANSION OF BUSINESS SCOPE OF THE COMPANY	25
IV. THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY	26
V. CONVENING THE EGM	33
VI. RECOMMENDATION	34

DEFINITIONS

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

“2016 Annual Profit Distribution Plan”	the 2016 Annual Profit Distribution Plan of the Company as considered and approved at the 2016 annual general meeting of the Company held on 23 June 2017. Please refer to the circular of the Company dated 2 June 2017 for further details
“A Share(s)”	the ordinary shares in the registered capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Shenzhen Stock Exchange
“A Shareholders”	holder(s) of A Share(s)
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“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 25 January 1985 with limited liability, its shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange
“Company Law”	PRC Company Law (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Non-Public Issuance of A Shares”	the non-public issuance of 29,098,203 A Shares to specific target investors by the Company on 19 September 2016, the issue price of which is RMB50.10 per share
“CSRC”	China Securities Regulatory Commission

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EGM”	the 2017 First Extraordinary General Meeting of the Company to 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 p.m. on Tuesday, 19 September 2017
“EGM Notice”	the notice convening the EGM
“Group”	the Company and its subsidiaries collectively
“H Share(s)”	the ordinary shares in the registered capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange
“H Shareholders”	holder(s) of H Share(s)
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as the same may be amended and supplemented or otherwise modified from time to time
“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 and listed on the Shanghai Stock Exchange in 2001 and one of the Company’s Controlling Shareholders
“Livzon MAB”	珠海市麗珠單抗生物技術有限公司Livzon MABPharm Inc.*
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Share(s)”	Ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including the A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

If there is any inconsistency between the Chinese and English versions of this circular, the Chinese version shall prevail.

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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. Tao Desheng (*Vice Chairman and President*)

Mr. Fu Daotian (*Vice President*)

Mr. Xu Guoxiang (*Vice President*)

Non-executive Directors:

Mr. Zhu Baoguo (*Chairman*)

Mr. Qiu Qingfeng

Mr. Zhong Shan

Independent non-executive Directors:

Mr. Xu Yanjun

Mr. Guo Guoqing

Mr. Wang Xiaojun

Mr. Xie Yun

Mr. Zheng Zhihua

To the Shareholders

Dear Sir/Madam,

Registered office:

Headquarters Building,
38 Chuangye North Road,
Jinwan District, Zhuhai,
Guangdong Province,
China

Principal place of business

in Hong Kong:

Flat 1301, 13/F,
China Evergrande Centre,
38 Gloucester Road, Wanchai,
Hong Kong

- (I) THE ALTERATION TO THE FUND-RAISING INVESTMENT PROJECT
OF THE NON-PUBLIC ISSUANCE OF A SHARES OF THE COMPANY**
(II) THE INCREASE OF THE REGISTERED CAPITAL OF THE COMPANY
(III) THE EXPANSION OF BUSINESS SCOPE OF THE COMPANY
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OF THE COMPANY**
(V) CONVENING THE EGM

The purpose of this circular is to provide you with the relevant information to enable you to make informed decisions on whether to vote for or against the resolutions in relation to (among others) the followings to be proposed at the EGM to be approved by way of ordinary and/or special resolutions:

ORDINARY RESOLUTION

- I. The alteration to the fund-raising investment project of the Non-Public Issuance of A Shares of the Company

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LETTER FROM THE BOARD

SPECIAL RESOLUTIONS

- II. The increase of the registered capital of the Company
- III. The expansion of business scope of the Company
- IV. The amendments to the Articles of Association

I. THE ALTERATION TO THE FUND-RAISING INVESTMENT PROJECT OF THE NON-PUBLIC ISSUANCE OF A SHARES OF THE COMPANY

Reference is made to the announcements of the Company dated 2 November 2015, 9 March 2016 and 18 September 2016, and the circulars of the Company dated 26 November 2015 and 8 April 2016, in relation to, among others, the proposed Non-Public Issuance of A Shares of the Company (the “**Issuance**”).

On 2 August 2017, the Company held the Second Meeting of the Ninth Session of the Board to approve the alteration to the fund-raising investment project of the Non-Public Issuance of A Shares of the Company (the “**Alteration**”). An ordinary resolution will be proposed at the EGM to approve the Alteration, details are as follows:

(I) General Information of the Issuance and the Fund-Raising Investment Project

The Issuance was approved by CSRC and the Issuance was completed on 19 September 2016. The total proceeds of the Issuance were RMB1,457,819,970.30. After deducting the aggregate issuance fees of RMB37,519,603.53, the net proceeds raised by the Company were RMB1,420,300,366.77. Ruihua Certified Public Accountants (LLP) has audited and verified the Issuance, and issued relates capital verification reports of Ruihua Yan Zi [2016] No.40033019.

LETTER FROM THE BOARD

The proceeds raised from the Issuance were planned to be applied to the following projects by the order of priority:

Sequence No./ Order of priority	Project	The proceeds to be applied (RMB)
1	Deeper development and industrialization upgrade of the innovative Ilaprazole product series	450,000,000.00
2	Capital injections to Livzon MAB for its investment in the construction of “Research & development and industrialization of therapeutic antibody-based drugs”	306,000,000.00
3	Construction of Research & development platform of sustained release microsphere technologies	301,820,000.00
4	Working capital top-up and repayment of bank loans	<u>362,480,366.77</u>
	Total	<u><u>1,420,300,366.77</u></u>

Note: The total investment amount for “Research & development and industrialization of therapeutic antibody-based drugs” is RMB600,000,000, and the Company intends to use the proceeds from the Issuance and inject RMB306,000,000 into Livzon MAB by way of capital increase, Joicare will made a pro rata additional capital injection to Livzon MAB.

