

**Livzon Pharmaceutical Group Inc.**  
**Announcement on Implementation Plan of Cash Option for B Shares regarding**  
**the Change in Venue for the Listing and Trading of its Domestic Listed Foreign**  
**Shares to the Main Board of the Stock Exchange of Hong Kong Limited by way**  
**of Introduction**

Livzon Pharmaceutical Group Inc. (hereinafter referred to as the “Company”) and all members of its Board of Directors hereby ensure that this announcement is true, accurate and complete without any false information, misleading statement or material omission.

**Special instructions:**

1. On 13 December 2013, the Company obtained the approval-in-principle from the Listing Committee of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”), which conditionally approved the Company’s application for changing the venue for the listing and trading of its domestic listed foreign shares to the Main Board of the Hong Kong Stock Exchange by way of introduction. Upon application, trading of the Company’s B Shares will be suspended from 23 December 2013. The trading day before the suspension, i.e. 20 December 2013, is the last trading day for the Company’s B Shares. Afterwards, the cash option distribution, exercise application, clearing and settlement for the B Shares will commence. Trading of the B Shares will then suspend.
2. Upon the closure of the application for the exercise of cash option, if more than 50% of the B Shares (i.e. 30,666,651 B Shares) in public hands are held by the three largest public holders of the Company’s B Shares, the Company will fail to satisfy the conditions for Listing under the Hong Kong Listing Rules, then the cash options will not be cleared and settled. The Implementation Plan shall terminate and the B Shares of the Company will resume to be listed and traded on the B Shares Market of Shenzhen Stock Exchange.

*Note: Pursuant to the provisions of the HK Listing Rules, Topsino is regarded as a connected person of the Company, which is holding 50,660,052 B Shares of the Company, and will not be accounted for as public shareholding. As such, the total number of the Company’s B Shares is 111,993,354 shares. The public shareholding of the Company’s B Shares is 61,333,302 B Shares, and 50% of such shareholding is 30,666,651 B Shares.*

3. When the cash option exercise completes and there are not less than 300 foreign public shareholders with securities accounts opened in Hong Kong, the Company will apply to Shenzhen Stock Exchange for delisting of its B Shares. After it receives the official approval letter from the Hong Kong Stock Exchange for the listing of the Company’s H

**Shares, B Shares will be listed and traded on the Main Board of the Hong Kong Stock Exchange in the form of H Shares. There are uncertainties as to whether the Company can receive the official approval letter from the Hong Kong Stock Exchange for the listing of its H Shares. Investors are reminded to pay attention to possible investment risks.**

- 4. This announcement only explains the specific operating procedure for the holders of the Company's B Shares on the application to exercise cash options and other relevant matters. It is not giving advice on whether to apply for exercising the cash options or not. Investors are kindly reminded to pay attention to possible investment risks.**
- 5. Investors shall apply for exercising cash options via their B Shares securities accounts. For an investor with more than one B Shares accounts, he/she shall apply separately for every of his/her B Shares accounts. For an investor holding the Company's B Shares in more than one operating units under one B Shares account, he/she shall apply separately for the B Shares held in different operating units.**
- 6. As for holders of B Shares or relevant rights holders with judicially frozen B Shares, and shareholders or rights holder whose B Shares are pledged or judicially frozen due to various reasons before the cash option implementation date, they should handle the said shares in a timely and legal manner.**

On 20 February 2013, the Company convened the First Extraordinary Shareholders' General Meeting for 2013, at which the "Proposal on the Implementation Plan Regarding the Change in Venue for the Listing and Trading of its Domestic Listed Foreign Shares to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction" and relevant resolutions were reviewed and approved. On 29 September 2013, the Company received from China Securities Regulatory Commission the "Reply on Approving Livzon Pharmaceutical Group Inc. to List on the Main Board of the Hong Kong Stock Exchange (Zheng Jian Xu Ke [2013] No. 1248)" for the Company's application regarding the change in venue for the listing and trading of its domestic listed foreign shares to the Main Board of the Stock Exchange of Hong Kong Limited by way of introduction. It was approved that the existing 111,993,354 shares of the Company's domestic listed foreign shares would be converted into overseas listed foreign shares and listing on the Main Board of the Hong Kong Stock Exchange. On 13 December 2013, the Company obtained the approval-in-principle from the Listing Committee of the Hong Kong Stock Exchange, which conditionally approved the Company's application on changing the venue for the listing and trading of its domestic listed foreign shares to the Main Board of the Hong Kong Stock Exchange by way of introduction.

Upon application, trading of the Company's B Shares will be suspended from 23 December 2013. The trading day before the suspension, i.e. 20 December 2013, is the last trading day for the Company's B Shares. The record date for this cash option for B Shares is the third business day after the last trading day, i.e. 25 December 2013. Since then, the cash option distribution, exercise application, clearing and settlement of the Company's B Shares will commence. Trading of the B Shares will then suspend.

Upon the closure of the application for the exercise of cash option, if more than 50% of the B Shares in public hands are held by the three largest public holders of the Company's B Shares, the Company will fail to satisfy the conditions for Listing under the Hong Kong Listing Rules, accordingly the cash options will not be cleared and settled. The implementation plan shall terminate and the Company's B Shares will resume to be listed and traded on the B Shares Market of the Shenzhen Stock Exchange.

