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)

VOLUNTARY ANNOUNCEMENT
ENTERING INTO THE PATENT AND TECHNOLOGY TRANSFER AGREEMENT

I. SUMMARY OF ENTERING OF THE AGREEMENT

On 12 October 2023, Livzon Group Livzon Pharmaceutical Factory* ("**Pharmaceutical Factory**"), a wholly-owned subsidiary of 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.* (the "**Company**"), entered into a patent and technology transfer agreement (the "**Agreement**") with Suzhou Lansson Pharmaceutical Company Limited* (蘇州蘭晟醫藥有限公司) ("**Lansson**"). Pursuant to the Agreement, Lansson agreed to assign and transfer all rights, titles and interests of its self-developed Phosphodiesterase 4 (PDE4) Inhibitor ("**LS21031**") in Greater China (including China's mainland, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region) to Pharmaceutical Factory. Pharmaceutical Factory shall pay the corresponding patent and technology transfer fees (including upfront payment, development milestone payment and sales milestone payment) and sales royalties to Lansson.

LS21031 is an innovative and highly selective phosphodiesterase 4D (PDE4D) allosteric modulator independently developed by Lansson. It has been approved for clinical trial in China in March 2023, and its indication is depressive disorder. The existing data shows that LS21031 has the advantages such as quick anti-depression effect and good safety, and it also has the potential to improve cognitive impairment.

The transaction has been considered and approved by the operation management of the Company, and is not required to be submitted to the board of directors and the general meeting of the Company for consideration according to the relevant requirements. The transaction does not constitute a connected transaction.

II. BASIC INFORMATION OF THE COUNTERPARTY

Name of the company: Suzhou Lansson Pharmaceutical Company Limited*

Nature of the company: limited liability company

Registered address: 3/F, North Building, Block 4, Fumin Phase III, No. 818 Wusong Road, Guoxiang Street, Wuzhong District, Suzhou City

Legal representative: Xu Jiangping

Registered capital: RMB1,834,314.63

Unified social credit code: 914401165961837247

Business scope: licensed items: drug production; general items of technology import and export (for the items subject to approval in accordance with the law, business activities can only be carried out after approval by relevant authorities, and specific business projects are subject to the approval results): technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; medical research and experimental development (except for projects subject to approval in accordance with the law, business activities can be carried out independently in accordance with the law with the business license)

Controlling shareholder and actual controller: Xu Jiangping

Lansson is not a dishonest person subject to enforcement and has no connected relationship with the Company.

III. PRINCIPAL TERMS OF THE AGREEMENT

Party A: Pharmaceutical Factory

Party B: Lansson

After friendly negotiation, the Agreement reached by both parties includes the following principal terms:

1. Transfer of Target Rights

Pursuant to the Agreement, Lansson agreed to assign and transfer all the rights, titles and interests of the target rights in all application areas in Greater China (including China's mainland, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region) to Pharmaceutical Factory.

Target rights: refer to (1) all relevant patent rights of LS21031, and (2) all other rights, titles and interests in any pharmaceutical product in the final sales form developed by Lansson or its affiliates for LS21031 before the effective date of the Agreement or within the effective period of the Agreement (the "**Target Product**").

2. Major Rights and Obligations of Both Parties

Pharmaceutical Factory is entitled to conduct long-term toxicity research, clinical development, production and commercialization and other commercial activities of the Target Product in Greater China through itself and its affiliates or contractors.

Lansson shall be responsible for completing the research of submitting supplementary materials on the non-clinical part of the clinical trial approval, including but not limited to addiction research and pharmaceutical research, and the relevant costs shall be borne by Lansson. The corresponding technology transfer and technical support shall also be provided in accordance with the Agreement and the request of Pharmaceutical Factory.

3. Financial Terms

After the Agreement becomes effective, Pharmaceutical Factory shall pay a total technology transfer fee of up to RMB165.00 million (including upfront payment, development milestone payment and sales milestone payment) to Lansson. Including:

(1) The upfront payment of RMB15.00 million shall be paid within 30 working days after the signing of the Agreement;

(2) The total development milestone payment of no more than RMB70.00 million shall be paid upon completing Phase I, Phase II and Phase III clinical trials, submitting NDA application and obtaining production approval and other relevant milestone events for the first indication;

(3) The total sales milestone payment of no more than RMB80.00 million shall be paid upon approval for marketing and sale of the first indication product.

If the second Target Product (any other pharmaceutical product developed from the target molecule) achieves the above milestone events again, no further milestone payment is required.

After the Target Product is approved for marketing and sale in Greater China, Pharmaceutical Factory shall pay Lansson sales royalties of not less than 4% of the annual net sales in Greater China in accordance with the Agreement. The payment period of sales royalties shall expire at the 10th anniversary of the marketing and sale of the Target Product or until the expiry date of the patent on chemical structure of the Target Product, whichever is later. If third-party competing product(s) is/are launched in a region within Greater China, the percentage of sales royalties in this region will be reduced to 1% as agreed in the Agreement.

4. Termination Terms

The Agreement can be terminated by unanimous consent of both parties or in such other manner as the parties may agree.

5. Effective Terms

The Agreement shall become effective on the date when it is signed and sealed by both parties.

IV. IMPACT ON THE COMPANY

The technology introduction can further enrich the product layout in the Company's advantageous fields, which will help improve the Company's comprehensive strength and conform to the Company's strategic layout of medium and long-term innovative development.

V. RISK WARNING

Due to the long cycle and multiple links of the research and development of drugs, which are characterized by high technology, high risk and high added value, and are susceptible to various uncertainties, it is uncertain whether the research and development will be successful and the approval from the drug regulatory authorities will be granted. Investors are advised to be aware of the risks on investment.

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

Zhuhai, China
12 October 2023

As at the date of this announcement, the Executive Directors of the Company are Mr. Tang Yanggang (President) and Mr. Xu Guoxiang (Vice Chairman and Vice President); the Non-Executive Directors of the Company are Mr. Zhu Baoguo (Chairman), Mr. Tao Desheng (Vice Chairman), Mr. Qiu Qingfeng and Mr. Yu Xiong; and the Independent Non-Executive Directors of the Company are Mr. Bai Hua, Mr. Tian Qiusheng, Mr. Wong Kam Wa, Mr. Luo Huiyuan and Ms. Cui Lijie.

* *For identification purpose only*