LETTER FROM THE BOARD

The committed and actual use of proceeds from the Issuance by the Company on the investment projects as of 30 June 2017 were as follows:

Unit: RMB10,000

Sequence No./ Order of priority	Project	Expected amounts to be applied	Actual amounts applied
1	Deeper development and industrialization upgrade of the innovative Ilaprazole product series	45,000.00	2,786.08
2	Capital injections to Livzon MAB for its investment in the construction of “Research & development and industrialization of therapeutic antibody-based drugs”	30,600.00	2,099.12
3	Construction of Research & development platform of sustained release microsphere technologies	30,182.00	2,299.14
4	Working capital top-up and repayment of bank loans	36,248.04	36,248.04
	Total	142,030.04	43,432.38

(II) The overview of the fund-raising investment projects to be altered

- The Company intends to alter the capital injections to Livzon MAB for its investment in the construction of “Research & development and industrialization of therapeutic antibody-based drugs”, and to use the total proceeds of RMB306,000,000.00 (which was originally planned to allocate to the project) to the following projects: i. The project of relocation and expansion of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (First phase) with RMB143,289,400.00 to be used; ii. The technology update project of bag infusion workshop in relation to Livzon Group Livzon Pharmaceutical Factory with RMB53,117,300.00 to be used; iii. The sub-project of “microsphere workshop construction project for Livzon Group Livzon Pharmaceutical Factory” under the project of “Construction of Research & development platform of sustained release microsphere technologies” with RMB109,593,300.00 to be used.

LETTER FROM THE BOARD

After the completion of the Alteration, the Company will change to use its own money to apply for the capital injections to Livzon MAB for its investment in the construction of “Research & development and industrialization of therapeutic antibody-based drugs”. The originally invested proceeds will revert to the special account of fund-raising for the construction of the new projected investment projects.

2. The Company intend to adjust the subproject under the project of Construction of Research & development platform of sustained release microsphere technologies for: (i) the change of the original subproject of “Renovation Project of Pilot Workshop” into “Microsphere Workshop Construction Project for Livzon Group Livzon Pharmaceutical Factory” (microsphere workshop construction project), and the addition of Livzon Group Livzon Pharmaceutical Factory as the subject of implementation; and (ii) the end of preclinical studies projects of “Risperidone Sustained-release Microspheres for Injection (1 month)”.
3. After the completion of the above Alteration, the fund-raising investment projects of the Issuance are as follows:

Sequence No./ Order of priority Project		<i>Unit: RMB</i> The proceeds to be applied
1	Deeper development and industrial upgrading of series of innovative Ilaprazole	450,000,000.00
2	Working capital top-up and repayment of bank loans	362,480,366.77
3	Relocation and expansion of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (First phase)	143,289,400.00
4	Technology update of bag infusion workshop for Livzon Group Limin Pharmaceutical Manufacturing Factory	53,117,300.00
5	Construction of Research & development platform of sustained release microsphere technologies, including Microsphere Workshop Construction Project for Livzon Group Livzon Pharmaceutical Factory	411,413,300.00
		163,933,300.00
Total		1,420,300,366.77

LETTER FROM THE BOARD

In order to satisfy the financial needs required for the implementation of the new fund-raising investment projects, and ensure the successful implementation of the fund-raising investment projects, the Company will use the proceeds to provide borrowings with the subject of implementation of new investment projects, and with the borrowing limits to be the amounts to be applied by each new investment projects, respectively. The term of borrowing would be beginning from the date of actual borrowing to the completion of the construction of new investment projects. The borrowings can continue to be used after its expiration, or be used for repayment in advance. The above borrowings are carried with interests, the interests of borrowings will be calculated based on the latest one-year RMB benchmark loan interest rates of financial institutions. The operating management of the Company was authorized by the Board to deal with the subsequent detailed work after the completion of the above borrowings issues.

(III) Summary of the fund-raising investment projects after the Alteration

1. Relocation and Expansion of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc (First phase)

(1) Project Overview

Project Name:	Relocation and Expansion of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (First phase) (麗珠集團新北江製藥股份有限公司搬遷擴建項目(一期))
Operating Subject:	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (“ Xinbeijiang Pharmaceutical ”)

LETTER FROM THE BOARD

Xinbeijiang Pharmaceutical was established in 1990, and was the earliest medical industry enterprise. Xinbeijiang Pharmaceutical was acquired by the Group in November 2001 to become one the most important preparations enterprises of the Group, and mainly manufactured biologically fermented bulk medicines ingredients (pharmaceutical intermediates). Xinbeijiang Pharmaceutical is a high and new technology enterprise, one of the sixth batch of innovative enterprises in Guangdong province, owned the research and development center for the fermentation pharmaceutical engineering in Guangdong province and Guangdong province enterprise technology center. Its workshop and equipment were constructed and equipped according to the requirements of GMP in China or FDA in U.S.

Construction site: No. 4 & No. 8 Shilong Avenue, Non-ferrous metal processing and manufacturing base, Shijiao town, Qingcheng District, Qingyuan City, Guangdong province, the PRC

Construction content: Office building complex, research and development center, power house, dangerous goods warehouse, tank zone and pump zone, guard room, sewage treatment station (newly established pool, equipment zone, sludge dewatering zone, hazardous and wasteful material room, ancillary room), fermentation workshop 1, fermentation workshop 2, fermentation workshop 3, refining workshop 1, refining workshop 2, synthesis workshop 1, synthesis workshop 2, synthesis workshop 3, synthesis workshop 4, synthesis workshop 5, general warehouse, etc.