When the cash option exercise completes and there are not less than 300 foreign public shareholders with securities accounts opened in Hong Kong, the Company will apply to the Shenzhen Stock Exchange for delisting of its B Shares. After it receives the official approval letter from the Hong Kong Stock Exchange for the listing of the Company's H Shares, B Shares will be listed and traded on the Main Board of the Hong Kong Stock Exchange in the form of H Shares.

According to the terms as provided in the "Implementation Plan regarding the Change in Venue for the Listing and Trading of its Domestic Listed Foreign Shares of Livzon Pharmaceutical Group Inc. to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction" as announced by the Company on 31 January 2013, the Company is providing cash options to all holders of The Company's B Shares by arranging third parties to provide such cash options, with an aim to fully protect the legitimate interests for the holders of the Company's B Shares. Amongst which, Topsino Industries Limited, Gaoling Fund, L.P. and Sunrise Palace Limited (whose shares of

which are held in trust by First Shanghai Securities Limited) have promised to give up their rights to exercise cash options. According to the said plan, holders of the Company's B Shares may choose to apply for, before the Company's B Shares are converted into H Shares and listed on the Hong Kong Stock Exchange, exercising cash options within the cash option exercise application period to transfer, wholly or partly, its B Shares to the third party that provides cash options; or may choose to keep holding the shares after they are converted to Livzon H Shares and listed on the Hong Kong Stock Exchange.

Under entrustment of the third parties, Guosen Securities (HK) Asset Management Company Limited and Hillhouse Capital Management, Ltd. and the fund in its control, which provides cash options, the Company will distribute on 25 December 2013 cash options to its holders of B Shares (other than Topsino Industries Limited, Gaoling Fund, L.P. and Sunrise Palace Limited (whose shares of which are held in trust by First Shanghai Securities Limited) which have promised to give up their rights to exercise cash options). Details of these matters are now announced as follows:

## Important

1. On 13 December 2013, the Company obtained the approval-in-principle from the Listing Committee of the Hong Kong Stock Exchange, which conditionally approved the Company's application on changing the venue for the listing and trading of its domestic listed foreign shares to the Main Board of the Hong Kong Stock Exchange by way of introduction. Upon application, trading of the Company's B Shares will be suspended from 23 December 2013. The trading day before the suspension, i.e. 20 December 2013, is the last trading day for the Company's B Shares. Upon the clearance and settlement for the last trading day before the trading of the Company's B Shares is suspended, i.e. 20 December 2013, the record date for the cash options of the Company's B Shares is 25 December 2013. Save as Topsino Industries Limited, Gaoling Fund, L.P. and Sunrise Palace Limited (whose shares of which are held in trust by First Shanghai Securities Limited), the holders of the Company's B Shares are entitled to exercise cash options. The holders of the Company's B Shares, namely, Topsino Industries Limited, Gaoling Fund, L.P. and Sunrise Palace Limited (whose shares of which are held in trust by First Shanghai Securities Limited) have promised to give up their rights to exercise cash options.

Pursuant to the "Proposal on the Plan Regarding the change in venue for the listing and trading of its domestic listed foreign shares to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction" as reviewed and approved in the First Extraordinary Shareholders' General Meeting of the Company for 2013, the holders of the Company's A Shares will not be offered cash options.

2. The cash option exercise price for the B Shares is HK\$29.09 per share. Exercising the cash option means investors selling out the Company's B Shares at the price of HK\$29.09 per share. Investors are reminded to be aware of possible risks associated with exercising the cash option.
3. The record date for the cash options of B Shares is 25 December 2013. The application period is 9:30 a.m.—11:30 a.m. and 1:00 p.m.—3:00 p.m. on every trading day from 26 December 2013 to 2 January 2014, with the deadline at 3:00 p.m. on 2 January 2014. For manual application, the application materials must be delivered or signed upon arrival by mail before the said deadline for application. During the application period, trading of the Company's B Shares will be suspended.
4. According to the "Notice on Conducting Adequate Technical Preparations Regarding Cash Options for B Shares" as published by Shenzhen Stock Exchange on 17 September 2012, any holder of B Shares who exercises cash options for B Shares through securities companies, the means to exercise and apply are the same as those available for cash options of A Shares.

Whether an investor chooses to apply for exercising cash options via the trading system of the Shenzhen Stock Exchange or via manual application upon application to the issuer, he/she shall apply for exercising cash options via his/her B Shares securities account. For an investor with more than one B Shares accounts, he/she shall apply separately for every of his/her B Shares accounts. For an investor holding The Company's B Shares in more than one operating units under one B Shares account, he/she shall apply separately for the B Shares held in different operating units.

5. The applicable rules for implementation of the cash options are the “Guidelines for Cash Option Operations of Shenzhen Stock Exchange (Revised in 2011)”, the “Guidelines of the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. for Cash Option Operations of Listed Companies”, the “Supplementary Notification on B Shares Cash Option Operations” and the “Notice on the Termination Condition about Cash Option Operation as appended to the ‘Guidelines for Cash Option Operations of Listed Companies’ ”.
6. If any holder of B Shares has any behavior that may lead to a change in the trustee unit with respect to the holder of B Shares securities account (the operating division of a securities company) such as transferring the trusteeship during the period from the cash option distribution date to the application deadline for the cash options, he/she may not be able to apply for exercising his/her cash options via the trading system of Shenzhen Stock Exchange. Therefore, holders of B Shares are particularly advised not to transfer the trusteeship or conduct any other behavior that may lead to a change in the trustee unit of their securities accounts (the operating division of a securities company) during the said period. If any holder of B Shares has any behavior that may lead to a change in the trustee unit with respect to the holder of B Shares’s securities account (the operating division of a securities company) such as transferring the trusteeship during the said period, he/she must apply for exercising cash options via the Company’s manual application.
7. This announcement only explains the specific operating procedure for the holder of Company’s B Shares to apply for exercising cash options and other relevant matters. It is not giving advice on whether to apply for exercising the cash options or not. Investors are reminded to pay attention to possible investment risks.

