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丽珠医药
LIVZON

麗珠醫藥集團股份有限公司

LIVZON PHARMACEUTICAL GROUP INC.*

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

(Stock code: 1513)

2021 THIRD QUARTERLY REPORT

This announcement is made by 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.* (the “**Company**”, together with its subsidiaries collectively, the “**Group**”) pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Company and all members of the board of directors (the “**Board**”) warrant that the contents of the information disclosure are true, accurate and complete without containing any false representations, misleading statements or material omissions.

IMPORTANT NOTICE:

1. The Board, the supervisory committee and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy, completeness of the 2021 third quarterly report (the “**Quarterly Report**”) of the Company which does not contain any false representations, misleading statements or material omissions, and accept joint and several legal liabilities for its contents.
2. Mr. Zhu Baoguo (朱保國先生), the person-in-charge of the Company, Ms. Si Yanxia (司燕霞女士), the person-in-charge of accounting work, and Ms. Zhuang Jianying (莊健瑩女士), the person-in-charge of the accounting department (the head of the accounting department), declare that they warrant the truthfulness, accuracy and completeness of the financial information contained in the Quarterly Report.
3. The Quarterly Report was prepared in both Chinese and English. In the event of any discrepancy between the Chinese and the English versions, the Chinese version shall prevail. The financial statements and corresponding information as contained in the Quarterly Report have been prepared in accordance with the China Accounting Standards for Business Enterprises (中國《企業會計準則》). Unless otherwise stated, the currency denominations herein are Renminbi (RMB).
4. Whether the third quarterly report is audited
 Yes No
5. Items with non-standard opinion from the auditor
 Applicable Not Applicable

I. KEY FINANCIAL DATA

(I) Key Accounting Data and Financial Indicators

Whether the Company has made retrospective adjustments or restatements of accounting data of prior years

Yes No

	The Reporting Period (July – September 2021)	Period-to-Period Change	From the beginning of the year to the end of the Reporting Period (January – September 2021)	Period-to-Period Change
Operating income (RMB)	3,133,733,751.27	10.72%	9,369,264,787.55	18.22%
Net profit attributable to the shareholders of the Company (RMB)	390,254,498.37	-6.37%	1,452,730,415.78	2.19%
Net profit attributable to the shareholders of the Company after deducting extraordinary gain or loss (RMB)	424,316,935.80	23.18%	1,344,386,419.12	14.02%
Net cash flow from operating activities (RMB)	–	–	1,305,344,241.22	-14.00%
Basic earnings per share (RMB/share)	0.41	-6.82%	1.55	1.97%
Diluted earnings per share (RMB/share)	0.41	-6.82%	1.55	2.65%
Weighted average return on net assets	3.20%	Decreased by 0.48 percentage point	11.77%	Decreased by 0.67 percentage point
	End of the Reporting Period		End of last year	Change
Total assets (RMB)	21,688,940,819.79		20,590,815,791.72	5.33%
Owners' equity attributable to the shareholders of the Company (RMB)	12,532,011,493.52		12,107,241,900.87	3.51%

Total share capital of the company as at the trading day preceding the date of disclosure:

Total share capital of the Company as at the trading day preceding
the date of disclosure (shares) 937,491,350

Fully diluted earnings per share based on the latest share capital:

Paid dividends for preferred shares (RMB)	–
Paid interest on perpetual bonds (RMB)	–
Fully diluted earnings per share based on the latest share capital (RMB/share)	1.55

(II) Items and Amounts of Extraordinary Gains and Losses

√ Applicable □ Not Applicable

Unit: RMB

Items	Amount for the Reporting Period (July – September 2021)	Amount from the beginning of the year to the end of the Reporting Period (January – September 2021)	Explanation
Profit or loss on disposal of non-current assets (including writing-off of accrued impairment provision of assets)	626,789.86	3,366,940.52	–
Government grants included in the profit or loss for the Reporting Period (except for government grants closely related to the corporate business and entitled according to the national standards on a fixed amount or fixed volume basis)	27,627,430.72	142,791,423.66	–
Gains or losses on fair value changes of financial assets held for trading and financial liabilities held for trading, and investment gains from disposal of financial assets held for trading, financial liabilities held for trading and financial assets available for selling, excluding effective hedging business relating to the ordinary business operation of the Company	-49,435,900.23	3,847,391.76	–
Other non-operating income and expenses excluding the above items	-5,670,705.02	-6,597,914.20	–
Less: Effect on income tax	2,924,846.73	22,580,834.74	–
Effect on minority interests (after tax)	4,285,206.03	12,483,010.34	–
Total	-34,062,437.43	108,343,996.66	–