LETTER FROM THE BOARD

(2) *Project Investment Plan*

The construction period of the project is expected to be 2.5 year, the expected total scale of investment is RMB143,289,400. The details of the construction investment are as follows:

Sequence No./ Order of priority	Fees	Expected Total Investment
		Amount (RMB10,000)
1	Engineering fee	1,936.66
2	Fixed assets and other fees	11,392.28
2.1	R&D center construction fees	2,636.30
2.2	Equipment purchase fees	5,056.98
2.3	Plant and infrastructure investment fees	3,699.00
3	General fees	1,000.00
Total		14,328.94

(3) *Necessity of the Project*

With the increase of the customers and market share of Xinbeijiang Pharmaceutical, its existing capacity and product structure cannot satisfy the requirement of rapid development. Meanwhile, according to the development planning of Qingyuan city, the current factory site located at Renming One Road, Zhouxin Street, Qingcheng district, the PRC is the commercial and resident center of the future development of Qingyuan city, as it cannot further expand the production scale, the development of the enterprise is severely limited. Xinbeijiang Pharmaceutical made the relocation and rebuilding project after conducting necessary demonstration, and planned to reach the upgrade of industry and the optimization and adjustment of product structure in the process of the relocation and rebuilding.

LETTER FROM THE BOARD

Xinbeijiang Pharmaceutical, after its relocation and rebuilding, will focus on the production of specialized pharmaceutical raw materials with high added-value and high technology elements, and the research and development of new and high technology products, and consolidate its advantages in the areas of research and development, staff, management and market of the fermented and bulk medicines so as to build the headquarters economy of the pharmaceutical industry.

(4) *Feasibility Study of the Project*

1 Conform to the planning of the industry policies of the PRC

The fermentation project of the project belongs to biology industry, which is one of the seven strategic emerging industries according to the notice on issuing the “Guideline on Emerging Sectors of Strategic Importance during the 12th Five-year Plan Period (2011-2015)”, becomes the key industry that will be developed under the 12th Five-Year Plan of the PRC and conforms to the industry policies and the National Science and Technology Development Plan during the “12th Five-Year Plan”.

2 The new site of project conforms to land use planning and owns geographical advantage

The new site of the project is at No. 4 & No. 8 Shilong Avenue, Non-ferrous metal processing and manufacturing base, Shijiao town, Qingcheng district, Qingyuan city, Guangdong province, the PRC and the land use has been approved by the access and review committee of industry project in Qingchen district government.

The new site of the project is convenient in traffic, owns mature utilities including water, electric and natural gas. The conditions of transportation are sufficiently accessible, the conditions of building factory are advantageous, the supply of the surrounding water, electricity, and natural gas of the factory area can satisfy the requirement of the project.

LETTER FROM THE BOARD

3 Market and technical advantages

Xinbeijiang Pharmaceutical has successfully expanded into the international market for raw material medicine since 2009. The enterprises from international top 500 in pharmaceutical sector including Pfizer in U.S., Novartis in Switzerland, Lily in U.S., Bicon in India, Teva in Israel have established strategic cooperative partner relationship with Xinbeijiang Pharmaceutical regarding the types such as Salinomycin, Tobramycin, Tatin-based medicine, acarbose, etc.

Xinbeijiang Pharmaceutical owns the accumulated technology and human resources with more than 20 years in pharmaceutical fermentation industry. It improves the market competitiveness of the products by continuing to optimize procedure, decrease the cost of products, conserve energy and reduce emission. The production technology is mature and without the risk of breaching technology. Xinbeijiang Pharmaceutical owns the extensive experiences to control the quality of products which conform to the requirement of its customers.

4 Production process conforms to the requirement of environmental laws and regulations

The production process of the project implements the requirement of clean production, and can conform to the relevant laws and regulations and requirements regarding environmental protection, occupational health, safety, fire-fighting, etc.; production utilizes the environment-friendly technology, implements effective environmental measures, reduces the quantity of pollutant discharged and emission concentration and can satisfy the requirements of environmental protection; the production cost and the level of energy consumption are reduced so as to facilitate clean production and safe production.

LETTER FROM THE BOARD

To sum up, the implementation of the project conforms to the relevant laws and regulations of the PRC, and fully utilize local geographic and resource advantage so as to achieve the sustainable development of local economy and enterprise economy as well as ensure the needs of future development of the project. The project fully utilize the favorable policies at national and local level in order to improve the economic and social benefits. The scale of installation is economic and reasonable, the technology is advanced and reliable and the ancillary utilities of building factory are good to use. The construction of the project can facilitate the development of Xinbeijiang Pharmaceutical and expedite the upgrade and optimization of the industry. The market prospect of the project's products is promising and have a considerable economic and social benefits, therefore, the construction of the project is practicable.

(5) *Yield Forecast*

The project construction will take 30 months. Annual average sales revenue during the preliminary estimated period is at RMB188,775,000, the static payback period at 3.56 years and the inner revenue rate (after-tax) of the project investment at 41.26%.

(6) *Risk analysis*

1 Market risk

The prices of the products made by the project are basically on the upward trend. The unstable factors affecting prices are mainly due to the prices of petrochemical raw materials and auxiliary raw materials can be substantially fluctuated and would likely to increase as a result of the influence including the market and application of upstream and downstream products. In addition, the secondary unstable factors affecting prices are the prices of power supply including water, electricity and gas, etc. The change of these price have no substantial influence. The prices of products will increase steadily and have sufficient room to benefit due to the huge market of the products and the continuous growth of export share.

LETTER FROM THE BOARD

2 Technical processes and equipment risks

The raw materials and auxiliary raw materials used by products involve dangerous chemical. In order to prevent the risk, the project will implement strict requirements from safety, environmental protection and fire-fighting, and arrange distributed control system (DCS) for main production process so as to reduce the impact to the surrounding environment caused by production.