For details regarding the change in venue for the listing and trading of its domestic listed foreign shares to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction, please read the “Implementation Plan regarding the Change in Venue for the Listing and Trading of its Domestic Listed Foreign Shares of Livzon Pharmaceutical Group Inc. to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction” and relevant documents disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) and [www.szse.cn](http://www.szse.cn) on 31 January 2013, as well as relevant announcements to be disclosed by the Company.

## I. Definitions

In this announcement, the terms on the left column shall have their meanings as referred to in the right column, unless otherwise specified.

Livzon Group, the Company	means	Livzon Pharmaceutical Group Inc.
Livzon B Shares, B Shares	means	Domestic listed foreign shares issued by Livzon Group
Livzon A Shares, A Shares	means	RMB ordinary shares issued by Livzon Group
Gaoling Fund	means	Gaoling Fund, L.P.
Gaoling Capital	means	Hillhouse Capital Management, Ltd. and funds controlled by it
First Shanghai	means	First Shanghai Securities Limited
Sunrise	means	Sunrise Palace Limited
Guosen HK Asset Management	means	Guosen Securities (HK) Asset Management Company Limited
Topsino Industries	means	Topsino Industries Limited
SD&C	means	China Securities Depository and Clearing Corporation Limited (Shenzhen branch)
Shenzhen Stock Exchange	means	Shenzhen Stock Exchange
Hong Kong Stock Exchange	means	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	means	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

## II. Shareholders eligible to apply for exercising the cash options

After 25 December 2013, the record date and the date when the clearing and delivery for the last trading day—20 December 2013—before the B Shares trading suspension complete, all holders of the Company's B Shares, except han Topsino Industries, Gaoling Fund, Sunrise (whose shares which are held by First Shanghai) that have promised to give up their rights to exercise cash options, can apply for exercising cash options according to this announcement.

With regard to the Company's B Shares having succeeded in applying for exercising cash

options, those shares will be owned equally by third party (collectively referred to as “Guosen HK Asset Management and Gaoling Capital” below) according to relevant agreement, and the third party will pay corresponding cash consideration to shareholders who exercised the cash options.

According to the Proposal on the Plan regarding the change in venue for the listing and trading of its domestic listed foreign shares to the Main Board of The Stock Exchange of Hong Kong Limited by way of Introduction, which was reviewed and approved at the first Extraordinary General Meeting for 2013 of the Company, the holders of the Company’s A Shares will not be offered cash options.

### **III. Basic terms for the cash option**

#### **(I) Code and short name for the cash option**

Code: 238902

Short name: LIVZON LZP1

#### **(II) Target securities of the cash option**

Code of target securities: 200513

Short name of target securities: LIVZON B

#### **(III) Distribution method of cash option**

Free of charge.

#### **(IV) Arrangement for listing of cash option**

Not for listing.

#### **(V) Distribution proportion of cash option**

Holders of the Company’s B Shares will be granted a cash option for each share of B Shares. The minimum unit of stock for the application of cash option is 1 share.

#### **(VI) Exercise proportion of cash option**

Holder of relevant rights is entitled to sell 1 share of The Company’s B Shares to the third-party for holding of an above mentioned right.

#### **(VII) Exercise price of cash option**

Exercise price of cash option is of HK\$29.09 per share.

According to the “Implementation Plan regarding the Change in Venue for the Listing and Trading of its Domestic Listed Foreign Shares to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction” as disclosed by the Company on 31 January 2013, the exercise price of cash options shall be HK\$29.72 per share, a premium of 5% on basis of HK\$28.30 per share which is the closing price one day before suspension of the Company’s B Shares (4 January 2013). In case of ex-right, ex-dividend occurs during the implementation



period from the date of public notice of board resolution to the execution date of cash option exercised by the Company's B Shares holders, the price of such cash options shall be adjusted accordingly

On 12 July 2013, the Company announced the "Livzon Pharmaceutical Group Inc.'s Announcement of Dividend Payment for 2012", which resolved to implement the profit distribution plan of the Company for 2012 of RMB0.5 per share (tax inclusive) to all shareholders. Upon completion of the implementation of profit distribution, the Company adjusted the above cash options price on ex-dividend basis. Subsequent to complying with the relevant regulations, the ex-dividend amount as translated into Hong Kong dollars according to the median exchange rate of HK\$1 to RMB0.7967 from Renminbi to Hong Kong dollars as published by the People's Bank of China on the first business day after the profit distribution plan for 2012 was resolved by the general meeting of the Company, i.e. 24 June 2013. The cash option price above, on an ex-dividend basis, shall be adjusted to HK\$29.09 per share.

#### **(VIII) Distribution of cash option**

If the securities account of a holder of the Company's B Shares is trusted in two or more than two trading units (operations department of securities companies) on the date of record for the cash options (25 December 2013), and all units are holding the Company's B Shares, then the distribution is carried out by specific number of each trading unit of the mentioned holder of the B Shares on the registration date, sorted by size of holding and in turn.

