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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)

2020 FIRST QUARTERLY REPORT

This announcement is made by Livzon Pharmaceutical Group Inc.*(麗珠醫藥集團股份有限公司) (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 Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

SECTION I IMPORTANT NOTICE

The board of directors (the "**Board**"), supervisory committee, and the directors, supervisors and senior management of the Company guarantee the truthfulness, accuracy and completeness of the 2020 first quarterly report (the "**Quarterly Report**") which does not contain false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility for its contents.

The Quarterly Report has been considered and approved at the thirty-ninth meeting of the ninth session of the Board. All directors of the Company attended the Board meeting in person to consider the Quarterly Report.

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 accounting department), declare that they guarantee the truthfulness, accuracy and completeness of the financial statements in the Quarterly Report.

The Quarterly Report covering the financial results of the Company from 1 January 2020 to 31 March 2020 (the "**Reporting Period**", "**Period**") has been prepared in both Chinese and English. Where there is any inconsistency between the Chinese and the English version, the Chinese version shall prevail. Unless otherwise stated, the currency denominations herein are in Renminbi, all information was prepared under the China Accounting Standards for Business Enterprises.

SECTION II COMPANY PROFILE

I. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

Whether the Company has made retrospective adjustment or restatement of accounting data of prior years

√ YES ☐ NO

	Reporting Period	Corresponding period of last year	Change from corresponding period of last year to the Reporting Period
Operating income (RMB)	2,504,726,157.29	2,607,551,347.14	-3.94%
Net profit attributable to the shareholders of the Company (RMB)	399,359,225.27	392,774,866.65	1.68%
Net profit attributable to the shareholders of the Company after deducting extraordinary gains or losses (RMB)	402,586,510.69	328,501,854.84	22.55%
Net cash flow from operating activities (RMB)	362,846,660.41	480,832,779.95	-24.54%
Weighted average return on net assets	3.51%	3.62%	Decreased by 0.11 percentage point

	As at the end of the Reporting Period	As at the end of last year	Change from the end of last year to the end of the Reporting Period
Total assets (RMB)	17,578,043,040.44	17,976,463,117.21	-2.22%
Net assets attributable to the shareholders of the Company (RMB)	11,610,839,870.16	11,166,752,446.51	3.98%

	Reporting Period	Corresponding period of last year		Change from corresponding period of last year to the Reporting Period
		Before adjustment	After adjustment	After adjustment
Basic earnings per share (RMB/share)	0.43	0.55	0.42	2.38%
Diluted earnings per share (RMB/share)	0.43	0.55	0.42	2.38%

Note: as a result of the capitalization of the capital reserves by the Company in July 2019, the earnings per share for the first quarter of 2019 has been adjusted based on the latest share capital in accordance with the requirement of the applicable accounting standards.

Total share capital of the Company as at the trading day immediately prior to disclosure：

Total share capital of the Company as at the trading day immediately prior to disclosure (shares)	935,656,757

Fully diluted earnings per share based on the latest share capital

Paid dividends for preferred shares	0
Fully diluted earnings per share based on the latest share capital (RMB/share)	0.43

Items and amounts of extraordinary gains or losses

√ Applicable □ Not Applicable

Unit: RMB

Item	**From beginning of the year to the end of the Reporting Period**	Description
Profit or loss on disposal of non-current assets (including writing-off of accrued impairment provision of assets)	-5,708.50	–
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)	15,311,517.01	–
Gains or losses on fair value changes of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment gains from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, excluding effective hedging business relating to the ordinary business operation of the Company	-8,314,178.56	–
Other non-operating income and expenses excluding the above items	-8,649,648.75	–
Less: Effect on income tax	-697,132.26	–
Effect on minority interests (after tax)	2,266,398.88	–
Total	-3,227,285.42	–

For items of extraordinary gains or losses defined in "Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 – Extraordinary Gains or Losses", and items of extraordinary gains or losses illustrated in "Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 – Extraordinary Gains or Losses" that are defined as items of recurring gains or losses, the Company shall provide the reasons

□ Applicable √ Not Applicable

During the Reporting Period, the Company has not defined any extraordinary gains or losses as defined and illustrated in the "Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 – Extraordinary Gains or Losses" as recurring gains and losses.

II. TOTAL NUMBER OF SHAREHOLDERS AND INFORMATION ON SHAREHOLDINGS OF THE TOP TEN SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD

1. Total number of shareholders of ordinary shares and preferred shares with voting rights resumed and information on shareholdings of the top ten shareholders

Unit: shares

Total number of holders of ordinary shares as at the end of the Reporting Period	44,758 holders [Note 1] (including 44,735 holders of A shares and 23 holders of H shares)	Total number of holders of preferred shares with voting rights resumed as at the end of the Reporting Period (if any)	0

Shareholdings of Top 10 Shareholders

Name of shareholder	Nature of shareholder	Percentage of shares held	Number of shares held	Type of shares	Number of restricted shares held	Pledged or locked up status: Status of shares	Pledged or locked up status: Number
HKSCC Nominees Limited [Note 2]	Foreign legal person	34.17%	319,732,007	H shares	–	–	–
Joincare Pharmaceutical Industry Group Co., Ltd.	Domestic non-state owned legal person	23.66%	221,376,789	A shares	–	–	–
Hong Kong Securities Clearing Company Limited	Foreign legal person	3.07%	28,762,508	A shares	–	–	–
Guangzhou Begol Trading Holdings Limited	State-owned legal person	1.85%	17,306,329	A shares	17,306,329	Pledged and locked up	17,306,329
Shenzhen Haibin Pharmaceutical Co., Ltd.	Domestic non-state owned legal person	1.80%	16,830,835	A shares	–	–	–
Perseverance Asset Management LLP (Limited Partnershp) – Gaoyi Linshan No. 1 Foresight Fund	Others	1.60%	15,000,000	A shares	–	–	–
Central Huijin Asset Management Co., Ltd.	State-owned legal person	1.29%	12,056,741	A shares	–	–	–
Industrial and Commercial Bank of China Limited – Lombarda China Times Pioneer Stock Promoter Securities Investment Fund	Others	0.95%	8,852,855	A shares	–	–	–
China Construction Bank Corporation – Anxin Value Select Stock Securities Investment Fund	Others	0.85%	7,935,421	A shares	–	–	–
China Huarong Asset Management Co., Ltd.	State-owned legal person	0.75%	7,000,190	A shares	–	–	–