3 Project management risk

The project need strict management and control from raw material and equipment purchase, installation, engineering design, construction, recruitment and training. If any fault occurred during the process of conduction, the management and control of risks will be formed and the implementation progress of the project will be affected. In this respect, the Company will further strengthen the management of the above plan of investment and construction and ensure the implementation of the project according to the plan.

(7) *Approval status*

The project has completed the project registration applied to the relevant government departments, and obtained the land use right certificate of the land required by project construction (certificate no: Qingyuan city Guoyong (2015) No.02106). We are proactively conducting the reporting issues such as environment assess and safety evaluation in order to organize to implement by plan after the completion of all registration procedures.

LETTER FROM THE BOARD

2. Particulars of Livzon Group Limin Pharmaceutical Manufacturing Factory Infusion Bag Workshop Technical Reconstruction Project

(1) Project Overview

Name of project: Livzon Group Limin Pharmaceutical Manufacturing Factory Infusion Bag Workshop Technical Reconstruction Project (麗珠集團利民製藥廠袋裝輸液車間技改項目)

Implementing entity: Livzon Group Limin Pharmaceutical Manufacturing Factory

Site selection: Expansion and renovation of the former idle infusion bottle workshop in the Livzon Group Limin Pharmaceutical Manufacturing Factory. The workshop was originally a partially two-storey frame-structured factory with a site area and a floor area of 1,627.48 sq.m. and 1,857 sq.m. respectively. In view of the business needs, it is required to expand the workshop 14 meters southward to meet the construction requirements. The extension area of the workshop was approximately 1,400 sq.m. and the area of the workshop after the expansion was 3,257 sq.m. Upon the expansion, the workshop remained a partially two-storey factory, with the first floor as the area for core production process and the second floor as the auxiliary production area.

LETTER FROM THE BOARD

(2) *Project investment plan*

The total project investment amounted to RMB63.1173 million, which comprised proceeds of RMB53.1173 million and technical reconstruction subsidy from the government of RMB10.00 million. The breakdown of investment is as follows:

Unit: RMB'0,000

No.	Item	Estimated amount
1	Preparatory fee	153.00
2	Construction fee	295.28
3	Equipment and facility	3,808.12
4	Air conditioning system	1,117.45
5	Utility	262.88
6	Other miscellaneous expenses	375.00
7	Start-up liquidity	300.00
	Total	6,311.73

(3) *Necessity of project*

The Shenqi Fuzheng Injection (参芪扶正注射液) is a major type of Chinese medicines infusion of which the Limin Pharmaceutical Manufacturing Factory of the Group owned the intellectual property. The product mainly supplements energy, and is used in treating fatigue, qi deficiency, sweating and dizziness due to weak lungs and spleen functions, as well as the assisted treatment of lung cancer and gastric cancer. The product had a large market demand. In 2016, Shenqi Fuzheng Injection (参芪扶正注射液) (in glass container) recorded a sales revenue of RMB1.68 billion. Currently, there is a total of 38 anti-tumour Chinese medicine injection products in the PRC. Based on the IMS data, the Shenqi Fuzheng Injection (参芪扶正注射液) had a market share of 14.27% in 2016.

The Shenqi Fuzheng Injection (参芪扶正注射液) is an exclusive product of the Limin Pharmaceutical Manufacturing Factory of the Group and is a protected Chinese medicine product included in the National Medical Insurance Catalogue. As the national economy and people's living standards kept advancing, safety, usability and environmental friendliness of solution containers became prerequisites of clinical usage.

LETTER FROM THE BOARD

The implementation of the project will enhance the existing specification of the Shenqi Fuzheng Injection (參芪扶正注射液), further strengthen the flexibility of marketing and sales strategy, help acquire market access and opportunities at better terms, and extend the product life cycle. In the meantime, given the clinical safety and usability of infusion bags, the product will cater the demand for bagged products in hospitals at all levels and achieve higher market share, thereby boosting the overall competitiveness of the Company.

(4) Project feasibility analysis

- 1 The project complies with the national industrial development plan

The project is to be carried out in accordance with the relevant national laws and regulations, and be operated in the Chinese medicine healthcare industry in compliance with the Development Plan for Traditional Chinese Medicine Healthcare Service (2015-2020) (《中醫藥健康服務發展規劃(2015—2020年)》). It is able to fully capitalise on the local advantages in terms of geographical location and resources to achieve sustainable local and corporate economic development. In addition, the project will also leverage the national and local favourable policies to cater its future development needs, so as to enhance the economic and social benefits.

- 2 Stable product sales channels

Under the context of tightening regulations on sales of Chinese medicine injection and medical reform, the Company leveraged its sales experience of Chinese medicine injection products accumulated in over 20 years, and set up its own marketing team to optimise works on market access, thereby establishing a comprehensive marketing system. Upon the completion of construction, the project will offer bagged products that better cater to the needs of patients and in turn increase the market share of the Shenqi Fuzheng Injection (參芪扶正注射液) products.

LETTER FROM THE BOARD

3 Production approval acquired

Since 2005, Livzon Group Limin Pharmaceutical Manufacturing Factory has participated in the research and development of multi-layer co-extrusion film packaging (bag packaging) for the Shengqi Fuzheng Injection (參芪扶正注射液). In April 2010, it submitted the first supplemental application of the above packaging and received the acceptance of application (acceptance no.: CYZB1004203). In June 2017, it obtained the “Approval of Supplement Drug Application” issued by the China Food and Drug Administration (approval no.: 2017B02133), which concluded that, upon review, the application of this product fulfilled the relevant requirements of drug registration pursuant to the “Drug Administration Law of the PRC” and relevant regulations, hence the supplemental application of multi-layer co-extrusion film packaging for the product was approved.