#### **(IX) Measurement of the amount of cash option**

Other than Topsino Industries (which held 50,660,052 B Shares), Gaoling Fund (which held 10,767,777 B Shares) and Sunrise (10,106,560 B Shares held by it is in turn held by First Shanghai) that have promised to give up their rights to exercise cash options, the third party will distribute cash options to other holders of the Company's B Shares after the clearance and delivery at the last trading date before final suspension of the Company's B Shares. The number of cash options distributed by the Company is 40,458,965.

#### **(X) Application period of cash option**

The application period of this cash option for B Shares will be 9:30–11:30 a.m. and 1:00–3:00 p.m. from 26 December 2013 to 2 January 2014, and the expiration time will be on 3:00 p.m. of 2 January 2014. In terms of manual application, the transport time or the arrival and sign in of post materials can be up to the expiration time of the application period.

#### **(XI) Conditional termination of cash options**

Upon the closure on the application for the exercise of cash option, if more than 50% of the B Shares (i.e. 30,666,651 shares)<sup>Note</sup> in public hands are held by the three largest public holders of the Company's B Shares, the Company will fail to satisfy the conditions for listing under the Hong Kong Listing Rules, the cash options will not be cleared and settled. The Implementation Plan shall terminate and the B Shares of the Company will resume to be listed and traded on the B Shares Market of the Shenzhen Stock Exchange.

**Note: Pursuant to the provisions of the Hong Kong Listing Rules, Topsino Industries is regarded as a connected person of the Company, which is holding 50,660,052 B Shares of the Company, and will not be accounted for as public float. As such, the total number of the Company's B Shares is 111,993,354 shares. The public float of the Company's B Shares is 61,333,302 shares, and 50% of such shareholding is 30,666,651 shares.**

**(XII) Clearing and settlement period of cash options**

In the event that this cash option for B Shares cannot meet the termination conditions, it will enter a "clearing and settlement period". The next trading day of the above closing date for applying to exercise cash options (2 January 2014), i.e. 3 January 2014, is the clearing date for the Company's B Shares cash options. Then, on the next trading day of the exercise settlement date, i.e. 4:00 p.m. on 6 January 2014, SD&C will fully conduct non-guaranteed settlement individually according to the clearing results based on chronological application and exercise.

**(XIII) Performance guarantee of cash option**

Before the distribution of cash option, the third party will provide performance guarantee by offering cash via a specific account and maintain sufficient amount of cash.

**(XIV) Settlement method of cash option**

Cash option will be settled by delivery of securities, that means when a holder of cash option exercises, he/she shall deliver B Shares of the Company at the same time as well as obtain relevant exercise price from the third-party. With the success of exercising 1 cash option by a holder of B Shares, the system will deduct 1 cash option right and 1 share of the Company's B Shares. In the meantime, the shareholders' cash account will acquire HK\$29.09 and deduct certain cash for relevant stock trading tax. The exchange rate of Hong Kong dollar shall be determined by the mid price of exchange rate disclosed by People's Bank of China on the exercise and clearance date of cash option.

**(XV) Arrangement of matured unexercised right**

Cash options that fail to make application and exercise will be cancelled after the application period.

**IV. Application method for exercise of cash option**

**(I) Shareholders who entrust B Shares of the Company and cash options distributed in domestic security companies in the same operating units will be able to carry out application and exercise via the trading system of Shenzhen Stock Exchange**

**1. Exercise orders**

Investors shall apply for exercising cash options via their B Shares securities accounts. For an investor with more than one B Shares securities accounts, he/she shall apply separately for every of his/her B Shares securities accounts. For an investor holding the Company's B Shares in more than one operating units under one B Shares securities account, he/she shall apply separately for the B Shares held in different operating units.

In accordance with instructions of technology system of relevant securities company and cash deposit in his/her securities account, holders of B Shares will select an exercise code and then forward an exercise code. Exercise orders including the following content:

Exercise code: 238902

Category of operation: exercise

Entrust number: the number of B Shares cash option

Entrust price: HK\$29.09 per share (exercise price)

Exercise orders are applying for exercise in units. Investors can apply for exercise to the trading system of stock exchange through securities firm on any trading day within the exercise and application period. Investors must ensure that their accounts have sufficient cash options and target securities available.

## 2. Exercise and application of cash options which are trusted with overseas depositaries

The trading of the majority of shares whose investors trust them with overseas depositaries are conducted via the securities companies. Hence, for those shares which delivery is conducted via B Shares type II order, its can be successfully exercised only when the cash options being trusted in the trading unit are exercised via the trading unit and have sufficient exercise of target shares based on the exercise requirements of cash options. As a result, those investors who trust their shares with overseas depositaries shall adopt the following steps when they exercise their cash options in the event that their shares are not trusted in the trading unit applied for exercising:

- (1) on the trading day before applying for exercise, the application and exercise of cash options and the corresponding subject shares trusting order are made via type II order, then the two securities are entrusted in the custodian unit with corresponding trading unit quoted;
- (2) during the exercise application period, application and exercise are made via the transferred trading unit;
- (3) on the next trading day after the clearing and delivery, the proceeds of exercise and application are transferred to the account of clearing settlement funds in overseas depositaries via the type II order which contains code for cash options and the exercise capital.
- (4) the agency relationship between the depositaries and the securities companies for which exercise and application are made by the agents are negotiated and settled by the partners.