Explanation on defining the items of extraordinary gains and losses as set out in the “Interpretative Announcement for Information Disclosure of Companies that Issue Securities to the Public No. 1 – Extraordinary Gains or Losses” as items of recurring gains and losses

The Company has not defined any items of extraordinary gains or losses as set out in the “Interpretative Announcement for Information Disclosure of Companies that Issue Securities to the Public No. 1 – Extraordinary Gains or Losses” as items of recurring gains or losses.

(III) Changes of Key Accounting Data and Financial Indicators and Reasons Thereof

√ Applicable □ Not Applicable

1. Substantial changes of items in the consolidated balance sheet and reasons thereof

Items	Amount at the end of the Period (RMB)	Amount at the beginning of the year (RMB)	Change	Explanation
Financial assets held for trading	189,399,804.19	25,984,877.13	628.88%	Mainly due to the fact that the Company was allocated the shares of Beam Therapeutics Inc. (NASDAQ: BEAM) originally held by SCC VENTURE VII 2018-C, L.P. pursuant to the investment agreement, as a result of the deregistration of SCC VENTURE VII 2018-C, L.P. in which the Company made investment.
Accounts receivable	2,299,606,011.73	1,743,148,037.38	31.92%	Mainly due to the increase in sales and the corresponding increase in accounts receivable.
Prepayments	384,491,852.16	142,174,129.24	170.44%	Mainly due to the increase in procurement amounts and costs prepaid for materials.
Other receivables	106,169,378.35	74,284,405.28	42.92%	Mainly due to the fact that no corresponding payment for the exercise of options has been received in connection with the exercise of options under the 2018 Share Options Incentive Scheme of the Company in September this year.
Non-current assets due within one year	–	11,414,376.07	-100.00%	Mainly due to the receipt of consideration for the transfer of certain equity interest in a controlling subsidiary.
Long-term equity investments	1,043,209,722.90	245,115,479.10	325.60%	Mainly due to the acquisition of 40% equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集團股份有限公司).
Construction in progress	563,669,852.13	385,700,738.39	46.14%	Mainly due to the investment in the construction of new plants and workshops by subsidiaries.
Other non-current assets	432,547,928.90	316,505,551.82	36.66%	Mainly due to the increase in prepayment for engineering equipment.

Items	Amount at the end of the Period (RMB)	Amount at the beginning of the year (RMB)	Change	Explanation
Contract liabilities	49,320,576.67	104,445,427.26	-52.78%	Mainly due to some contract amounts received in advance were transferred to revenue upon fulfilling the conditions for revenue recognition.
Employee benefits payables	231,396,040.99	363,416,250.83	-36.33%	Mainly due to the payment for the special funds of the “Medium to Long-term Business Partner Share Ownership Scheme”.
Other current liabilities	3,343,666.92	6,267,034.79	-46.65%	Mainly due to some contract amounts received in advance were transferred to revenue upon fulfilling the conditions for revenue recognition, and the decrease in tax for items pending for settlement.
Long-term loans	638,100,000.00	360,324,027.48	77.09%	Mainly due to the new bank borrowings.
Leasing liabilities	6,042,261.51	10,099,025.42	-40.17%	Mainly due to the reclassification of leasing liabilities due within one year to non-current liabilities due within one year caused by the change in credit period.
Treasury shares	–	250,061,413.16	-100.00%	Mainly due to the cancellation of shares repurchased.
Other comprehensive income	12,471,828.21	169,983,800.56	-92.66%	Mainly due to the transfer of other comprehensive income recognized in the previous period into retained earnings after the disposal of investment in other equity instruments.