In conclusion, this project is feasible for the following reasons: the implementation of this project is in line with the national development plan for the industry, and the production of Shengqi Fuzheng Injection in bags will further expand the production capacity of Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠); Shengqi Fuzheng Injection in bags will become the first large-volume Chinese medicine injection product in the PRC; we believe that Shengqi Fuzheng Injection in bags will have promising market prospects; and with its cost-efficient and rationally established workshops as well as advanced and reliable technology employed, this project is believed to achieve considerable economic and social benefits, and the investment in and construction of this project will facilitate the industrial upgrading of Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠).

(5) *Economic benefits of this project*

It is anticipated that this project will have a construction period of 16 months in total. Upon completion of investment and construction, according to the preliminary estimates, this project will generate an average sales revenue of RMB517,727,700 per annum, with a financial internal rate of return of 49.40% and a static investment recovery period of 3.1 years.

LETTER FROM THE BOARD

(6) *Project risk analysis*

1 Market risk

With the continuous deepening of the reform in the areas of domestic drug price policies, the health insurance policy, the medical insurance payment mechanism, it is likely to result in the certain fluctuation and change of the bidding price and market demand of Shengqi Fuzheng Injection (参芪扶正注射液) products with bag. Once the sales price of the product is reduced or the market demand decreases, the recognition of the expected revenue will be affected. The Company will try to maintain the stability of the product price by strengthening the market access work to avoid market risks, and continue to enhance the safety, availability of the products and the quality consistency, and improve the service quality, meanwhile, the Company will expand and retain excellent customers and channels and secure the stable market share.

2 Technological risk

Shengqi Fuzheng Injection (参芪扶正注射液) is the unique and self-invented product without infringement risk produced by Limin Pharmaceutical Manufacturing Factory under the Group; the production technology is relatively mature, and the product has an established quality assurance system, and so the product quality can be ensured. Therefore, the risk is relatively small and will not have the material impact to the implementation of the project.

3 Project construction risk

Since the project requires to purchase a variety of equipment, it is likely that other factors such as the delay of equipment produced by suppliers will result in the delay of the project, and the investment costs may not be recovered in a timely manner.

LETTER FROM THE BOARD

In order to manage the risk, the Company will design strictly following the requirements of the existing version of GMP. The engineering design will strictly comply with the industry standard in relation to the stream of people, logistic, transportation process, utility system, etc. The Company will strengthen the project management so as to ensure the scheduled completion.

(7) *Approval status*

The project obtained the technical transformation investment project registration certificate in Guangdong province issued by Economy and Information Bureau of Wujiang District, Shaoguan city (registration project no. 170203274030001), the environment impact assessment and safety impact assessment required by the project were filed to approve, the project will be implemented according to plan after obtaining the corresponding approval.

3. *The adjustment of the subproject under Construction of Research & development platform of sustained release microsphere technologies*

- (1) It is investigated to find that the sales of the product of Risperidone sustained-release Microspheres for Injection in China's market gradually declined each year due to the listing of iterative new drug to treat schizophrenia. Taking consideration of economic efficiency and the concentration of the resources of the Company on the microsphere area, the Company ended the preclinical studies projects of "Risperidone Sustained-release Microspheres for Injection (1month)" after prudent research, and invest the total amounts of RMB24,000,000 from the original fund-raising construction plan to the project of "Microsphere Workshop Construction Project for Livzon Group Livzon Pharmaceutical Factory".

LETTER FROM THE BOARD

- (2) Whilst the Company carried out the project of “Construction of Research & development platform of sustained release microsphere technologies” in 2015, it is originally planned to establish a pilot and production plant with the investment of RMB30,340,000 (including renovation and equipment), which was used to research and develop the link status from the product trial technique to production technology, and planned to implement the mass production through the controlled subsidiary, Shanghai Livzon Pharmaceutical Manufacturing Co. (“**Shanghai Livzon**”), Ltd. However, with the improvement of the sales of the existing microsphere product of Leuporelin Acetate sustained-release microspheres for injection in Shanghai Livzon, the existing production lines already cannot satisfy the requirement of the research and development of microsphere product, and the consideration of the industrialization of sustained microsphere injection is a difficult process because it cannot be amplified with linear direct compared to the common injection. The products need to be amplified in production workshop after the completion of small technical production trial until the mass production, so as to ensure the medicines produced will comply with requirements of products quality and its stability.

In a word, to meet the subsequent reporting requirements of microsphere products under research, production of samples for clinical use and ensure technical and quality stability in production, the Alternation will terminate the “Renovation Project of Pilot Workshop” and change into “Microsphere Workshop Construction Project” while adding Livzon Group Livzon Pharmaceutical Factory as the subject of implementation. The newly added sub-project has an aggregate investment amount of RMB163,933,300, which is financed totally through raised funds, including RMB109,593,300 for the alternated “Capital injection to Livzon MAB for its investment in the construction of “Research & development and industrialization of therapeutic antibody-based drugs”, RMB24,000,000 for the terminated preclinical studies projects “Risperidone Sustained-release Microspheres for Injection (1 month), renovation fund of RMB10,000,000 for the terminated “Renovation Project of Pilot Workshop” and RMB20,340,000 for the acquisition of equipment. Upon completion, the project will be used in the production of pilot products under research and put into commercial production after relevant approvals for production of microsphere products are received.

LETTER FROM THE BOARD

Upon the completion of adjustment of the sub-project of research & development platform of prolonged-action microsphere technologies, implementation subject of the project will be Livzon Pharmaceutical Group Inc. and Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠). The aggregate investment of RMB411,413,300 will be principally used in preclinical study, clinical study, purchase of instruments and equipment as well as construction of microsphere workshop. Comparison of working capital allocated to each component before and after adjustment is set out below:

Unit: RMB'0,000

	Preclinical study	Instruments and equipment	Clinical study	Renovation of pilot workshop	Construction of microsphere workshop	Initial capital and reserve	Total
Before adjustment	14,430	4,052	9,700	1,000	0.00	1,000	30,182
After adjustment	13,030.00	2,018.00	8,700.00	0.00	16,393.33	1,000.00	41,141.33

The adjustment of of the sub-project of the construction project of research & development platform of prolonged-action microsphere technologies will not affect its overall implementation progress. For other details of the construction project of research & development platform of prolonged-action microsphere technologies, please refer to the overseas regulatory announcement in relation to the Feasibility Report on Use of Funds Raised from the Non-Public Issuance of A Shares of Livzon Pharmaceutical Group Inc. (revised) dated 8 March 2016 on the Company's website (www.livzon.com.cn) and www.hkexnews.hk.

(IV) Reasons to change the proposed projects

To better satisfy the requirements of the operational development of the Company, and taking consideration of the longer period of investment and construction of the original proposed project of Capital injections to Livzon MAB on its investment in the construction of "Research & development and industrialization of therapeutic antibody-based drugs", the urgent needs of the new proposed projects including Relocation and expansion of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (First phase), Technology update of bag infusion workshop for Livzon Group Limin Pharmaceutical Manufacturing Factory, and construction of microsphere workshop for Livzon Group Livzon Pharmaceutical Factory, the Company altered the original proposed project of Capital injections to Livzon MAB on its investment in the construction of "Research & development and industrialization of therapeutic antibody-based drugs" so as to improve the efficiency of the usage of the proceeds raised by the Company, ensure the normal implementation of the project, as well as adjust the relevant subprojects under Research & development platform of prolonged-action microsphere technologies.

LETTER FROM THE BOARD

(V) The influence of the alteration of the proposed projects to the Company and Risk Alert

After the completion of the Alteration, the Company will make investment in the construction of “Research & development and industrialization of therapeutic antibody-based drugs” with its own funds. The alteration of the investment of the proceeds will help to consolidate the resources of the Company, meet the needs of the operational development of the Company in the existing stage, and do not harm the interests of the Company and shareholders, especially minority shareholders.

The economic benefits of the above projects are the results of the preliminary estimate calculated by the Company according to the current market conditions and the level of costs and fees, and do not represent the profit forecast by the Company of the project, there are uncertainties whether the economic benefits will achieve at last.

The associated Shareholders of the Company, namely Joincare, 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) shall abstain from voting on this resolution.

II. THE INCREASE OF THE REGISTERED CAPITAL OF THE COMPANY

As the 2016 Annual Profit Distribution Plan 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, to distribute a cash dividend of RMB5 per 10 shares (tax inclusive) to all the shareholders of the Company and a bonus issue by way of capitalising capital reserve on the basis of 3 shares for every 10 shares held to all shareholders of the Company) has been considered and approved at the 2016 Annual General Meeting, the 2017 first class meeting of A Shareholders and the 2017 first class meeting of H Shareholders held on 23 June 2017, and was completed on 28 July 2017, therefore the Company’s total issued share capital increased from 425,562,592 Shares (including 279,971,232 A Shares and 145,591,360 H Shares) to 553,231,369 Shares (including 363,962,601 A Shares and 189,268,768 H Shares), and the registered capital increased of the Company from RMB425,562,592 to RMB553,231,369.

As a result, the Company will propose a special resolution at the EGM to consider and approve the increase of the registered capital of the Company to reflect the changes in the total number of issued Shares and registered capital of the Company as a result of the completion of the 2016 Annual Profit Distribution Plan.

LETTER FROM THE BOARD

III. THE EXPANSION OF BUSINESS SCOPE OF THE COMPANY

With the increasing size of the Company, the Company intends to increase the business scope of the Company so as to keep abreast of the existing business of the Company and meet the development of the future business of the Company. Hence, the Board proposes to expand the existing business scope of the Company by adding (i) the production and sales of pharmaceutical diagnostic equipment and reagents; (ii) research and development of new medical products, (iii) transfer of technical achievements; (iv) management service; and (v) rental of pharmaceutical diagnostic equipment. The details are as follows:

The original business scope is: the production and sales of bulk medicines for traditional Chinese and Western medicines, pharmaceutical intermediates, traditional Chinese herbal medicines, traditional Chinese medicine drink tablets, medical equipment, sanitary materials, healthcare products, medical cosmetics, over-the-counter drugs for traditional Chinese and Western medicine, biochemical reagents, as well as chemicals, food, information business, and bulk medicines; import & export of proprietary products and relevant auxiliary service; wholesale of over-the-counter traditional Chinese medicines, chemical bulk medicines and their preparations, antibiotics bulk medicines and their preparations, biological products (except for preventive biological products), biochemical drugs (where those products are administrated with quota license or special regulations, they shall be subject to the relevant national rules; for other projects that require administrative permits, the Company shall only engage in the same upon the approval being obtained).

The amended business scope is: the production and sales of bulk medicines for traditional Chinese and Western medicines, pharmaceutical intermediates, traditional Chinese herbal medicines, traditional Chinese medicine drink tablets, medical equipment, sanitary materials, healthcare products, medical cosmetics, over-the-counter drugs for traditional Chinese and Western medicine, biochemical reagents, as well as chemicals, food, information business, bulk medicines, pharmaceutical diagnostic equipment and reagents; research and development of new medical products, transfer of technical achievements; management service; rental of pharmaceutical diagnostic equipment; import & export of proprietary products and relevant auxiliary service; wholesale of over-the-counter traditional Chinese medicines, chemical bulk medicines and their preparations, antibiotics bulk medicines and their preparations, biological products (except for preventive biological products), biochemical drugs (where those products are administrated with quota license or special regulations, they shall be subject to the relevant national rules; for other projects that require administrative permits, the Company shall only engage in the same upon the approval being obtained).