## 3. Issues for confirmation before the exercise

- (1) The qualified holders of B Shares can choose to exercise their cash options totally or partially. During the application period of cash options, the tradable shareholders, who have applied for exercising their cash options and it is confirmed as valid by SD&C, shall not withdraw the applied cash options totally or partially.

(2) Before the issuance of exercise orders, the holders of B Shares shall confirm that the entrusted amount of exercise orders doesn't exceed the amount of cash options in their securities account that under the custody of these operation units and there are sufficient B Shares of the Company in their securities account. If the holders of frozen or pledged shares intend to exercise their cash options, they shall release such freeze or pledge before the application. If the holders of frozen or pledged shares plan to exercise their cash options, they shall release such freeze or pledge before the application. If the amount of cash options applied to exercise by holders of B Shares exceeds the amount of unfrozen or unpledged shares actually held in their securities account that under the custody of this operation units, such exercise entrust fails; otherwise the former will be the effective application amount.

(3) Confirmation on the effective amount of multiple-applied shares

As for the multiple application of cash option with the same securities account and application code of cash option during the application period, SD&C will add relevant application numbers according to the sequence of receiving the applications and deal with them in sequence as well as confirm the effective amount of applied shares in accordance with the procedures on applying for exercising the cash options and the stipulations of Article (2) under the provision.

(4) If investors that has exercised cash option pledge his/her holding-for-exercise shares or his/her holding-for-exercise shares was judicial frozen or deducted by force before the close of trading on the clearing and settlement day, then there is a possibility that the exercise and delivery will fail on final delivery time.

4. The Company's stock transaction treatment during the exercise period

During the application period, the Company's B Shares will stop to trade.

5. Amount of cash options, deduction of shares and acquisition of funds after the exercise

With the success of exercise, exercise capital will record into relevant settlement reserves account automatically on the settlement day; in the meanwhile, it will deduct corresponding amount of cash option rights and the Company's B Shares of securities account of B Shares holders. Finally, relevant securities company will record relevant exercise capital into capital account of B Shares holders.

6. After the expiration of the application, the unexercised cash options in the securities account of holders of B Shares will be written off.

7. Expenses

Exercising cash option or withdrawing application via trading system of stock exchange by the holders of B Shares are free of charge. The transfer party and the acquisition party shall make payment of relevant taxes in accordance of relevant regulations separately when handle the certificates of stock transfer of exercising cash options and transfer procedure. If the transfer fails due to insufficient expenses, the responsible party shall account for the

responsibility. The exchange rate of Hong Kong dollar shall be determined by the mid price of exchange rate disclosed by People's Bank of China on the exercise and clearance date of cash option.

## **(II) Conduct manual application and exercise of cash option**

### **1. Application for exercise**

Investors shall apply for exercising cash options via their B Shares securities accounts. For an investor with more than one B Shares securities accounts, he/she shall apply separately for every of his/her B Shares securities accounts. For an investor holding the Company's B Shares in more than one operating units under one B Shares securities account, he/she shall apply separately for the B Shares held in different operating units.

Shareholders who didn't trust B Shares of the Company in domestic security companies shall submit application materials to the Company via transport, post within compulsory application period if they plan to exercise cash option. A shareholder may choose to submit his/her exercise application materials via the overseas securities company he/she deposits his/her shares with; or may choose to submit the materials on his/her own. For contact information of the Company please refer to "VII. Contact person and means of contact" of this announcement. The arrival and sign in of transport or post can be within the valid application period (up until 3:00 p.m. of 2 January 2014). If there is an insufficiency of application materials, the application is treated as invalid.

In accordance of "Guidelines on Cash Option Operations of Listed Companies by China Securities Depository and Clearing Corporation Limited., Shenzhen Branch" and "Guidelines on Management of Security Accounts by China Securities Depository and Clearing Corporation Limited., Shenzhen Branch of China Securities Depository and Clearing Corporation Limited., Shenzhen Branch", shareholders shall submit the following materials for exercise application:

1) If a shareholder chooses to submit the exercise application materials via the overseas depository securities company, the securities company shall submit the following exercise application materials to the Company:

A. "Confirmation Letter of Investor Applying for Exercise Manually" filled and signed by the B Shares holder (see Attachment 1 to this announcement for the format of the Confirmation Letter), copy of the ID papers of the B Shares holder, "Confirmation Letter" issued by the overseas depository securities company and authenticated by a competent law firm in the place where the securities company belongs (see Attachment 2 to this announcement for the format).

B. Valid ID papers of the overseas depository securities company and their copies

Valid ID papers refer to business registration documents, or documents proving the establishment of the said institution that with the equal legal effect etc.

C. Copies of the legal representative certificate of the overseas depository securities company and the valid identification papers of the legal representative, with the official seal of the institution where the legal representative belongs to

The overseas depository securities company must submit papers to prove the identity of the principal of the overseas depository securities company , which include but are not limited to the legal representative certificate, the articles of association or resolutions of the board of directors that state the qualifications of the principal, the registration certificate that states the powers and duties of the principal, etc. (hereinafter referred to as the “Legal Representative Certificates”).

Subject to different applicants, besides the legal representative of a corporate body, the principal of a depository securities company also includes the proxy appointed by the executive partner of a partnership enterprise or a corporate body, the principal of a non-corporate of a venture capital enterprise, directors and main shareholders of an overseas body, etc. (hereinafter referred to as the “Legal Representative”).