2. Substantial changes of items in the consolidated income statement from the beginning of the year to the end of the Reporting Period and reasons thereof

Items	Amount for the Period (RMB) (January – September 2021)	Same Period Last Year (RMB) (January – September 2020)	Change	Explanation
Operating income	9,369,264,787.55	7,925,526,187.78	18.22%	Please see Note for details.
Selling expenses	3,086,661,650.71	2,314,091,785.93	33.39%	Mainly due to the increase in selling expenses in line with a prominent growth in the sales revenue of drug preparation products during the Period, as a result of the Company's increased marketing efforts for gastroenterology and psychiatry products during the Period.
Research and Development (“R&D”) expenses	786,282,945.23	584,247,634.66	34.58%	Mainly due to an increase in R&D investment, as a result of actively advancing the R&D progress of project of innovative drug “Recombinant SARS-CoV-2 Fusion Protein Vaccine (重組新型冠狀病毒融合蛋白疫苗)” and the expansion of the scientific research team during the Period.
Finance expenses	-24,291,944.01	-84,621,873.28	71.29%	Mainly due to an increase in interest expenses as a result of an increase in loans during the Period and lower interest income than the previous period as a result of a decrease in deposit interest rate and no interest settled for some unexpired deposits.
Investment income	68,653,895.91	120,675,106.25	-43.11%	Mainly due to the income from the disposal of the equity interest in Jiangsu Ni Ke Medical Device Co., Ltd. (江蘇尼科醫療器械有限公司) in the previous period.
Gains from changes in fair value	-16,178,795.31	5,035,087.74	-421.32%	Mainly due to fluctuations in the market value of investment in securities held by the Company.
Credit impairment loss	-9,433,500.35	-1,675,317.98	-463.09%	Mainly due to the increase in the expected credit loss of receivables.
Asset impairment loss	-35,533,764.42	-26,603,492.73	-33.57%	Mainly due to the increase in the provision for inventory depreciation.
Gains from disposal of assets	943,911.31	-51,782.58	1,922.84%	Mainly due to the gains from the external disposal of fixed assets during the Period.

Items	Amount for the Period (RMB) (January – September 2021)	Same Period Last Year (RMB) (January – September 2020)	Change	Explanation
Non-operating income	4,508,100.87	3,435,293.96	31.23%	Mainly due to the increase in income from disposal of obsolete products compared with the previous period.
Profit and loss attributable to minority interests	159,792,620.61	404,868,150.46	-60.53%	Mainly due to less profit generated from non-wholly owned subsidiaries during the Period as compared with the previous period such that the profit and loss attributable to minority interests decreased accordingly.
Other comprehensive net income after taxation	-157,799,005.62	5,006,155.50	-3,252.10%	Mainly due to the transfer of other comprehensive income recognized in the previous period into retained earnings after the disposal of investment in other equity instruments during the Period.

Note: From January to September 2021, the Group recorded an operating income of RMB9,369.26 million, representing an increase of 18.22% period-to-period. Income from chemical drug preparation products amounted to RMB5,767.88 million, representing an increase of 44.07% period-to-period, of which, income from gastroenterology products amounted to RMB2,993.22 million, representing an increase of 68.66% period-to-period; income from gonadotropic hormones products amounted to RMB1,977.57 million, representing an increase of 37.75% period-to-period; income from psychiatric products amounted to RMB305.80 million, representing an increase of 49.77% period-to-period; income from anti-infective drugs amounted to RMB277.90 million, representing a decrease of 7.89% period-to-period. The income from APIs and intermediates amounted to RMB2,154.79 million, representing an increase of 19.65% period-to-period. The income from traditional Chinese drug preparation products amounted to RMB822.60 million, representing a decrease of 10.70% period-to-period. The income from diagnostic reagents and equipment amounted to RMB552.49 million, representing a decrease of 52.64% period-to-period.