The business scope of the Company shall be subject to the approval of the Industry and Commerce Bureau of the PRC.

LETTER FROM THE BOARD

The Company will propose a special resolution at the EGM to consider and approve the expansion of business scope of the Company.

IV. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In view of the increase of registered capital of the Company as a result of the 2016 Annual Profit Distribution Plan and the proposed expansion of business scope of the Company as detailed in section II and III in this letter, the Company intends to make the following amendments regarding the terms of share capital, registered capital and business scope of the Company in the Articles of Association:

1. Article 6

Original content:

“**Article 6** The registered capital of the Company is RMB425,562,592.”

revised as:

“**Article 6** The registered capital of the Company is RMB553,231,369.”

2. Article 13

Original content:

“**Article 13** The scope of business for the Company as approved by the company registration authorities is: the production and sales of bulk medicines for traditional Chinese and Western medicines, pharmaceutical intermediates, traditional Chinese herbal medicines, traditional Chinese medicine drink tablets, medical equipment, sanitary materials, healthcare products, medical cosmetics, over-the-counter drugs for traditional Chinese and Western medicine, biochemical reagents, as well as chemicals, food, information business, and bulk medicines; import & export of proprietary products and relevant auxiliary service; wholesale of over-the-counter traditional Chinese medicines, chemical bulk medicines and their preparations, antibiotics bulk medicines and their preparations, biological products (except for preventive biological products), biochemical drugs (where those products are administrated with quota license or special regulations, they shall be subject to the relevant national rules; for other projects that require administrative permits, the Company shall only engage in the same upon the approval being obtained).”

LETTER FROM THE BOARD

revised as:

“**Article 13** The scope of business for the Company as approved by the company registration authorities is: the production and sales of bulk medicines for traditional Chinese and Western medicines, pharmaceutical intermediates, traditional Chinese herbal medicines, traditional Chinese medicine drink tablets, medical equipment, sanitary materials, healthcare products, medical cosmetics, over-the-counter drugs for traditional Chinese and Western medicine, biochemical reagents, as well as chemicals, food, information business, bulk medicines, pharmaceutical diagnostic equipment and reagents; research and development of new medical products, transfer of technical achievements; management service; rental of pharmaceutical diagnostic equipment; import & export of proprietary products and relevant auxiliary service; wholesale of over-the-counter traditional Chinese medicines, chemical bulk medicines and their preparations, antibiotics bulk medicines and their preparations, biological products (except for preventive biological products), biochemical drugs (where those products are administrated with quota license or special regulations, they shall be subject to the relevant national rules; for other projects that require administrative permits, the Company shall only engage in the same upon the approval being obtained).”

3. **Article 21**

Original content:

“**Article 21** Following the establishment of the Company, after public issuance of shares, rights issue, creation of bonus shares by transfer of capital reserve and undistributed profit and repurchase of foreign-invested shares, the share capital structure of the Company is changed as follows: 295,721,852 ordinary shares, of which 183,728,498 shares are domestic-listed domestic-invested shares, representing 62.13% of the total number of issued ordinary shares of the Company and 111,993,354 shares are domestic-listed foreign-invested shares, representing 37.87% of the total number of issued ordinary shares of the Company.

As approved by a special resolution passed at the shareholders’ general meeting and authorized by securities regulatory bodies under the State Council, the Company’s domestic-listed foreign invested shares are converted into overseas-listed foreign-invested shares listed on The Hong Kong Stock Exchange by way of introduction for trading.

LETTER FROM THE BOARD

After the aforesaid domestic-listed foreign-invested shares converted into overseas-listed foreign invested shares are listed on The Hong Kong Stock Exchange by way of introduction for trading, the share capital structure of the Company is as follows: 295,721,852 ordinary shares, of which 111,993,354 shares are held by holders of overseas-listed foreign-invested shares (H Shares) and 183,728,498 shares are held by holders of domestic-listed domestic-invested shares, representing 37.87% and 62.13% of the total number of issued ordinary shares of the Company respectively.

As approved by a special resolution passed at the shareholders' general meeting and filed with no objection by the China Securities Regulatory Commission, after the completion of the first grant under the Restricted Shares Incentive Scheme by the Company, the share capital structure of the Company is changed as follows: 304,382,252 ordinary shares, of which 192,388,898 shares are domestic-listed domestic-invested shares and 111,993,354 shares are overseas-listed foreign invested shares (H Shares), representing 63.21% and 36.79% of the total number of issued ordinary shares of the Company respectively.

As approved by a special resolution passed at the shareholders' general meeting, bonus shares created by transfer of capital reserve are issued to all shareholders by the Company. After the bonus shares are created by transfer, the share capital structure of the Company is changed as follows: 395,696,927 ordinary shares, of which 250,105,567 shares are domestic-listed domestic-invested shares and 145,591,360 shares are overseas-listed foreign-invested shares (H Shares), representing 63.21% and 36.79% of the total number of issued ordinary shares of the Company respectively.

Approved by the board of directors of the Company with authorization of the shareholders' general meeting, after the Company has completed the repurchase and cancellation of locked restricted shares granted to incentive participants no longer satisfying the conditions for incentive and the grant of reserved restricted shares, the share capital structure of the Company is changed as follows: 396,889,547 ordinary shares, of which 251,298,187 shares are domestic-listed domestic-invested shares and 145,591,360 shares are overseas-listed foreign-invested shares (H Shares), representing 63.32% and 36.68% of the total number of issued ordinary shares of the Company respectively.

LETTER FROM THE BOARD

Approved by the board of directors of the Company with authorization of the shareholders' general meeting, after the Company has completed the repurchase and cancellation of locked restricted shares granted to incentive participants no longer satisfying the conditions for incentive, the share capital structure of the Company is changed as follows: 396,631,923 ordinary shares, of which 251,040,563 shares are domestic-listed domestic-invested shares and 145,591,360 shares are overseas-listed foreign-invested shares (H Shares), representing 63.29% and 36.71% of the total number of issued ordinary shares of the Company respectively.

Approved by the board of directors of the Company with authorization of the shareholders' general meeting, after the Company has completed the registration of the non-public issuance of A shares, the share capital structure of the Company is changed as follows: 425,730,126 ordinary shares, of which 280,138,766 shares are domestic-listed domestic invested shares and 145,591,360 shares are overseas-listed foreign-invested shares (H Shares), representing 65.80% and 34.20% of the total number of issued ordinary shares of the Company respectively.

Approved by the board of directors of the Company with authorization of the shareholders' general meeting, after the Company has completed the repurchase and cancellation of locked restricted shares granted to incentive participants no longer satisfying the conditions for incentive, the share capital structure of the Company is changed as follows: 425,596,852 ordinary shares, of which 280,005,492 shares are domestic-listed domestic-invested shares and 145,591,360 shares are overseas-listed foreign-invested shares (H Shares), representing 65.79% and 34.21% of the total number of issued ordinary shares of the Company respectively.

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LETTER FROM THE BOARD

Revised as:

“**Article 21** Following the establishment of the Company, after public issuance of shares, rights issue, creation of bonus shares by transfer of capital reserve and undistributed profit and repurchase of foreign-invested shares, the share capital structure of the Company is changed as follows: 295,721,852 ordinary shares, of which 183,728,498 shares are domestic-listed domestic-invested shares, representing 62.13% of the total number of issued ordinary shares of the Company and 111,993,354 shares are domestic-listed foreign-invested shares, representing 37.87% of the total number of issued ordinary shares of the Company.

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LETTER FROM THE BOARD

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LETTER FROM THE BOARD

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As approved by a special resolution passed at the shareholders' general meeting, bonus shares created by transfer of capital reserve are issued to all shareholders by the Company. After the bonus shares are created by transfer, the share capital structure of the Company is changed as follows: 553,231,369 ordinary shares, of which 363,962,601 shares are domestic-listed domestic-invested shares and 189,268,768 shares are overseas-listed foreign-invested shares (H Shares), representing 65.79% and 34.21% of the total number of issued ordinary shares of the Company respectively."

Save for the proposed amendments to the Articles of Association set out above, other provisions in the Articles of Association remain unchanged.

The Company confirms that the amendments to the Articles of Association will not have any adverse effect to the existing businesses and operations of the Group and the Directors confirm that the proposed amendments to the Articles of Association are in compliance with the Hong Kong Listing Rules. Based on the confirmation made by the Company's PRC legal adviser, the proposed amendments of the Articles of Association comply with the PRC laws.

The proposed amendments to the Articles of Association are subject to the approval of Shareholders by way of special resolution at the EGM.

The Articles of Association and aforesaid proposed amendments are written and prepared in Chinese, thus the English version is just translation for reference purpose only. If there are any inconsistency between the English translation and the Chinese version, the Chinese version shall prevail.

LETTER FROM THE BOARD

V. CONVENING THE EGM

The notice of the EGM to be held at the Conference Room on the 3rd Floor of Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai City, Guangdong Province, China at 2 p.m. on Tuesday, 19 September 2017, the reply slip for attendance and proxy form for the EGM were despatched by the Company on 3 August 2017. The aforesaid documents are also available at the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.livzon.com.cn).

If you would like to attend the EGM in person or by proxy, please complete the reply slip in accordance with the instructions printed thereon and return it to the H Share Registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in person, by post or by fax in any event on or before Wednesday, 30 August 2017. If you would like to attend the EGM by proxy, please complete the proxy form in accordance with the instructions printed thereon and return it to the H Share Registrar of the Company, Tricor Investor Services Limited, as soon as possible and in any event no later than 24 hours before the holding of the EGM or any adjournment thereof. Completion and lodge of the Proxy Form will not preclude you from attending and voting at the EGM or any adjournment thereof in person if you so wish.

In accordance with Rule 13.39 (4) of the Hong Kong Listing Rules, any vote made by the Shareholders at a Shareholders' general meeting shall be conducted by way of poll unless the chairman of the meeting so requests in good faith to allow a vote by hand to vote solely on resolutions relating to procedural or administrative matters. Accordingly, the resolutions proposed at the EGM will be voted by way of poll.

For the purpose of determining the qualification of the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Saturday, 19 August 2017 to Tuesday, 19 September 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 EGM, 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 Friday, 18 August 2017.

LETTER FROM THE BOARD

VI. RECOMMENDATION

The Board considers that the resolutions set out in the EGM Notice in relation to (I) the alteration to the fund-raising investment project of the Non-Public Issuance of A Shares; (II) the increase of the registered capital of the Company; (III) the expansion of business scope of the Company; and (IV) the amendments to the Articles of Association are in the best interests of the Company and the Shareholders as a whole, and recommends Shareholders to vote in favour of the relevant resolutions at the EGM.

By order of the Board
麗珠醫藥集團股份有限公司
Livzon Pharmaceutical Group Inc.*
Yang Liang
Company Secretary

Zhuhai, China
31 August, 2017

As at the date of this circular, 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), Mr. Qiu Qingfeng and Mr. Zhong Shan; 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