D. Legal Representative authorization letter of the overseas depository securities company, with the signature/seal of the Legal Representative and the official seal of the institution, if needed where the principal of an overseas depository securities company appoints a proxy, an authorization letter with the signature/seal of the principal and the official seal of the company must be submitted.

E. To show the originals of the valid identification papers of the operator and submit their copies (if needed)

F. Where the overseas depository securities company is a non-corporate body like a partnership enterprise or a non-corporate venture capital enterprise, the following application materials must be checked:

- a. Partnership agreement or non-corporate venture capital enterprise contract signed by investment parties and the articles of association, with the enterprise seal; and
- b. List of names of all partners or investment parties and their valid identification papers, as well as their copies.

G. For the valid identification papers of an overseas depository securities company , they must carry the same investor name and number with those on the submission forms; and the copies kept must be the same with the originals (where a copy is not required, the original must be kept).

H. The application materials submitted by the overseas depository securities company shall be in the Chinese language. If both a Chinese version and a foreign-language version are submitted, the Chinese version shall prevail.

2) If a shareholder chooses to submit his exercise application materials on his own, he shall submit the following to the Company:

(1) An individual investor shall submit the following as the exercise application materials:

A. Fill in and sign the Letter of Confirmation of Investors on Manual Application for Exercise (for the format refers to Attachment 1 of this announcement) which was notarized as truthfulness and valid by relevant notary organizations.

B. Valid identification documents and copies

In terms of a foreign investor is natural persons, his/her valid identification documents refer to Hong Kong Identity Card, Identity Card of Macau Resident, Mainland Travel Permit for Taiwan Resident, Certificate of Permanent Residence of Chinese Resident who is also an overseas countries (regions) residence holder and China's passport, identity card of residence in overseas countries (regions) or passport, etc. (same below)

C. In terms of an investor who entrusts others for application, he/she shall provide letter of commission was notarized as truthfulness and valid by relevant notary organizations and its copies, valid certificate of identity documents and copies of the agent.

(2) An institutional investor shall submit the following as the exercise application materials:

A. Fill in and sign up Letter of Confirmation of Investors on Manual Application for Exercise (for the format refers to Attachment 1 of this announcement) which was notarized as truthfulness and valid by relevant notary organizations.

B. Valid identification documents and copies

In terms of a foreign investor is an institution, the valid identification documents refer to business registration documents, or documents proving the establishment of the said institution that with the equal legal effect etc.

Where necessary, investors shall provide Tax Registration Certificate, tax certificate etc. as supplemental documents. (if there isn't a registration number on the main page of certificate documents, investors shall provide Tax Registration Certificate or other

documents that including tax registration number as a registration ID.)

C. Copies of the legal representative certificate and the valid identification papers of the legal representative, with the official seal of the institution where the legal representative belongs. An institutional investor must submit papers to prove the identity of the principal of the institutional investor, which include but are not limited to the legal representative certificate, the articles of association or resolutions of the board of directors that state the qualifications of the principal, the registration certificate that states the powers and duties of the principal, etc. (hereinafter referred to as the “Legal Representative Certificates”).

Subject to different applicants, besides the legal representative of a corporate body, the principal of an institutional investor also includes the proxy appointed by the executive partner of a partnership enterprise or a corporate body, the principal of a non-corporate of a venture capital enterprise, directors and main shareholders of an overseas body, etc. (hereinafter referred to as the “Legal Representative”).

D. Legal Representative authorization letter which is signed and notarized as factual and valid by the relevant notary organ, with the signature/seal of the Legal Representative and the official seal of the institution

Where the principal of an institutional investor appoints a proxy, an authorization letter which is signed and notarized as factual and valid by the relevant notary organ, with the signature/seal of the Legal Representative and the official seal of the institution, must be submitted.

E. Valid identification papers of the operator and their copies

F. Where the institutional investor is a non-corporate body like a partnership enterprise or a non-corporate venture capital enterprise, the following application materials must be checked:

- a. Partnership agreement or non-corporate venture capital enterprise contract signed by investment parties and the articles of association, with the enterprise seal; and
- b. List of names of all partners or investment parties and their valid identification papers, as well as their copies.

(3) Notes for submitting the aforesaid exercise application materials

A. For the valid identification papers of an investor , they must carry the same investor name and number with those on the submission forms; the copies kept must be the same with the originals (where a copy is not required, the original must be kept); and if they are the same with the certificates and information previously submitted to the SD&C, the



investor does not need to submit authentication or notarization materials according to the requirements in B and D below.

B. Except for the Chinese passport and the Mainland travel permit for Taiwan residents signed and issued by the relevant department of China, as well as the passport of an investor from a foreign country/region with the visa and entry procedures handled properly, other aforesaid application materials of an overseas investor must be authenticated or notarized according to the following requirements:

a. The application materials submitted by a Hong Kong investor must be notarized by a Hong Kong public notary entrusted by the Judicial Department of China, with the special seal of China Legal Service (H.K.) Ltd. for Hong Kong notarial document transmission. Where a Hong Kong natural-person investor submits his/her Mainland Travel Permit for Hong Kong Residents at the same time, his/her ID card needs no authentication.

b. The application materials submitted by a Macau investor must be notarized by the notary offices of the Macau government or a public notary entrusted by the Judicial Department of China, with the check seal of China Legal Service (Macau) Ltd. Where a Macau natural-person investor submits his/her Mainland Travel Permit for Macau Residents at the same time, his/her ID card needs no authentication.