3. Substantial changes of items in the consolidated cash flow statement from the beginning of the year to the end of the Reporting Period and reasons thereof

Items	Amount for the Period (RMB) (January – September 2021)	Same Period Last Year (RMB) (January – September 2020)	Change	Explanation
Subtotal of cash outflow from investing activities	1,583,476,698.03	488,068,286.80	224.44%	Mainly due to the payment of consideration for the acquisition of 40% equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集團股份有限公司).
Net cash flow from investing activities	-1,373,353,166.34	-303,012,549.98	-353.23%	Mainly due to the payment of consideration for the acquisition of 40% equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集團股份有限公司).
Subtotal of cash inflow from financing activities	3,060,299,061.97	2,036,608,301.69	50.26%	Mainly due to the increase in bank borrowings during the Period as compared with the previous period and the capital flow in respect of the reorganization of shareholding structures of controlling subsidiaries of the Company.
Subtotal of cash outflow from financing activities	3,958,956,332.37	3,045,451,194.19	30.00%	Mainly due to the increase in dividend distribution during the Period and the capital flow in respect of the reorganization of shareholding structures of controlling subsidiaries of the Company.
Effect of changes in foreign exchange rates on cash and cash equivalents	-18,496,696.04	-30,602,249.92	39.56%	Mainly due to the decrease in exchange losses on cash held in foreign currencies, as a result of the changes in exchange rates.
Net increase in cash and cash equivalents	-985,162,891.56	175,418,293.11	-661.61%	Mainly due to the payment of consideration for the acquisition of 40% equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集團股份有限公司).

II. INFORMATION OF SHAREHOLDERS

(I) Total number of shareholders of ordinary shares and preferred shares with voting rights resumed and information on shareholdings of the Top 10 shareholders

Unit: share

Total number of ordinary shareholders as at the end of the Reporting Period	61,433 holders (including 61,409 holders of A shares and 24 holders of H shares ^(Note 1))	Total number of preference shareholders with voting rights resumed as at the end of the Reporting Period (if any)	–
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Shareholdings of the Top 10 Shareholders

Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares held	Number of restricted shares held	Status of pledged, charged or locked up Status of shares	Number
HKSCC Nominees Limited ^(Note 2)	Foreign legal person	33.39%	313,008,317	–	–	–
Joicare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	Domestic non-state owned legal person	23.61%	221,376,789	–	–	–
Hong Kong Securities Clearing Company Limited	Foreign legal person	3.61%	33,816,736	–	–	–
Guangzhou Begol Trading Holdings Limited (廣州市保科力貿易公司)	State-owned legal person	1.85%	17,306,329	17,306,329	Pledged and locked up	17,306,329
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海濱製藥有限公司)	Domestic non-state owned legal person	1.80%	16,830,835	–	–	–
Industrial and Commercial Bank of China Limited – Fullgoal Military Industry Theme Mixed Securities Investment Fund (中國工商銀行股份有限公司 – 富國軍工主題混合型證券投資基金)	Others	1.13%	10,560,818	–	–	–
Industrial and Commercial Bank of China Limited – Lombarda China Times Pioneer Stock Promoter Securities Investment Fund (中國工商銀行股份有限公司 – 中歐時代先鋒股票型發起式證券投資基金)	Others	0.77%	7,206,547	–	–	–
Norges Bank – Internal Funds (挪威中央銀行 – 自有資金)	Foreign legal person	0.76%	7,123,478	–	–	–
Monetary Authority of Macao – Internal Funds (澳門金融管理局 – 自有資金)	Foreign legal person	0.70%	6,592,727	–	–	–
Tianjin Liren Investment Management Partnership (Limited Partnership) – Liren Excellence Evergreen Phase II Private Equity Securities Investment Fund* (天津禮仁投資管理合夥企業 (有限合夥) – 禮仁卓越長青二期私募證券投資基金)	Others	0.54%	5,094,949	–	–	–