Information on Shareholdings of Top Ten Shareholders without Selling Restrictions

Name of shareholder	Number of shares held without selling restriction	Type of shares: Type of shares	Type of shares: Number
HKSCC Nominees Limited	319,732,007	Overseas listed foreign shares (H shares)	319,732,007
Joincare Pharmaceutical Industry Group Co., Ltd.	221,376,789	Ordinary shares denominated in RMB (A shares)	221,376,789
Hong Kong Securities Clearing Company Limited	28,762,508	Ordinary shares denominated in RMB (A shares)	28,762,508
Shenzhen Haibin Pharmaceutical Co., Ltd.	16,830,835	Ordinary shares denominated in RMB (A shares)	16,830,835
Perseverance Asset Management LLP (Limited Partnershp) – Gaoyi Linshan No. 1 Foresight Fund	15,000,000	Ordinary shares denominated in RMB (A shares)	15,000,000
Central Huijin Asset Management Co., Ltd.	12,056,741	Ordinary shares denominated in RMB (A shares)	12,056,741
Industrial and Commercial Bank of China Limited – Lombarda China Times Pioneer Stock Promoter Securities Investment Fund	8,852,855	Ordinary shares denominated in RMB (A shares)	8,852,855
China Construction Bank Corporation – Anxin Value Select Stock Securities Investment Fund	7,935,421	Ordinary shares denominated in RMB (A shares)	7,935,421
China Huarong Asset Management Co., Ltd.	7,000,190	Ordinary shares denominated in RMB (A shares)	7,000,190
National Social Security Fund 108	5,661,133	Ordinary shares denominated in RMB (A shares)	5,661,133
Description on connection or concerted action among the aforesaid 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 6,059,428 original domestic legal person A shares (the number of shares was increased to 7,877,256 A shares after the Company's implementation of 2014 Equity Distribution, the number of shares was increased to 10,240,432 A shares after the Company's implementation of 2016 Equity Distribution, the number of shares was increased to 13,312,561 A shares after the Company's implementation of 2017 Equity Distribution, and the number of shares was increased to 17,306,329 A shares after the Company's implementation of 2018 Equity Distribution) of the Company held by Begol have been directly transferred, entrusted and pledged to Joincare; (2) Shenzhen Haibin Pharmaceutical Co., Ltd. is Joincare's wholly-owned subsidiary; (3) the Company does not aware whether the other Shareholders mentioned above are related parties or persons acting-in-concert as defined in the Administration Procedures for the Takeover of Listed Companies.		
Description of the top ten shareholders of ordinary shares involved in the margin financing and securities lending business (if any)	Not Applicable		

Notes:

1. The shareholdings of the above top 10 shareholders were based on the data recorded in the register of shareholders as at 31 March 2020 provided by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and Tricor Investors Services Limited in Hong Kong.

2. HKSCC Nominees Limited is a nominee holder of H shares of the Company, and the Company cannot ascertain whether such H shares are subject to any pledge or lock-up, and such shareholdings held by HKSCC Nominees Limited on behalf of others included 163,364,672 H shares of the Company held by Topsino Industries Limited, which was a wholly-owned subsidiary of Joincare, the controlling shareholder of the Company.

Whether any of the top ten shareholders of ordinary shares and the top ten shareholders of non-restricted ordinary shares of the Company conducted any transactions on agreed repurchases during the Reporting Period

□ YES √ NO

The top ten shareholders of ordinary shares and the top ten shareholders of non-restricted ordinary shares of the Company did not conduct any transactions on agreed repurchases during the Reporting Period.

2. Total number of shareholders of preferred shares and information on shareholdings of the top ten shareholders of preferred shares of the Company

□ Applicable √ Not Applicable

SECTION III IMPORTANT EVENTS

I. INFORMATION ON AND REASONS FOR THE CHANGES IN MAJOR FINANCIAL DATA AND FINANCIAL INDICATORS DURING THE REPORTING PERIOD

√ Applicable □ Not Applicable

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

Unit: RMB

Item	Amount at the end of the Period	Amount at the beginning of the Period	Change	Description
Financial assets held for trading	10,800,883.08	17,191,861.74	-37.17%	Mainly due to fluctuations in the market value of invested securities.
Long-term receivables	–	10,828,143.63	-100.00%	Mainly due to the reclassification of long-term receivables due within one year to non-current assets due within one year caused by the change in credit period.
Construction in progress	340,802,468.11	233,489,857.85	45.96%	Mainly due to the increase in investments for workshop construction during the Period.
Short-term borrowings	275,579,914.03	1,360,840,657.32	-79.75%	Mainly due to the repayment of borrowing during the Period.
Financial liabilities held for trading	4,370,614.43	13,916.00	31,307.12%	Mainly due to fair value changes in forward foreign exchange contracts as a result of changes in exchange rates

2. Substantial changes of items in consolidated income statement and reasons thereof

Unit: RMB

Item	Amount for the Period	Amount for the Previous Period	Change	Description
Operating income	2,504,726,157.29	2,607,551,347.14	-3.94%	See notes for details.
Finance expenses	-22,368,250.25	179,666.42	-12,549.88%	Mainly due to the increase in interest income and gains from changes in exchange rates during the Period.
Gains from changes in fair value	-10,747,677.09	3,924,924.64	-373.83%	Mainly due to the combined effect of changes in the market value of invested securities and the changes in the fair value of forward exchange rate contracts.
Asset impairment loss	-3,478,781.78	-2,393,343.97	-45.35%	Mainly due to the increase in provision for decline in prices of inventories during the Period.
Gains from disposal of asset	-5,708.50	21,342.83	-126.75%	Mainly due to the losses from disposal of fixed assets during the Period.
Non-operating income	517,122.44	58,872,795.91	-99.12%	Mainly due to the reduction in government grants received during the Period.
Non-operating expenditure	9,166,771.19	1,284,346.33	613.73%	Mainly due to the increase in external donations during the Period.
Profit and loss attributable to minority interests	63,256,736.07	47,936,525.31	31.96%	Mainly due to the increase in the profits from non-wholly owned subsidiaries and the corresponding increase in profit and loss attributable to minority interests during the Period.
Other comprehensive net income after taxation	6,715,177.86	-17,110,012.79	139.25%	Mainly due to the translation differences in foreign currency denominated financial statements as a result of changes in exchange rates.

Notes: during the Reporting Period, the Group realized operating income of RMB2,504.73million, representing a decrease of 3.94% as compared to the corresponding period of last year. Chemical drug preparation products realized income of RMB1,255.25 million, representing a decrease of 8.78% as compared to the corresponding period of last year. Among them, gastrointestinal products realized income of RMB564.01 million, representing an increase of 8.70% as compared to the corresponding period of last year; cardio-cerebral vascular products realized income of RMB80.37 million, representing a decrease of 2.68% as compared to the corresponding period of last year; antimicrobial products realized income of RMB130.47 million, representing a decrease of 30.57% as compared to the corresponding period of last year; gonadotropic hormones products realized income of RMB366.43 million, representing a decrease of 11.98% as compared to the corresponding period of last year. APIs and intermediates realized income of RMB617.07 million, representing a decrease of 5.70% as compared to the corresponding period of last year. Traditional Chinese drug preparation products realized income of RMB469.80 million, representing an increase of 16.52% as compared to the corresponding period of last year. Diagnostic reagents and equipment products realized income of RMB150.04 million, representing a decrease of 7.91% as compared to the corresponding period of last year. In early 2020, an outbreak of novel coronavirus pneumonia epidemic (COVID-19) occurred in China, both outpatient and hospitalization rates in all levels of medical and health institutions fell during such period, and the number of hospital prescriptions unrelated to the epidemic also declined, hence the drug preparation products of the Company were under different levels of impact.

3. Substantial changes of items in the consolidated statement of cash flows and reasons thereof

Unit: RMB

Item	Amount for the Period	Amount for the Previous Period	Change	Description
Sub-total of cash inflows from investing activities	25,641,799.05	12,984,756.92	97.48%	Mainly due to the receipt of dividends distributed by associated entities during the Period.
Sub-total of cash outflows from investing activities	160,168,326.46	121,558,773.36	31.76%	Mainly due to the increase in external investments during the Period as compared to the previous corresponding period.
Sub-total of cash inflows from financing activities	275,605,442.31	698,114.30	39,378.56%	Mainly due to the increase in new borrowings during the Period.
Net cash flow from financing activities	-1,084,211,152.96	-1,612,690,287.16	32.77%	Mainly due to new borrowings during the Period and the payment of dividends to minority shareholders by subsidiaries during the previous corresponding period.
Effect of exchange rate movements on cash and cash equivalents	1,900,617.80	-13,225,019.18	114.37%	Mainly due to the increase in foreign exchange gains in foreign currencies held as a result of exchange rate movements.
Net increase in cash and cash equivalents	-853,990,402.16	-1,253,656,542.83	31.88%	Mainly due to the new borrowings during the Period and the payment of dividends to minority shareholders by subsidiaries during the previous corresponding period.

II. ANALYSIS AND DESCRIPTION ON THE PROGRESS OF IMPORTANT EVENTS, THEIR IMPACTS AND SOLUTIONS

√ Applicable □ Not Applicable

Summary of important events	Date of disclosure	Search index of interim report disclosure website
On 17 January 2020, after consideration and approval by the operation management of the Company, Zhuhai Livzon Pharmaceutical Equity Investment Management Co., Ltd. (珠海市麗珠醫藥股權投資管理有限公司) ("**Livzon Equity Investment Company**"), a wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement of Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd. ("**Capital Contribution Agreement**") with Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd.(江蘇新元素醫藥科技有限公司) ("**Atom Bioscience**"), Mr. Shi Dongfang (史東方), Changzhou Tongxin Equity Investment Enterprise (Limited Partnership) (常州同信股權投資企業(有限合夥)), Changzhou Xinshi Venture Investment Partnership (Limited Partnership) (常州鑫氏創業投資合夥企業(有限合夥)) and Xiamen Jinyuan Kaitai Zhanhong Healthy Growth Venture Investment Partnership (Limited Partnership)(廈門金圓凱泰展鴻健康成長創業投資合夥企業(有限合夥)). Pursuant to the Capital Contribution Agreement, Livzon Equity Investment Company would make a capital contribution of RMB70,091,000 to subscribe for an additional registered capital of Atom Bioscience of RMB2,250,639, representing 7.8215% of the registered capital of Atom Bioscience upon completion of the capital contribution. The board of directors of Atom Bioscience consisted of seven directors, and one of the directors would be appointed by Livzon Equity Investment Company.	18 January 2020	For details, please refer to the "Announcement of External Investment of Livzon Pharmaceutical Group Inc." published by the Company on the CNINFO website (Announcement no.: 2020-004).
On 5 March 2020, the Resolution on the Repurchase of Part of the Public Shares Scheme was considered and approved by the Board of the Company, under which the Company intended to use its own funds to repurchase part of the A shares of the Company held by the general public by way of centralized bidding transactions through the Shenzhen stock exchange trading system, and the total amount of funds to be used for repurchase purpose would be no less than RMB250 million (inclusive) and would not exceed RMB500 million (inclusive), the repurchase price shall not exceed RMB45.00 per share and the implementation period of the share repurchase shall be within nine (9) months from the date when the resolution of repurchase was considered and approved by the general meeting of the Company. On 26 March 2020, the Resolution on the Repurchase of Part of the Public Shares Scheme was considered and approved by the 2020 second extraordinary general meeting, the 2020 first class meeting of A shareholders and the 2020 first class meeting of H shareholders of the Company.	6 March 2020, 27 March 2020	For details, please refer to the "Announcement on the Repurchase of Part of the Public Shares Scheme of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-014), the "Announcement on 2020 Second Extraordinary General Meeting, 2020 First Class Meeting of A Shareholders and 2020 First Class Meeting of H Shareholders of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-025) and the "Repurchase Report of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-026) published by the Company on the CNINFO website.

Summary of important events	Date of disclosure	Search index of interim report disclosure website
On 25 March 2020, the Resolution on Alteration to Certain Projects Invested with Proceeds and Adjustment to Investment Plan and Utilization of Part of Proceeds for Permanent Replenishment of Working Capital was considered and approved by the Board of the Company, which approved (i) alteration to the sub-projects under the "Project for in-depth development and industrialisation upgrade of innovative Ilaprazole series (艾普拉唑系列創新產品深度開發及產業化升級項目)" (the "**Ilaprazole Project**") and adjustment the investment plan, (ii) alteration of use of Proceeds of the sub-projects "Ilaprazole Optical Isomer Preparation (艾普拉唑光學異構體製劑)" and "Ilaprazole Compound Preparation (艾普拉唑複方製劑)" under the Ilaprazole Project for permanent replenishment of working capital, (iii) alteration to the sub-projects under the "Construction project for research & development platform for prolonged-action microsphere technologies (長效微球技術研發平台建設項目)" (the "**Prolonged-action Microsphere Project**") and adjustment the investment plan, (iv) inclusion of a new sub-project of "Construction of the chemical drug lyophilized powder injection workshop (化藥凍乾粉針車間建設)" under the Ilaprazole Project, and (v) inclusion of a new sub-project of "Construction of sustained-release implants workshop (緩釋植入劑車間建設)" under the Prolonged-action Microsphere Project. These alteration and adjustments will help the Company to consolidate resources in line with the operation and development needs of the Company. The resolution is subject to consideration and approval at the 2019 annual general meeting of the Company.	26 March 2020	For details, please refer to the "Announcement on Alteration to Certain Projects Invested with Proceeds and Adjustment to Investment Plan and Utilization of Part of Proceeds for Permanent Replenishment of Working Capital of Livzon Pharmaceutical Group Inc." published by the Company on the CNINFO website (Announcement no.: 2020-023).
On 18 September 2019, the Resolution on the Fulfillment of Exercise Conditions for the First Exercise Period under the First Grant of the 2018 Share Options Incentive Scheme of the Company was considered and approved at the 32nd meeting of the ninth session of the Board. The exercise conditions for the first exercise period under the first grant of the 2018 Share Options Incentive Scheme were achieved, and the Board agreed that the 1,033 incentive participants who fulfilled the exercise conditions may exercise 8,985,262 share options during the first exercise period at the exercise price of RMB36.16 per A share. After verification by the Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the relevant share options may be exercised from 22 November 2019. As at 31 March 2020, a total of 894,082 share options have been exercised.	21 November 2019	For details, please refer to the "Announcement on the Commencement to Exercise Share Options Upon Fulfillment of Exercise Conditions for the First Exercise Period under the First Grant of the 2018 Share Options Incentive Scheme under the Voluntary Exercise Model of Livzon Pharmaceutical Group Inc." published by the Company on the CNINFO website (Announcement no.: 2019-085).

The implementation progress in respect of repurchase of shares

√ Applicable □ Not Applicable

On 2 April 2020, the Company repurchased 138,000 A shares for the first time by way of centralized bidding transactions, representing 0.01% of the total share capital of the Company as at the disclosure date of the Quarterly Report (935,656,757 shares), the highest purchase price was RMB39.97 per share and the lowest purchase price was RMB39.14 per share, the total amount of funds used was RMB5,469,175 (inclusive of transaction costs). The abovementioned repurchase complies with the Company's existing share repurchase scheme.

The implementation progress of reduction in the holding of shares repurchased by way of centralized bidding

□ Applicable √ Not Applicable

III. UNDERTAKINGS GIVEN BY THE COMPANY'S DE FACTO CONTROLLER, SHAREHOLDERS, RELATED PARTIES, ACQUIRER, THE COMPANY AND OTHER PARTIES TO COMMITMENTS WHICH ARE YET TO BE FULFILLED DURING THE REPORTING PERIOD

□ Applicable √ Not Applicable

During the Reporting Period, there are no undertakings given by the Company's de facto controller, shareholders, related parties, acquirer, the Company and other parties to commitments which are yet to be fulfilled during the Reporting Period.

IV. ESTIMATES ON THE OPERATING RESULTS FROM JANUARY TO JUNE 2020

Warning in relation to the probable loss of accumulated net profit from the beginning of the year to the end of the following reporting period or substantial change as compared with the corresponding period of last year and explanation of the reasons thereof

□ Applicable √ Not Applicable

V. INFORMATION ON SECURITIES INVESTMENT

√ Applicable □ Not Applicable

Unit: RMB

Type of securities	Securities code	Securities abbreviation	Initial investment cost	Accounting measurement model	Book value at the beginning of the Period	Profit or loss arising from changes in fair value during the Period	Changes in accumulated fair value reported in equity	Purchases during the Period	Disposals during the Period	Profit or loss for the Reporting Period	Book value at the end of the Period	Accounting items	Sources of funding
Equity	00135	Kunlun Energy	4,243,647.64	Measured at fair value	6,162,966.40	-2,023,905.40	–	–	–	-2,023,905.40	4,139,061.00	Financial assets measured at fair value and the changes of which are booked into current profit and loss	Self-funding
Fund	206001	Penghua Fund	150,000.00	Measured at fair value	895,270.68	11,746.00	–	–	–	11,746.00	907,016.68		Self-funding
Equity	000963	Huadong Medicine	39,851.86	Measured at fair value	8,035,940.56	-2,284,211.16	–	–	–	-2,284,211.16	5,751,729.40		Self-funding
Other securities investment held at the end of the Reporting Period			–	–	–	–	–	–	–	–	–	–	–
Total			4,433,499.50	–	15,094,177.64	-4,296,370.56	–	–	–	-4,296,370.56	10,797,807.08	–	–
Disclosure date of the Board's announcement on review and approval of securities investment						Not Applicable							
Disclosure date of the general meeting announcement on review and approval of securities investment (if any)						Not Applicable							

VI. ENTRUSTED WEALTH MANAGEMENT

□ Applicable √ Not Applicable

The Company had no entrusted wealth management during the Reporting Period.

VII.INFORMATION ON INVESTMENT IN DERIVATIVES

√ Applicable ☐ Not Applicable

Unit: RMB0'000

Name of party operating the derivative investment	Connected relationship	Whether a connected transaction	Type of derivative investment	Initial investment amount in the derivative investment	Start date	End date	Investment amount at the beginning of the Period	Purchase during the Period	Disposal during the Period	Impairment provision (if any)	Investment amount at the end of the Period	Investment amount at the end of the Period as a percentage of net assets of the Company at the end of the Period	Actual profit or loss for the Period
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	583.75	1 July 2019	13 January 2020	592.97	–	592.20	–	–	–	-8.50
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	2,448.13	5 August 2019	25 March 2020	2,444.03	–	2,435.48	–	–	–	37.21
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	4,936.04	6 September 2019	24 June 2020	4,865.65	–	4,699.07	–	150.56	0.01%	119.41
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	3,455.34	11 October 2019	15 May 2020	3,472.39		3,271.06	–	198.08	0.02%	59.72
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	8,850.87	12 November 2019	24 June 2020	8,796.97	–	6,593.58	–	2,240.34	0.19%	53.52
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	4,139.89	3 December 2019	10 July 2020	4,122.12	–	2,738.54	–	1,427.31	0.12%	-5.18
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	8,468.89	7 January 2020	24 June 2020	–	8,468.89	432.98	–	8,254.61	0.71%	-7.18
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	11,474.46	3 February 2020	18 September 2020	–	11,474.46	387.53	–	11,258.55	0.97%	-5.65
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	9,372.77	3 March 2020	25 December 2020	–	9,372.77	–	–	9,455.71	0.81%	–
Total				53,730.14	–	–	24,294.13	29,316.12	21,150.44	–	32,985.16	2.84%	243.35

Source of funding for investment in derivatives	Self-funding
Litigation involved (if applicable)	Not Applicable
Disclosure date of the Board's announcement on review and approval of investment in derivatives (if any)	18 June 2019
Disclosure date of the general meeting announcement on review and approval of investment in derivatives (if any)	Not Applicable
Risk analysis of derivative positions held during the Reporting Period and explanation of control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	To effectively manage the uncertainty risk of assets denominated in foreign currencies of the Company arising from fluctuations in exchange rates, foreign exchange forward contracts and other financial derivatives are employed to fix relevant exchange rates so as to conduct hedging activities. The Company has formulated the "Foreign Exchange Risk Management Measures" for the operation and control of foreign exchange derivatives: 1. Market risk: uncertainties in exchange rate fluctuations in the foreign exchange market leads to relatively high market risk in the foreign exchange forward business. Control measures: The Company's foreign exchange forward business is entered into to hedge exchange rate risks associated with assets denominated in U.S. dollar and fix the future exchange settlement price of assets denominated in U.S. dollar. It is designed to be used as a hedge tool. Such foreign exchange derivatives cannot be subject to speculative trading. The principle of prudence and conservation shall be observed so as to effectively prevent market risk. 2. Operational risk: operational risk is arising from defective internal process, man-made operation and systems. Control measures: The Company has formulated the corresponding management methods to clearly define the responsibilities of all parties, improve the review and approval process and establish supervisory mechanism, so as to effectively reduce operational risk. 3. Legal risk: the Company's foreign exchange forward business shall be operated under applicable laws and regulations and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: in addition to strengthening the research on laws and regulations and market rules, the Company's responsible department also stipulates that the Company's legal department shall strictly review various contracts, agreements and other documents in relation to its business, clarify rights and obligations and strengthen compliance inspection, aiming to ensure that the Company's investments in derivatives and operations meet the requirements of applicable laws and regulations as well as the Company's internal systems.
Change in market price or fair value of invested derivatives during the Reporting Period (the analysis of the fair value of derivatives shall disclose the specific methods applied and the relevant assumptions and parameters set)	Gains and losses arising from changes in fair value of the forward settlement contracts during the Reporting Period were RMB-6.4513million.
Explanation as to whether the Company's accounting policies and accounting principles for derivatives during the Reporting Period have changed significantly as compared to the previous Reporting Period	No
Independent directors' special opinions on the investment in derivatives and risk control of the Company	Due to growing import and export business, the Company required a large volume of foreign exchange transactions. To avert and control foreign exchange risk, we were of the view that the forward foreign exchange derivatives trading business proposed to be launched by the Company and its subsidiaries were in line with the actual development needs of the Company. When the Board of the Company considered the above proposal, the relevant procedure was in compliance with the laws, regulations, regulatory documents and the relevant provisions in the Articles of Association of the Company. In view of the above, we agreed that the Company may operate foreign exchange derivative trading business with its own funds within the limit approved by the Board.

VIII. REGISTRATION FORM FOR HOSTING RESEARCHES, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD

√ Applicable □ Not Applicable

Date of reception	Method of reception	Type of guests	Index of basic information of research
3 January 2020	Telephone communication	Institution	For details, please refer to "Livzon Group: the Investor Relationship Event Record Form dated 3 January 2020" posted on the CNINFO website by the Company on 3 January 2020.
6 January 2020	Telephone communication	Institution	For details, please refer to "Livzon Group: the Investor Relationship Event Record Form dated 6 January 2020" posted on the CNINFO website by the Company on 7 January 2020.

IX. INFORMATION OF NON-COMPLIANCE IN EXTERNAL GUARANTEES

□ Applicable √ Not Applicable

During the Reporting Period, the Company did not have any non-compliance behavior in external guarantees.

X. INFORMATION ON THE NON-OPERATING USE OF FUNDS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES

□ Applicable √ Not Applicable

During the Reporting Period, there was no event of non-operating use of funds of the Company by the controlling shareholder and its related parties.

SECTION IV FINANCIAL STATEMENTS

I. FINANCIAL STATEMENTS

Consolidated and Company Balance Sheet

Prepared by: Livzon Pharmaceutical Group Inc. Unit: RMB

Item	Amount at the end of the Period Consolidated	Amount at the end of the Period Company	Amount at the beginning of the year Consolidated	Amount at the beginning of the year Company
Current assets:				
Monetary fund	**8,001,176,028.49**	**7,122,844,514.14**	8,855,408,402.78	7,772,918,903.18
Financial assets held for trading	**10,800,883.08**	**5,751,729.40**	17,191,861.74	8,035,940.56
Bills receivable	**1,064,449,344.82**	**502,998,521.01**	952,945,194.97	569,150,368.41
Accounts receivable	**1,613,749,662.09**	**633,292,706.85**	1,472,438,936.26	652,604,102.82
Receivables financing				
Prepayments	**202,094,199.63**	**29,495,795.43**	186,231,922.16	23,285,852.64
Other receivables	**84,380,070.59**	**1,567,087,102.50**	91,848,022.04	1,620,041,222.11
Of which: Interest receivable				
Dividends receivable		**570,862,484.96**	11,475,000.00	573,412,484.96
Inventories	**1,263,476,417.25**	**586,122,485.58**	1,168,854,337.03	553,618,797.04
Contract assets				
Held-for-sale assets				
Non-current assets due within one year	**17,582,233.94**	**17,582,233.94**	17,497,288.62	17,497,288.62
Other current assets	**107,210,766.70**	**1,365,196.84**	110,786,443.02	4,752,848.61
Total current assets	**12,364,919,606.59**	**10,466,540,285.69**	12,873,202,408.62	11,221,905,323.99
Non-current assets:				
Debt investments				
Other debt investments				
Long-term receivables			10,828,143.63	10,828,143.63
Long-term equity investments	**167,990,762.33**	**1,896,766,159.28**	171,498,988.56	1,901,157,584.00
Other equity instrument investments	**551,241,438.10**	**118,629,608.84**	479,737,808.86	118,629,608.84
Other non-current financial assets				
Investment properties				
Fixed assets	**3,100,893,684.16**	**82,296,767.20**	3,160,096,367.19	83,020,764.96
Construction in progress	**340,802,468.11**	**265,954.47**	233,489,857.85	114,259.61
Productive biological assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets	**226,426,228.28**	**29,441,704.66**	229,559,613.00	30,340,512.63
Development expenditure	**163,568,367.08**		148,504,020.49	
Goodwill	**103,040,497.85**		103,040,497.85	
Long-term deferred expenses	**109,420,155.35**	**5,475,546.26**	111,340,713.49	5,645,604.20
Deferred tax assets	**195,855,934.59**	**33,185,844.83**	182,659,491.39	32,547,576.65
Other non-current assets	**253,883,898.00**	**94,755,592.70**	272,505,206.28	95,598,763.52
Total non-current assets	**5,213,123,433.85**	**2,260,817,178.24**	5,103,260,708.59	2,277,882,818.04
Total assets	**17,578,043,040.44**	**12,727,357,463.93**	17,976,463,117.21	13,499,788,142.03

Item	Amount at the end of the Period Consolidated	Company	Amount at the beginning of the year Consolidated	Company
Current liabilities:				
Short-term loans	**275,579,914.03**	**100,000,000.00**	1,360,840,657.32	1,151,369,666.66
Financial liabilities held for trading	**4,370,614.43**		13,916.00	
Bills payable	**752,144,734.35**	**8,202,600.00**	715,986,816.20	7,139,310.75
Accounts payable	**605,538,064.23**	**505,473,430.61**	547,102,924.99	584,136,134.88
Receipts in advance				
Contract liabilities	**154,580,374.70**	**9,616,095.72**	151,765,150.53	41,484,759.54
Employee benefits payable	**201,175,250.38**	**66,333,083.25**	278,117,911.92	74,999,108.16
Tax and surcharge payable	**206,119,816.89**	**54,655.11**	223,339,525.21	13,776,226.89
Other payables	**2,192,659,080.15**	**5,148,984,151.33**	2,016,490,501.54	4,689,008,436.20
Of which: Interest payable				
Dividends payable	**90,179,524.72**	**20,174.46**	90,179,524.72	20,174.46
Held-for-sale liabilities				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities	**4,392,167,849.16**	**5,838,664,016.02**	5,293,657,403.71	6,561,913,643.08
Non-current liabilities:				
Long-term loans				
Notes payable				
Leasing liabilities				
Long-term payables				
Long-term employee benefits payable				
Provisions				
Deferred gains	**240,658,978.71**	**72,502,157.94**	246,683,181.60	72,502,157.94
Deferred tax liabilities	**92,001,601.41**	**16,254,307.09**	90,884,958.20	16,309,446.79
Other non-current liabilities	**70,000,000.00**		70,000,000.00	
Total non-current liabilities	**402,660,580.12**	**88,756,465.03**	407,568,139.80	88,811,604.73
Total liabilities	**4,794,828,429.28**	**5,927,420,481.05**	5,701,225,543.51	6,650,725,247.81
Share capital	**935,656,757.00**	**935,656,757.00**	934,762,675.00	934,762,675.00
Other equity instruments				
Of which: Preferred shares				
Perpetual bonds				
Capital reserve	**1,200,533,320.99**	**1,564,130,326.54**	1,163,404,748.17	1,527,410,001.24
Less: Treasury shares				
Other consolidated earnings	**33,109,515.21**	**31,474,909.32**	26,403,971.65	31,474,909.33
Special reserve				
Surplus reserve	**623,178,143.29**	**418,215,089.71**	623,178,143.29	418,215,089.71
Undistributed profits	**8,818,362,133.67**	**3,850,459,900.31**	8,419,002,908.40	3,937,200,218.94
Total equity attributable to shareholders of the parent company	**11,610,839,870.16**	**6,799,936,982.88**	11,166,752,446.51	6,849,062,894.22
Minority interests	**1,172,374,741.00**		1,108,485,127.19	
Total shareholders' (or owners') equity	**12,783,214,611.16**	**6,799,936,982.88**	12,275,237,573.70	6,849,062,894.22
Total liabilities and shareholders' (or owners') equity	**17,578,043,040.44**	**12,727,357,463.93**	17,976,463,117.21	13,499,788,142.03

Chairman of the Board and Legal Representative:	*Executive Director and President:*	*Chief Financial Officer:*	*Head of Accounting Department:*
Zhu Baoguo	*Tang Yanggang*	*Si Yanxia*	*Zhuang Jianying*

Consolidated and Company Income Statement

Prepared by: Livzon Pharmaceutical Group Inc. Unit: RMB

Item	Amount for the Period Consolidated	Amount for the Period Company	Amount for the Previous Period Consolidated	Amount for the Previous Period Company
I. Operating income	**2,504,726,157.29**	**1,121,561,799.73**	2,607,551,347.14	1,468,065,309.21
Less: Operating costs	**880,138,434.76**	**739,690,278.82**	912,790,829.79	895,395,838.69
Tax and surcharge	**27,701,721.97**	**4,943,817.80**	34,636,896.00	9,503,331.03
Selling expenses	**780,847,820.94**	**385,558,978.60**	939,434,962.85	518,703,520.44
Administrative expenses	**145,792,296.95**	**44,711,672.31**	127,726,893.51	34,279,090.76
R&D expenses	**133,886,558.35**	**42,407,136.22**	138,600,940.03	43,253,455.39
Finance expenses	**-22,368,250.25**	**-13,282,743.54**	179,666.42	-6,159,045.85
Of which: Interest expenses	**1,244,824.49**	**11,491,373.43**	5,219,055.56	14,661,248.42
Interest income	**19,301,134.72**	**25,073,646.59**	13,742,709.78	20,936,371.47
Add: Other income	**15,320,943.16**	**-3,746,260.00**	12,618,790.64	29,499.00
Investment income ("-" represents losses)	**-1,074,727.70**	**-4,391,424.72**	-1,468,168.85	68,803,826.59
Of which: Income from investment in associates and joint ventures	**-3,508,226.23**	**-4,391,424.72**	-4,032,454.36	-3,196,173.41
Derecognition of income from financial assets at amortized cost ("-" represents losses)				
Gains from hedging net exposure ("-" represents losses)				
Gains from changes in fair value ("-" represents losses)	**-10,747,677.09**	**-2,284,211.16**	3,924,924.64	1,694,757.09
Credit impairment loss ("-" represents losses)	**-4,961,811.37**	**-924,466.47**	-4,747,837.37	-1,625,525.79
Asset impairment loss ("-" represents losses)	**-3,478,781.78**	**-189,639.67**	-2,393,343.97	-1,794,738.36
Gains from disposal of assets ("-" represents losses)	**-5,708.50**	**-5,708.50**	21,342.83	4,683.51
II. Operating profit ("-" represents losses)	**553,779,811.29**	**-94,009,051.00**	462,136,866.46	40,201,620.79
Add: non-operating income	**517,122.44**		58,872,795.91	57,283,595.05
Less: non-operating expenditure	**9,166,771.19**	**10,021,210.51**	1,284,346.33	420,833.27
III. Total profit ("-" represents total losses)	**545,130,162.54**	**-104,030,261.51**	519,725,316.04	97,064,382.57
Less: income tax expenses	**82,514,201.20**	**-17,289,942.88**	79,013,924.08	1,983,498.49
IV. Net profit ("-" represents net losses)	**462,615,961.34**	**-86,740,318.63**	440,711,391.96	95,080,884.08
(I) Classified by continuing operations:				
Of which: net profit from continuing operations ("-" represents net losses)	**462,615,961.34**	**-86,740,318.63**	440,711,391.96	95,080,884.08
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)	**399,359,225.27**	**-86,740,318.63**	392,774,866.65	95,080,884.08
Profit and loss attributable to minority interests("-" represents net losses)	**63,256,736.07**		47,936,525.31	

Item	Amount for the Period Consolidated	Amount for the Period Company	Amount for the Previous Period Consolidated	Amount for the Previous Period Company
V. Other comprehensive net income after taxation	**6,715,177.86**		-17,110,012.79	
Other comprehensive net income after taxation attributable to shareholders of the parent company	**6,705,543.56**		-17,065,632.75	
(I) Other comprehensive income not to be reclassified into profit or loss	**-950,182.19**		3,750,900.03	
1. Changes in re-measurement of defined benefit plans				
2. Other comprehensive income not to be reclassified into profit or loss under equity method				
3. Changes in fair value of other equity instrument investments	**-950,182.19**		3,750,900.03	
4. Changes in fair value of enterprise's own credit risk				
5. Others				
(II) Other comprehensive income to be reclassified as profit or loss	**7,655,725.75**		-20,816,532.78	
1. Other comprehensive income to be reclassified into profit or loss under the 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 differences of financial statements denominated in foreign currency	**7,655,725.75**		-20,816,532.78	
7. Others				
Other comprehensive net income after taxation attributable to minority interests	**9,634.30**		-44,380.04	
VI. Total comprehensive income	**469,331,139.20**	**-86,740,318.63**	423,601,379.17	95,080,884.08
Total comprehensive income attributable to shareholders of the parent company	**406,064,768.83**	**-86,740,318.63**	375,709,233.90	95,080,884.08
Total comprehensive income attributable to minority interests	**63,266,370.37**		47,892,145.27	
VII. Earnings per share				
(I) Basic earnings per share	**0.43**		0.42	
(II) Diluted earnings per share	**0.43**		0.42	

Chairman of the Board and Legal Representative:	*Executive Director and President:*	*Chief Financial Officer:*	*Head of Accounting Department:*
Zhu Baoguo	*Tang Yanggang*	*Si Yanxia*	*Zhuang Jianying*

Consolidated and Company Cash Flow Statement

Prepared by: Livzon Pharmaceutical Group Inc. Unit: RMB

Item	Amount for the Period		Amount for the Previous Period	
	Consolidated	Company	Consolidated	Company
I. Cash flow from operating activities:				
Cash received from sales of goods and services rendered	**2,393,907,463.29**	**1,242,129,670.06**	2,481,118,938.64	1,470,705,316.05
Refund of taxes and levies	**27,718,763.87**		10,217,508.10	
Cash received relating to other operating activities	**61,584,837.56**	**24,370,911.45**	116,040,347.66	69,208,882.53
Sub-total of cash inflow from operating activities	**2,483,211,064.72**	**1,266,500,581.51**	2,607,376,794.40	1,539,914,198.58
Cash paid for purchase of goods and services rendered	**598,385,037.22**	**884,667,836.69**	492,299,857.55	912,868,234.29
Cash paid to and on behalf of employees	**348,260,507.23**	**111,420,668.79**	332,736,868.66	87,001,858.22
Payments for various taxes and levies	**302,201,592.61**	**47,689,953.20**	370,190,700.91	129,302,193.63
Cash paid relating to other operating activities	**871,517,267.25**	**356,651,476.77**	931,316,587.33	447,113,505.81
Sub-total of cash outflow from operating activities	**2,120,364,404.31**	**1,400,429,935.45**	2,126,544,014.45	1,576,285,791.95
Net cash flow from operating activities	**362,846,660.41**	**-133,929,353.94**	480,832,779.95	-36,371,593.37
II. Cash flow from investing activities				
Cash received from disposal of investments	**11,000,000.00**	**11,000,000.00**	11,000,000.00	11,000,000.00
Cash received on investment income	**14,327,388.91**	**2,550,000.00**	1,977,890.92	97,500,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**85,250.00**	**67,700.00**	6,866.00	5,480.00
Net cash received from disposal of subsidiaries and other operating units				
Cash received relating to other investment activities	**229,160.14**			
Sub-total of cash inflow from investing activities	**25,641,799.05**	**13,617,700.00**	12,984,756.92	108,505,480.00
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets	**87,090,385.88**	**9,343,708.53**	72,142,392.83	9,332,550.07
Cash payments for investments	**72,659,050.20**		49,116,198.83	120,000.00
Net cash paid for acquisition of subsidiaries and other operating units				
Cash paid relating to other investing activities	**418,890.38**		300,181.70	
Sub-total of cash outflow from investing activities	**160,168,326.46**	**9,343,708.53**	121,558,773.36	9,452,550.07
Net cash flow from investing activities	**-134,526,527.41**	**4,273,991.47**	-108,574,016.44	99,052,929.93

Item	Amount for the Period Consolidated	Amount for the Period Company	Amount for the Previous Period Consolidated	Amount for the Previous Period Company
III. Cash flow from financing activities:				
Cash received from investments				
Of which: cash received by subsidiaries from investments of minority interests				
Cash received from borrowings	**275,579,914.03**	**100,000,000.00**		
Cash received relating to other financing activities	**25,528.28**	**531,737,217.94**	698,114.30	236,697,922.20
Sub-total of cash inflow from financing activities	**275,605,442.31**	**631,737,217.94**	698,114.30	236,697,922.20
Cash paid on repayment of debts	**1,357,015,263.10**	**1,150,000,000.00**	1,500,000,000.00	1,500,000,000.00
Cash paid for distribution of dividends and profits or interest payments	**2,801,332.17**	**2,159,111.44**	113,119,055.56	5,219,055.56
Of which: dividends and profits paid to minority interests by subsidiaries			107,900,000.00	
Cash paid relating to other financing activities			269,345.90	7,349,101.31
Sub-total of cash outflow from financing activities	**1,359,816,595.27**	**1,152,159,111.44**	1,613,388,401.46	1,512,568,156.87
Net cash flow from financing activities	**-1,084,211,152.96**	**-520,421,893.50**	-1,612,690,287.16	-1,275,870,234.67
IV. Effect of changes in foreign exchange rates on cash and cash equivalents	**1,900,617.80**	**2,866.93**	-13,225,019.18	-2,755.32
V. Net increase in cash and cash equivalents	**-853,990,402.16**	**-650,074,389.04**	-1,253,656,542.83	-1,213,191,653.43
Add: Balance of cash and cash equivalents at the beginning of the period	**8,854,185,853.54**	**7,772,918,903.18**	8,563,711,205.95	7,505,401,614.22
VI. Balance of cash and cash equivalents at the end of the period	**8,000,195,451.38**	**7,122,844,514.14**	7,310,054,663.12	6,292,209,960.79

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

1. Information on adjustment to financial statements at the beginning of the year of first implementation in respect of the new income standards and new leasing standards adopted for the first time starting from 2020

□ Applicable √ Not Applicable

2. Explanation of retrospective adjustment to data of previous period for comparison purpose upon adoption of new income standards and new leasing standards adopted for the first time starting from 2020

□ Applicable √ Not Applicable

III. Auditor's Report

Whether the first quarterly report is audited

□ Applicable √ Not Applicable

The Quarterly Report 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
20 April 2020

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) and Mr. Qiu Qingfeng; and the independent non-executive directors of the Company are Mr. Xu Yanjun, Mr. Zheng Zhihua, Mr. Xie Yun, Mr. Tian Qiusheng and Mr. Wong Kam Wa.

* *For identification purpose only*