c. The application materials submitted by a Taiwan corporate investor must be notarized by the notary offices of Taiwan. And Straits Exchange Foundation must send, according to the “Cross-Straits Agreement on Notarial Certificate Use and Check” of 1993, the notarial certificate copy to the Mainland notary association. And the Mainland notary association must issue an examination certificate to state that the original notary certificate and the copy sent by Straits Exchange Foundation are the same.

d. The application materials submitted by an investor from a foreign country/region must be authenticated by the embassy/consulate of China in the country/region, or the investor can go through the identification procedures as stipulated in the relevant treaties signed by China and the country/region. Where the country/region has no diplomatic relation with China, the application materials submitted by the investor must be first authenticated by the ministry of foreign affairs of the country/region or its authorized organ and the embassy/consulate of a third country in the country/region that has diplomatic relation with China, and then authenticated by the embassy/consulate of China in the third country.

C. The application materials submitted by the overseas investor shall be in the Chinese language. If both a Chinese version and a foreign-language version are submitted, the Chinese version shall prevail.

D. Where the authorizer of an overseas natural person or institution is entitled to sign an

authorization letter and the “Confirmation Letter for Investor Applying for Exercising Cash Options Manually” in China, a Chinese notary office must notarize the signing to prove that the authorization letter and the “Confirmation Letter for Investor Applying for Exercising Cash Options Manually” are signed in China and are factual and valid. Overseas notarization and authentication is not needed.

If an overseas natural person or his commission agent, or the Legal Representative of an overseas institution or the legally authorized commission agent signs the Confirmation Letter of Investor Applying for Exercise Manually under the on-site witness of the company’s lawyers, domestic or overseas notarization and authentication is not needed.

## 2. Matters to be confirmed before the exercise

(1) The qualified holders of B Shares can choose to exercise their cash options totally or partially. During the period for application of cash options, the tradable share holders, who have applied for exercising their cash options and it is confirmed as effective by SD&C, shall not withdraw the applied cash options totally or partially.

(2) Before the application for exercise, the holders of B Shares shall confirm that the entrusted amount of exercise orders doesn’t exceed the amount of cash options in their securities account under the operating units and there is sufficient B Shares of the Company in their securities account. If the holders of frozen or pledged shares plan to exercise their cash options, they shall release such freezing or pledge before the application. If the amount of cash options applied to exercise by holders of B Shares exceed the amount of unfrozen or unpledged shares actually held in their securities account under operating units, such exercise entrust fails; otherwise the former will be the effective application amount.

(3) If a holder of B Shares pledged his/her holding shares or his/her holding shares was judicial frozen or deducted by force during manual exercise application to allocation period of exercise shares, thereof leads to the insufficiency of exercise shares on actual allocation, the exercise submission fails to exercise.

## 3. The Company’s stock transaction treatment during the exercise period

During the period for application of cash options, the Company’s B Shares will stop to trade.

## 4. Amount of cash options, deduction of shares and gaining of exercise funds after the exercise

After holders of B Shares succeed in exercising, it will deduct relevant amount of cash

options and the Company's B Shares in the securities accounts of the B Shares holders; within three working days since SD&C transfers the shares involving the qualified application of cash options to the name of the third party, and the third party will pay in cash to the designated account of relevant investors that didn't trust their B Shares of the Company in domestic securities company at the price of HK\$ 29.09 for each cash option and meanwhile deduct relevant taxes and fares arising from the shares transfer. The exchange rate of Hong Kong dollar shall be determined by middle price of exchange rate disclosed by People's Bank of China on the exercise and clearance date of cash option.

5. After the expiration of the application, the unexercised cash options in the securities account with respect to holders of B Shares will be written off.

#### 6. Expenses

The holders of B Shares shall undertake all the expenses arising from their manual application for exercising cash options or withdrawal of application. The third party shall withhold the transfer fees of exercised shares from holders of B Shares in accordance with the amount of exercised shares applying for transfer. The exchange rate of Hong Kong dollar shall be determined by the mid price of exchange rate disclosed by People's Bank of China on the exercise and clearance date of cash option.

### **V . Commitments made by the third party of cash options**

The third parties that provide the cash options are Guosen HK Asset Management and Gaoling Capital as well as the fund under its control.

Guosen HK Asset Management is a limited liability company which is established and legally continued in accordance with Law of the Hong Kong Special Administrative Region of the People's Republic of China and its business registration certificate number is 51844435-000-02-13-1. Guosen HK Asset Management makes the commitments as follows: Our Company is committed to provide an exercise capital of HK\$0.6 billion in aggregate to the shareholders of the Company's B Shares who choose to exercise the cash options. Our company's financial status is good enough to perform the duties of the third party stipulated by this plan and this letter of undertaking. Our company undertake that, as the third party in this plan, our company will perform the duties of the third party stipulated by this plan and this letter of undertaking, and make all necessary efforts to assist The Company, Guosen Securities, Guosen Hong Kong as well as other parties (if any) to promote the implementation of this plan.

Gaoling Capital is a limited liability company which is established and legally continued in accordance with Law of the Cayman Islands and its registration number is WK-147297. Gaoling Capital and the fund in its control make the commitments as follows: Our company

intends to designate our specific fund to provide cash options for this plan. Within an amount of less than a cash consideration of HK\$1.2 billion in aggregate payable by shareholders of B Shares for which the exercise of cash options is applied effectively by all third parties, our company has the power and duty to acquire 50% of the above shares. The financial status of our company and the fund in our control is good enough to perform the implementation of the cash option plan and the duties of our company and/or the fund managed by our company (as the third party) stipulated by this plan.