Shareholdings of Top 10 Non-restricted Shareholders

Name of shareholder	Number of non-restricted shares held	Class of shares	Number
HKSCC Nominees Limited ^(Note 2)	313,008,317	Overseas listed foreign shares	313,008,317
Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	221,376,789	Ordinary shares denominated in Renminbi	221,376,789
Hong Kong Securities Clearing Company Limited	33,816,736	Ordinary shares denominated in Renminbi	33,816,736
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海濱製藥有限公司)	16,830,835	Ordinary shares denominated in Renminbi	16,830,835
Industrial and Commercial Bank of China Limited – Fullgoal Military Industry Theme Mixed Securities Investment Fund (中國工商銀行股份有限公司 – 富國軍工主題混合型證券投資基金)	10,560,818	Ordinary shares denominated in Renminbi	10,560,818
Industrial and Commercial Bank of China Limited – Lombarda China Times Pioneer Stock Promoter Securities Investment Fund (中國工商銀行股份有限公司 – 中歐時代先鋒股票型發起式證券投資基金)	7,206,547	Ordinary shares denominated in Renminbi	7,206,547
Norges Bank – Internal Funds (挪威中央銀行 – 自有資金)	7,123,478	Ordinary shares denominated in Renminbi	7,123,478
Monetary Authority of Macao – Internal Funds (澳門金融管理局 – 自有資金)	6,592,727	Ordinary shares denominated in Renminbi	6,592,727
Tianjin Liren Investment Management Partnership (Limited Partnership) – Liren Excellence Evergreen Phase II Private Equity Securities Investment Fund* (天津禮仁投資管理合夥企業(有限合夥) – 禮仁卓越長青二期私募證券投資基金)	5,094,949	Ordinary shares denominated in Renminbi	5,094,949
British Columbia Province Investment Management Company – Internal Funds* (不列顛哥倫比亞省投資管理公司 – 自有資金)	4,540,254	Ordinary shares denominated in Renminbi	4,540,254

Description on the connected relationship or acting-in-concert relationship among the aforementioned shareholders

(1) On 2 January 2004, Joincare Pharmaceutical Industry Group Co., Ltd. (“Joincare”) and Guangzhou Begol Trading Holdings Limited (“Begol”) entered into a Share Transfer and Custody Agreement and a Share Pledge Agreement, pursuant to which the original domestic legal person shares of 6,059,428 shares of the Company (the number of shares was increased to 7,877,256 shares after the Company’s implementation of 2014 Equity Distribution, the number of shares was increased to 10,240,432 shares after the Company’s implementation of 2016 Equity Distribution, the number of shares was increased to 13,312,561 shares after the Company’s implementation of 2017 Equity Distribution, and the number of shares was increased to 17,306,329 shares after the Company’s implementation of 2018 Equity Distribution) held by Begol were directly transferred, entrusted and pledged to Joincare; (2) Shenzhen Haibin Pharmaceutical Co., Ltd. is a subsidiary controlled by Joincare which directly and indirectly holds 100% of its interest; (3) the Company is not aware of any connected relationship among the other abovementioned shareholders or whether they are persons acting-in-concert under the provisions of the Administration Measures for the Takeover of Listed Companies (《上市公司收購管理辦法》).

Description of the Top 10 shareholders involved in the margin financing and securities lending business (if any)

Not Applicable

- Notes:* 1. The information on the shareholdings of the abovementioned Top 10 shareholders is based on the information recorded in the register of members as at 30 September 2021 provided by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and Tricor Investor Services Limited.
2. HKSCC Nominees Limited is the nominee holder of H shares of the Company, and the Company cannot ascertain whether such shares it held are subject to any pledge or lock-up. The shares held by HKSCC Nominees Limited include 163,364,672 H shares of the Company held on behalf of Topsino Industries Limited (天誠實業有限公司), which is a wholly-owned subsidiary of Joicare, the Company's controlling shareholder.

(II) Total number of preference shareholders of the Company and shareholdings of the Top 10 preference shareholders

Applicable Not Applicable

III. OTHER IMPORTANT EVENTS

Applicable Not Applicable

IV. QUARTERLY FINANCIAL STATEMENTS

(I) Financial Statements

Consolidated Balance Sheet

Prepared by: Livzon Pharmaceutical Group Inc.

Unit: RMB

Item	Amount at the End of the Period	Amount at the Beginning of the Year
Current assets:		
Monetary fund	8,967,959,707.92	9,953,747,563.47
Financial assets held for trading	189,399,804.19	25,984,877.13
Bills receivables	1,177,048,582.60	1,148,944,595.17
Accounts receivables	2,299,606,011.73	1,743,148,037.38
Receivables financing		
Prepayments	384,491,852.16	142,174,129.24
Other receivables	106,169,378.35	74,284,405.28
Of which: Interest receivable		
Dividends receivable		
Inventories	1,453,837,863.90	1,487,796,389.98
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		11,414,376.07
Other current assets	51,355,167.59	39,862,609.49
Total current assets	14,629,868,368.44	14,627,356,983.21
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	584,284.36	584,284.36
Long-term equity investments	1,043,209,722.90	245,115,479.10
Other equity instrument investments	579,930,287.17	742,974,792.15
Other non-current financial assets		
Investment properties		
Fixed assets	3,449,113,922.21	3,303,077,566.22
Construction in progress	563,669,852.13	385,700,738.39
Productive biological assets		
Oil and gas assets		
Right-of-use assets	15,403,116.86	18,311,378.07
Intangible assets	264,331,891.04	236,430,749.15
Development expenditure	266,099,221.54	251,389,209.57
Goodwill	103,040,497.85	103,040,497.85
Long-term deferred expenses	131,050,923.15	122,101,772.58
Deferred income tax assets	210,090,803.24	238,226,789.25
Other non-current assets	432,547,928.90	316,505,551.82
Total non-current assets	7,059,072,451.35	5,963,458,808.51
Total assets	21,688,940,819.79	20,590,815,791.72

Item	Amount at the End of the Period	Amount at the Beginning of the Year
Current liabilities:		
Short-term loans	1,854,753,015.63	1,550,942,804.06
Financial liabilities held for trading	36,993.00	212.07
Bills payables	1,018,686,789.36	918,007,030.57
Accounts payables	670,284,854.04	706,786,957.67
Receipts in advance		
Contract liabilities	49,320,576.67	104,445,427.26
Employee benefits payables	231,396,040.99	363,416,250.83
Tax and surcharge payables	226,348,304.96	248,815,907.94
Other payables	2,508,338,788.53	2,175,668,243.15
Of which: Interest payable		
Dividends payable	40,826,174.22	8,418,590.50
Held-for-sale liabilities		
Non-current liabilities due within one year	9,821,001.35	8,539,077.05
Other current liabilities	3,343,666.92	6,267,034.79
Total current liabilities	6,572,330,031.45	6,082,888,945.39
Non-current liabilities:		
Long-term loans	638,100,000.00	360,324,027.48
Notes payables		
Leasing liabilities	6,042,261.51	10,099,025.42
Long-term payables		
Long-term employee benefits payables		
Provisions		
Deferred gains	273,486,266.63	276,141,923.64
Deferred income tax liabilities	133,010,350.96	143,279,875.31
Other non-current liabilities	78,000,000.00	78,000,000.00
Total non-current liabilities	1,128,638,879.10	867,844,851.85
Total liabilities	7,700,968,910.55	6,950,733,797.24
Share capital	937,491,350.00	944,835,396.00
Other equity instruments		
Of which: Preferred shares		
Perpetual bonds		
Capital reserve	1,443,798,721.10	1,560,369,717.69
Less: Treasury shares		250,061,413.16
Other consolidated earnings	12,471,828.21	169,983,800.56
Special reserve		
Surplus reserve	744,801,154.15	744,801,154.15
Undistributed profits	9,393,448,440.06	8,937,313,245.63
Total equity attributable to shareholders of the parent company	12,532,011,493.52	12,107,241,900.87
Minority interests	1,455,960,415.72	1,532,840,093.61
Total shareholders' (or owners') equity	13,987,971,909.24	13,640,081,994.48
Total liabilities and shareholders' (or owners') equity	21,688,940,819.79	20,590,815,791.72

Chairman of the Board and Legal Representative:
Zhu Baoguo

Executive Director and President:
Tang Yanggang

Chief Financial Officer:
Si Yanxia

Head of Accounting Department:
Zhuang Jianying

Consolidated Income Statement from the Beginning of the Year to the End of the Reporting Period

Prepared by: Livzon Pharmaceutical Group Inc.

Unit: RMB

Item	Amount for the Period (January – September 2021)	Amount for the Previous Period (January – September 2020)
I. Operating income	9,369,264,787.55	7,925,526,187.78
Less: Operating costs	3,203,472,201.88	2,683,212,773.33
Tax and surcharge	107,561,409.80	92,499,583.97
Selling expenses	3,086,661,650.71	2,314,091,785.93
Administrative expenses	487,456,985.11	458,290,098.21
R&D expenses	786,282,945.23	584,247,634.66
Finance expenses	-24,291,944.01	-84,621,873.28
Of which: Interest expenses	70,923,609.61	14,995,416.78
Interest income	95,888,615.60	122,187,038.42
Add: Other income	144,350,693.37	177,966,084.75
Investment income (“-” represents losses)	68,653,895.91	120,675,106.25
Of which: Income from investments in associates and joint ventures	23,352,814.06	-6,272,777.43
Gains from changes in fair value (“-” represents losses)	-16,178,795.31	5,035,087.74
Credit impairment loss (“-” represents losses)	-9,433,500.35	-1,675,317.98
Asset impairment loss (“-” represents losses)	-35,533,764.42	-26,603,492.73
Gains from disposal of assets (“-” represents losses)	943,911.31	-51,782.58
II. Operating profit (“-” represents losses)	1,874,923,979.34	2,153,151,870.41
Add: non-operating income	4,508,100.87	3,435,293.96
Less: non-operating expenditure	11,106,015.07	14,904,185.66
III. Total profit (“-” represents total losses)	1,868,326,065.14	2,141,682,978.71
Less: income tax expenses	255,803,028.75	315,267,344.23
IV. Net profit (“-” represents net losses)	1,612,523,036.39	1,826,415,634.48
(I) Classified by continuing operations:		
Of which: Net profit from continuing operations (“-” represents net losses)	1,612,523,036.39	1,826,415,634.48
Net profit from discontinued operations (“-” represents net losses)		
(II) Classified by attribution to ownership:		
Of which: Net profit attributable to shareholders of the parent company (“-” represents net losses)	1,452,730,415.78	1,421,547,484.02
Profit and loss attributable to minority interests (“-” represents net losses)	159,792,620.61	404,868,150.46

Item	Amount for the Period (January – September 2021)	Amount for the Previous Period (January – September 2020)
V. Other comprehensive net income after taxation	-157,799,005.62	5,006,155.50
Other comprehensive net income after taxation attributable to shareholders of the parent company	-157,511,972.35	5,162,948.66
(I) Other comprehensive income not to be reclassified into profit or loss	-142,516,636.53	21,919,717.60
1. Changes in remeasurement of defined benefit plans		
2. Other comprehensive income not to be reclassified into profit or loss under equity method	-8,910,033.87	
3. Changes in fair value of other equity instrument investments	-133,606,602.66	21,919,717.60
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income to be reclassified as profit or loss	-14,995,335.82	-16,756,768.94
1. Other comprehensive income to be reclassified into profit or loss under equity method		
2. Changes in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Reserve for cash flow hedging (effective portion of profit or loss from cash flow hedging)		
6. Translation difference of financial statements denominated in foreign currency	-14,995,335.82	-16,756,768.94
7. Others		
Other comprehensive net income after taxation attributable to minority interests	-287,033.27	-156,793.16
VI. Total comprehensive income	1,454,724,030.77	1,831,421,789.98
Total comprehensive income attributable to shareholders of the parent company	1,295,218,443.43	1,426,710,432.68
Total comprehensive income attributable to minority interests	159,505,587.34	404,711,357.30
VII. Earnings per share		
(I) Basic earnings per share	1.55	1.52
(II) Diluted earnings per share	1.55	1.51

Chairman of the Board and Legal Representative:
Zhu Baoguo

Executive Director and President:
Tang Yanggang

Chief Financial Officer:
Si Yanxia

Head of Accounting Department:
Zhuang Jianying

Consolidated Cash Flow Statement from the Beginning of the Year to the End of the Reporting Period

Prepared by: Livzon Pharmaceutical Group Inc.

Unit: RMB

Item	Amount for the Period (January – September 2021)	Amount for the Previous Period (January – September 2020)
I. Cash flow from operating activities:		
Cash received from sale of goods and services rendered	9,394,025,667.32	7,750,638,806.01
Refund of taxes and levies	99,634,885.12	85,254,008.53
Cash received relating to other operating activities	290,345,766.83	347,891,909.57
Subtotal of cash inflow from operating activities	9,784,006,319.27	8,183,784,724.11
Cash paid for purchase of goods and services rendered	2,251,683,361.97	2,036,743,093.81
Cash paid to and on behalf of employees	1,107,398,260.19	813,025,759.38
Payments for various taxes and levies	1,039,881,148.06	846,946,753.60
Cash paid relating to other operating activities	4,079,699,307.83	2,969,193,131.81
Subtotal of cash outflow from operating activities	8,478,662,078.05	6,665,908,738.60
Net cash flow from operating activities	1,305,344,241.22	1,517,875,985.51
II. Cash flow from investing activities:		
Cash received from disposal of investments	110,302,936.39	132,507,500.30
Cash received on investment income	89,121,721.77	25,682,986.19
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7,351,053.00	1,253,170.00
Net cash received from disposal of subsidiaries and other operating units	3,311,220.53	5,339,063.95
Cash received relating to other investing activities	36,600.00	20,273,016.38
Subtotal of cash inflow from investing activities	210,123,531.69	185,055,736.82
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets	806,462,283.70	409,926,250.59
Cash payments for investments	774,000,000.00	74,513,955.92
Net cash paid for acquisition of subsidiaries and other operating units		
Cash paid relating to other investing activities	3,014,414.33	3,628,080.29
Subtotal of cash outflow from investing activities	1,583,476,698.03	488,068,286.80
Net cash flow from investing activities	-1,373,353,166.34	-303,012,549.98

Item	Amount for the Period (January – September 2021)	Amount for the Previous Period (January – September 2020)
III. Cash flow from financing activities:		
Cash received from absorption of investments	753,706,675.00	287,445,723.84
Of which: Cash received by subsidiaries from investments of minority interests	594,899,481.00	5,000,000.00
Cash received from borrowings	2,304,753,015.63	1,743,579,914.03
Cash received relating to other financing activities	1,839,371.34	5,582,663.82
Subtotal of cash inflow from financing activities	3,060,299,061.97	2,036,608,301.69
Cash paid on repayment of debts	1,722,684,146.53	1,629,711,030.60
Cash paid for distribution of dividends and profit or interest payments	1,449,644,316.87	1,172,300,892.77
Of which: Dividends and profits paid to minority interests by subsidiaries	210,102,367.10	81,760,934.22
Cash paid relating to other financing activities	786,627,868.97	243,439,270.82
Subtotal of cash outflow from financing activities	3,958,956,332.37	3,045,451,194.19
Net cash flow from financing activities	-898,657,270.40	-1,008,842,892.50
IV. Effect of changes in foreign exchange rates on cash and cash equivalents	-18,496,696.04	-30,602,249.92
V. Net increase in cash and cash equivalents	-985,162,891.56	175,418,293.11
Add: Balance of cash and cash equivalents at the beginning of the period	9,952,049,990.08	8,854,185,853.54
VI. Cash and cash equivalents at the end of the period	8,966,887,098.52	9,029,604,146.65

Chairman of the Board and Legal Representative:
Zhu Baoguo

Executive Director and President:
Tang Yanggang

Chief Financial Officer:
Si Yanxia

Head of Accounting Department:
Zhuang Jianying

(II) Explanation of Adjustment to Financial Statements

- Information on adjustment to relevant items in the financial statements at the beginning of the year of first implementation in respect of the new leasing standards adopted for the first time starting from 2021

Applicable Not Applicable

- Explanation of retrospective adjustment to data of previous period for comparison purpose upon adoption of new leasing standards adopted for the first time starting from 2021

Applicable Not Applicable

(III) Audit Report

Whether the Third Quarterly Report is audited

Yes No

The Third Quarterly Report of the Company has not been audited.

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
25 October 2021

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*