Of which, “the plan” refers to the Announcement on the “Implementation Plan regarding the Change in Venue for the Listing and Trading of its Domestic Listed Foreign Shares to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction” as published on 31 January 2013, Guosen Hong Kong refers to Guosen Securities (HK) Capital Co., Ltd. and the specific fund designated by Gaoling Capital is identified as Gaoling Fund.

## VI. Schedule on the implementation of cash options

<b>20 December 2013</b>	<b>The final trading date of B Shares cash option</b>
<b>25 December 2013</b>	<b>Registration date of B Shares cash option</b>
<b>Trading days from 26 December 2013 to 2 January 2014 9:30—11:30 a.m., 1:00—3:00 p.m. (the application will be expired on 3:00 p.m. of 2 January 2014. In terms of manual application, the arrival and sign in of transport or post can be until the expiration date of application period)</b>	<b>Application period of cash option</b>

## VII. Contact person and means of contact

For contact: Mr. Wang Shuguang, Mr. Yang Liang, Ms. Chen Jiao  
Address: Livzon Building, No. 132 Guihua North Road, Gongbei, Zhuhai  
Postal code: 519020  
Tel.: 0756-8135839, 8135102, 8135992  
Fax: 0756-8891070

*In the event that there is any inconsistency between the Chinese version of this announcement and this English version, the Chinese version shall prevail.*

**Board of Directors**  
**Livzon Pharmaceutical Group Inc.**  
20 December 2013

Attachment1:

Letter of Confirmation of Investors on Manual Application for Exercise

Livzon Pharmaceutical Group Inc.:

The applicant states that I/my company authorize LIVZON PHARMACEUTICAL GROUP INC. (hereinafter referred to as "Livzon Pharmaceutical Group") to apply for exercising the cash options under the conditions of fully knowing relevant situation on the authorization of the application for exercising the cash options regarding the change in venue for the listing and trading of its domestic listed foreign shares of Livzon Pharmaceutical Group Inc. to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction (hereinafter referred to as "the convert from Livzon B Shares into H Shares").

I/my company (ID card No./business license No., Shenzhen securities account No. and address:) is a B Shares holder of Livzon Pharmaceutical Group. During the shift from Livzon B Shares to H Shares, I/my company gains a total of cash options (code of option: 238902; name of option: LZP1), and still hold the above cash options before the exercise.

According to "Announcement on Implementation Plan of Cash Option for B Shares Regarding the change in venue for the listing and trading of its domestic listed foreign shares of Livzon Pharmaceutical Group Inc. to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction" published on 23 December 2013 by your company, I/my company wants to apply for exercising cash options for Livzon Pharmaceutical B Shares (code of option: 238902; name of option: LZP1) entrusted in custodian unit (name of custodian unit: and code of custodian unit: )

ID card No. of applicant (or business license No.):

Name of applicant:

Name of bank of applicant for receivables:

Bank account No. of applicant for receivables:

Person to contact:

Tel.:

Applicant (signature/seal):

Finger print of applicant:

Date:

Attachment2:

## Confirmation Letter

**To: Livzon Pharmaceutical Group Inc.**

\_\_\_\_\_ (hereinafter referred to as the “Company”) confirms that:

1. Upon check by the Company, up to 25 December 2013, the individuals/institutions in the table below (hereinafter referred to as the “Applicants”) are B Shares holders of Livzon Pharmaceutical Group Inc. (“your company”) and hold your company’s B Shares on a legal basis. According to the “Announcement on Implementation Plan of Cash Option for B Shares regarding the change in venue for the listing and trading of its domestic listed foreign shares of Livzon Pharmaceutical Group Inc. to the Main Board of the Stock Exchange of Hong Kong Limited by way of Introduction” disclosed by your company on 23 December 2013, the Applicants are legally entitled to cash options and application for exercising cash options.

According to the relevant agreement between the Company and the Applicants, the Company hereby manually applies for exercising cash options on behalf of the Applicants.

Serial No.	Name of applicant	ID card No./ business license No.	Securities account No. for Shenzhen stock market	Address	Custodian unit	Name of custodian unit	Code of custodian unit	Code Of option	Name of option	Number of cash options applied to exercise

2. Upon check by the Company , it is confirmed that the application materials submitted by the Applicants and their entrusted proxies for exercising cash options are factual, complete and accurate.
3. Upon check by the Company, it is confirmed that the “Letter of Confirmation of Investors on Manual Application for Exercise”, the “Authorization Letter” and other relevant documents submitted by the Applicants and their entrusted proxies are signed and sealed by themselves.
4. Upon check by the Company, it is confirmed that the application materials submitted by the Applicants during and for this cash option exercise state their will factually, completely and accurately .
5. The Company has obtained full authorization from the Applicants to handle the application and exercise of cash option for them. Meanwhile, the operators of the Company have obtained full authorization from the Company to handle to cash option application and exercise. The application materials submitted by our operators to your company state the Company’ s will factually , completely and accurately, without any concealment or omission.
6. If the Applicants have any dissidence regarding the cash option application and exercise, the Company shall take legal responsibility for all consequences and your company has no responsibility regarding this.

Name of the Company:

(Company seal)

Date: