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 THIRD 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 this quarterly report which does not contain false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility for its contents.

This quarterly report was considered and passed at the fourth meeting of the tenth session of the Board of the Company. All directors of the Company attended the fourth meeting of the tenth session of the Board of the Company in person.

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 the 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 guarantee the truthfulness, accuracy and completeness of the financial statements in this quarterly report.

This quarterly report contains the financial results of the Company from 1 July 2020 to 30 September 2020 (the "**Reporting Period**"). This report was prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail. Unless otherwise stated, the currency denominations herein are in Renminbi, and all financial information was prepared under the China Accounting Standards for Business Enterprises.

SECTION II COMPANY PROFILE

I. PRINCIPAL ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

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

□ YES √ NO

	End of the Reporting Period	End of last year	End of the Reporting Period compared with the end of last year
Total assets (RMB)	19,320,210,651.61	17,976,463,117.21	7.48%
Net assets attributable to the shareholders of the Company (RMB)	11,600,080,396.83	11,166,752,446.51	3.88%

	Reporting Period	Reporting Period compared with the corresponding period of last year	From the beginning of the year to the end of the Reporting Period	From the beginning of the year to the end of the Reporting Period compared with the corresponding period of last year
Operating income (RMB)	2,830,287,870.09	20.14%	7,925,526,187.78	8.64%
Net profit attributable to the shareholders of the Company (RMB)	416,803,873.94	38.52%	1,421,547,484.02	36.71%
Net profit attributable to the shareholders of the Company after deducting extraordinary gains or losses (RMB)	344,474,609.92	15.28%	1,179,033,831.51	23.15%
Net cash flow from operating activities (RMB)	–	–	1,517,875,985.51	6.28%
Basic earnings per share (RMB/share)	0.44	37.50%	1.52	36.94%
Diluted earnings per share (RMB/share)	0.44	37.50%	1.51	36.04%
Weighted average return on net assets	3.68%	Increased by 0.87 percentage point	12.44%	Increased by 2.81 percentage points

Total share capital of the Company as at the trading day preceding the date of publication of this quarterly report:

Total share capital of the Company as at the trading day preceding the date of publication of this quarterly report (shares)	943,585,025

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

Paid dividends for preferred shares	–
Fully diluted earnings per share based on the latest share capital (RMB/share)	1.51

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)	108,260,339.69	–
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)	176,417,101.95	–
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	19,497,299.27	–
Other non-operating income and expenses excluding the above items	-11,468,891.70	–
Less: Effect on income tax	40,444,800.42	–
Effect on minority interests (after tax)	9,747,396.28	–
Total	242,513,652.51	–

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 10 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 10 shareholders

Unit: shares

Total number of holders of ordinary shares as at the end of the Reporting Period	51,514 holders (including 51,491 holders of A shares and 23 holders of H shares (Note 1))	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	Type of shares	Percentage of shares held	Number of shares held	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	H shares	33.89%	319,738,727	–	–	–
Joincare Pharmaceutical Industry Group Co., Ltd.	Domestic non-state owned legal person	A shares	23.46%	221,376,789	–	–	–
Hong Kong Securities Clearing Company Limited	Foreign legal person	A shares	2.76%	26,030,907	–	–	–
Guangzhou Begol Trading Holdings Limited	State-owned legal person	A shares	1.83%	17,306,329	17,306,329	Pledged and locked up	17,306,329
Shenzhen Haibin Pharmaceutical Co., Ltd.	Domestic non-state owned legal person	A shares	1.78%	16,830,835	–	–	–
Central Huijin Investment Company Limited	State-owned legal person	A shares	1.28%	12,056,741	–	–	–
China Merchants Bank Co., Ltd. – Penghua Emerging Industry Hybrid Securities Investment Fund	Others	A shares	1.01%	9,483,826	–	–	–
China Construction Bank Corporation – Anxin Value Select Stock Securities Investment Fund	Others	A shares	0.74%	7,020,218	–	–	–
China Guangfa Bank Co., Ltd. – Guotai Juxin Value Advantage Flexible Allocation of Hybrid Securities Investment Fund	Others	A shares	0.72%	6,800,000	–	–	–
Livzon Pharmaceutical Group Inc. Special Securities Account for Repurchases	Domestic non-state owned legal person	A shares	0.63%	5,946,108	–	–	–

Shareholdings of Top 10 Non-restricted Shareholders

Name of shareholder	Number of non-restricted shares held	Class of shares Class of shares	Number
HKSCC Nominees Limited (Note 2)	319,738,727	Overseas listed foreign shares	319,738,727
Joincare Pharmaceutical Industry Group Co., Ltd.	221,376,789	Ordinary shares denominated in Renminbi	221,376,789
Hong Kong Securities Clearing Company Limited	26,030,907	Ordinary shares denominated in Renminbi	26,030,907
Shenzhen Haibin Pharmaceutical Co., Ltd.	16,830,835	Ordinary shares denominated in Renminbi	16,830,835
Central Huijin Investment Company Limited	12,056,741	Ordinary shares denominated in Renminbi	12,056,741
China Merchants Bank Co., Ltd. – Penghua Emerging Industry Hybrid Securities Investment Fund	9,483,826	Ordinary shares denominated in Renminbi	9,483,826
China Construction Bank Corporation – Anxin Value Select Stock Securities Investment Fund	7,020,218	Ordinary shares denominated in Renminbi	7,020,218
China Guangfa Bank Co., Ltd. – Guotai Juxin Value Advantage Flexible Allocation of Hybrid Securities Investment Fund	6,800,000	Ordinary shares denominated in Renminbi	6,800,000
Livzon Pharmaceutical Group Inc. Special Securities Account for Repurchases	5,946,108	Ordinary shares denominated in Renminbi	5,946,108
National Social Security Fund 108	5,661,133	Ordinary shares denominated in Renminbi	5,661,133

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 A Shares of the Company (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) held by Begol were directly transferred to, entrusted with 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.
Description of the top 10 shareholders of ordinary shares involved in the margin financing and securities lending business (if any)	Not Applicable

Notes: 1. Total number of H shareholders is calculated based on the record of Tricor Investor Services Limited, the H Share Registrar of the Company.

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, which is a wholly-owned subsidiary of Joincare, the Company's controlling shareholder.

Whether any of the top 10 ordinary shareholders and the top 10 shareholders of non-restricted ordinary shares of the Company conducted any transactions on agreed repurchases during the Reporting Period

□ YES √ NO

During the Reporting Period, the top 10 ordinary shareholders and the top 10 shareholders of non-restricted ordinary shares of the Company have not conducted any transactions on agreed repurchases.

2. **Total number of preferential shareholders and information on shareholdings of the top 10 preferential shareholders 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

Item	Amount at the end of the Reporting Period (RMB)	Amount at the beginning of the year (RMB)	Change	Description
Account receivables	2,001,090,662.91	1,472,438,936.26	35.90%	Mainly due to the growth in sales during the current period which resulted in the increase in account receivables.
Long-term receivables	–	10,828,143.63	-100.00%	Mainly due to the change in credit period such that long-term receivables due within 1 year were reclassified as non-current assets maturing within 1 year.
Construction in progress	326,687,881.03	233,489,857.85	39.92%	Mainly due to the investment in the construction of new plants of subsidiaries Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. and Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd..
Development expenditure	218,584,829.07	148,504,020.49	47.19%	Mainly deu to the increase in the R&D expenditure for the phase III clinical trial of Recombinant Humanized Anti-IL-6R Monoclonal Antibody for injection.
Contract liabilities	101,397,241.57	151,765,150.53	-33.19%	Mainly due to some of the contract amounts received in advance were transferred to revenue upon fulfilling the conditions for revenue recognition during the current period.
Treasury shares	243,439,270.82	–	–	Mainly due to the repurchase of A shares of the Company during the current period.
Minority Interests	1,517,356,178.35	1,108,485,127.19	36.89%	Mainly due to the increase in the profits during the current period from non-wholly owned subsidiaries that resulted in a corresponding increase in equity attributable to minority interests.

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

Item	Amount for the current period (From January to September 2020) (RMB)	Amount for same period of last year (From January to September 2019) (RMB)	Change	Description
Operating income	7,925,526,187.78	7,294,894,590.25	8.64%	See Note for details.
Finance expenses	-84,621,873.28	-152,582,514.87	44.54%	Mainly due to the combined effects of the change in foreign exchange gains and losses arising from exchange rate movements, lower deposits interest rate and the decrease in interest income as a result of some deposits not reaching maturity to receive interest during the current period.
Other income	177,966,084.75	126,552,740.63	40.63%	Mainly due to the increase in government subsidies received during the current period.
Investment income	120,675,106.25	-13,980,332.40	963.18%	Mainly due to the gains from disposal of equity interest in Jiangsu Ni Ke Medical Device Co., Ltd. during the current period.
Gains from changes in fair value	5,035,087.74	-9,153,503.99	155.01%	Mainly due to the changes in the fair value of forward foreign exchange contracts as a result of exchange rate movements.
Credit impairment loss ("-" represents losses)	-1,675,317.98	-13,245,235.10	87.35%	Mainly due to the collection of account receivables with older age and the reduction in expected credit losses during the current period.
Non-operating expenditure	14,904,185.66	7,887,477.56	88.96%	Mainly due to the increase in donation expenses under the impact of COVID-19 during the current period.
Total profit	2,141,682,978.71	1,400,580,714.86	52.91%	Mainly due to substantial growth in sales of diagnostic kits for antibody to novel coronavirus and Anti-viral Granules driven by market demand, the rapid growth in sales of Ilaprazole Sodium for Injection and the gains from disposal of equity interest in Jiangsu Ni Ke Medical Device Co., Ltd.
Income tax expenses	315,267,344.23	225,678,493.75	39.70%	Mainly due to the growth in profit for the current period, thus provision for income tax expenses increased accordingly.

Item	Amount for the current period (From January to September 2020) (RMB)	Amount for same period of last year (From January to September 2019) (RMB)	Change	Description
Net profit attributable to shareholders of the parent company	1,421,547,484.02	1,039,837,557.48	36.71%	Mainly due to substantial growth in sales of diagnostic kits for antibody to novel coronavirus and Anti-viral Granules driven by market demand, the rapid growth in sales of Ilaprazole Sodium for Injection and the gains from disposal of equity interest in Jiangsu Ni Ke Medical Device Co., Ltd.
Profit and loss attributable to minority interests	404,868,150.46	135,064,663.63	199.76%	Mainly due to the increase in profits from non-wholly owned subsidiaries during the current period and the corresponding increase in profit and loss attributable to minority interests.
Other comprehensive net income after taxation	5,006,155.50	21,853,093.50	-77.09%	Mainly due to the combined effects of changes in the fair value of other equity instrument investments, exchange rate movements and changes in the translation differences of financial statements denominated in foreign currency.

Note: In January to September 2020, the Group recorded an operating income of RMB7,925.53 million, representing an increase of 8.64% year-on-year. The income from chemical drug preparation products amounted to RMB4,003.42 million, representing an increase of 1.83% year-on-year. Of these, the income from gastroenterological products amounted to RMB1,774.73 million, representing an increase of 28.30% year-on-year. The income from gonadotropic hormones products amounted to RMB1,435.60 million, representing a decrease of 0.15% year-on-year. The income from antimicrobial products amounted to RMB301.69 million, representing a decrease of 31.40% year-on-year. The income from cardio-cerebral vascular products amounted to RMB217.10 million, representing a decrease of 1.60% year-on-year. The income from APIs and intermediates amounted to RMB1,800.92 million, representing an increase of 1.60% year-on-year. The income from traditional Chinese drug preparation products amounted to RMB921.19 million, representing a decrease of 7.95% year-on-year. The income from diagnostic reagents and equipment products amounted to RMB1,166.49 million, representing an increase of 112.40% year-on-year.

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

Item	Amount for the Reporting Period (From July to September 2020) (RMB)	Amount for same period of last year (From July to September 2019) (RMB)	Change	Description
Tax and surcharge	34,242,081.23	25,305,087.39	35.32%	Mainly due to the corresponding increase in the provision for surcharge as a result of the growth in sales during the Reporting Period.
R&D expenses	277,811,496.97	193,613,332.78	43.49%	Mainly due to the impact of COVID-19 on R&D progress during the first half of the year, strong advancement in R&D progress was recorded during the Reporting Period after the pandemic was under control in the PRC.
Finance expenses	4,780,807.41	-39,942,938.63	111.97%	Mainly due to the changes in foreign exchange gains and losses arising from exchange rate movements.
Other income	73,119,522.42	19,624,322.01	272.60%	Mainly due to the increase in government subsidies received during the Reporting Period.
Investment income	8,022,491.41	-10,138,239.87	179.13%	Mainly due to the gains arising from foreign exchange settlement for forward foreign exchange contracts as a result of exchange rate movements during the Reporting Period.
Gains from changes in fair value	9,586,917.07	-3,697,500.65	359.28%	Mainly due to changes in the fair value of forward foreign exchange contracts as a result of exchange rate movements.
Credit impairment loss ("-" represents losses)	5,510,001.34	-2,808,295.07	296.20%	Mainly due to the collection of account receivables with older age during the Reporting Period and the reverse of provisions made for expected credit losses in prior period.
Total profit	584,034,876.75	412,630,562.73	41.54%	Mainly due to the increase in profits generated by sales growth in the segment of drug preparation products during the Reporting Period.
Net profit attributable to shareholders of the parent company	416,803,873.94	300,889,793.79	38.52%	Mainly due to the increase in profits generated by sales growth in the segment of drug preparation products during the Reporting Period.

Item	Amount for the Reporting Period (From July to September 2020) (RMB)	Amount for same period of last year (From July to September 2019) (RMB)	Change	Description
Profit and loss attributable to minority interests	78,883,179.19	39,486,592.56	99.77%	Mainly due to the corresponding increase in profit and loss attributable to minority interests as a result of the increase in profits of non-wholly owned subsidiaries during the Reporting Period.
Other comprehensive net income after taxation	-20,664,733.88	23,113,744.90	-189.40%	Mainly due to changes in the translation differences of financial statements denominated in foreign currency as a result of exchange rate movements

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

Item	Amount for the current period (From January to September 2020) (RMB)	Amount for same period of last year (From January to September 2019) (RMB)	Change	Description
Sub-total of cash inflow from financing activities	2,036,608,301.69	2,926,091.34	69,501.67%	Mainly due to the increase in borrowings by the Company during the current period.
Net cash flow from financing activities	-1,008,842,892.50	-2,527,117,893.08	60.08%	Mainly due to the increase in borrowings by the Company during the current period.
Effect of changes in foreign exchange rates on cash and cash equivalents	-30,602,249.92	31,291,915.33	-197.80%	Mainly due to the decrease in foreign exchange gains in foreign currencies held as a result of exchange rate movements.
Net increase in cash and cash equivalents	175,418,293.11	-1,346,497,680.98	113.03%	Mainly due to the increase in borrowings by the Company during the current period.

II. ANALYSIS OF 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 7 August 2020, the Board of the Company considered and approved, among others, the resolutions on the proposed spin-off and A share listing of Zhuhai Livzon Diagnostics Inc.* ("**Livzon Diagnostics**") (the "**Spin-off and Listing**"). As at the date of this report, the Company holds approximately 39.425% of the shares of Livzon Diagnostics, which is a controlling subsidiary of the Company. Livzon Diagnostics is mainly engaged in research and development, production and sale of diagnostic reagents and equipment. On 16 October 2020, the Company was notified by The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") that the Listing Committee of the Hong Kong Stock Exchange had agreed that the Company may proceed with the Spin-off and Listing under Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") and had agreed to grant a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under paragraph 3(f) of Practice Note 15 of the Hong Kong Listing Rules in connection with the Spin-off and Listing. On 23 October 2020, the Board of the Company considered and approved, among the others, the proposed spin-off and listing of Livzon Diagnostics, a subsidiary of the Company, on the ChiNext Board of the Shenzhen Stock Exchange. According to the relevant requirements, the Spin-off and Listing is still required to be submitted to the general meeting of the Company for approval. Livzon Diagnostics will submit the application for listing, together with the other required documents, to a stock exchange in the PRC and/or China Securities Regulatory Commission following the obtaining of the approvals from the general meeting of the Company, and from its board of directors and the general meeting.	10 August 2020, 17 October 2020, 24 October 2020	For details, please refer to the "Announcement on Resolutions of the Second Meeting of the Tenth Session of the Board of Directors of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-083), the "Announcement of Livzon Pharmaceutical Group Inc. on the Progress of the Spin-off and A Share Listing of Livzon Diagnostics" (Announcement no.: 2020-103), the "Announcement on the Resolutions of the Fourth Meeting of the Tenth Session of the Board of Directors of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-104)" and etc. published by the Company on the CNINFO website.

Summary of important events	Date of disclosure	Search index of interim report disclosure website
On 25 August 2020, the Resolution on Alteration to the Implementing Body for Certain Projects Invested with Proceeds and Increasing Capital to a Wholly-owned Subsidiary was considered and approved by the Board of the Company, which approved (i) alteration to the implementing body of 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**") from the Group and Livzon Group Livzon Pharmaceutical Factory* ("**Livzon Pharmaceutical Factory**", a wholly-owned subsidiary of the Company) to the Group and Zhuhai Livzon Microsphere Technology Co., Ltd. ("**Microsphere Technology**", a wholly-owned subsidiary of the Company), after which the sub-projects of "Construction project for microsphere workshop" and "Construction of implants workshop" will be implemented by Microsphere Technology; (ii) the capital increase of RMB208.79211 million in cash to Microsphere Technology by the Company with its own funds and the capital increase of RMB139.19474 million to Microsphere Technology by Livzon Pharmaceutical Factory in the form of its own production assets related to microsphere preparations (including fixed assets formed by using the proceeds) which has been evaluated by a qualified evaluation agency, resulting in a total of capital increase of RMB347.98685 million to Microsphere Technology by these two parties. After such capital increase is completed, the registered capital of Microsphere Technology will be RMB353.48685 million; and (iii) the adjustment to the organizational structure, platform cooperation and staffing of business of the prolonged-action sustained-release microsphere preparation. Such alteration did not result in a substantial alteration in the total investment, implementation location and construction content of the Prolonged-action Microsphere Project. The total investment is still RMB411.4133 million. The Prolonged-action Microsphere Project will be jointly implemented by the Group and Microsphere Technology. This alteration is in line with the overall layout of the Company's strategic plan for the high-end and complex preparations, and will further promote the research and development process of the existing candidates of prolonged-action sustained-release microspheres of the Company, thereby consolidating and ensuring the leading position of the Company in the domestic market of prolonged-action sustained-release microspheres preparations.	26 August 2020	For details, please refer to the "Announcement on Resolution on Alteration to the Implementing Body for Certain Projects Invested with Proceeds and Increasing Capital to a Wholly-owned Subsidiary of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-093) and the "Announcement on Resolutions of the Third Meeting of the Tenth Session of the Board of Directors of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-090) published by the Company on the CNINFO website.

Summary of important events	Date of disclosure	Search index of interim report disclosure website
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. A total of 8,822,350 share options for the first exercise period under the first grant 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).
On 23 October 2020, "Resolution relating to Cancellation of Certain Share Options under the 2018 Share Options Incentive Scheme", "Resolution on Fulfillment of Exercise Conditions for the Second Exercise Period under the First Grant of the 2018 Share Options Incentive Scheme of the Company" and "Resolution on Fulfillment of Exercise Conditions for the First Exercise Period under the Reserved Grant of the 2018 Share Options Incentive Scheme" were considered and approved by the Board of the Company, which approved (i) an aggregate of 2,008,577 share options under the first grant and the reserved grant were cancelled. After the cancellation, the number of share options under the first grant was adjusted from 22,463,155 to 20,764,478, of which 8,822,350 have been exercised and 11,942,128 have not been exercised, and the number of incentive recipients under the first grant was adjusted from 1,033 to 904. The number of share options under the reserved grant was adjusted from 2,524,500 to 2,214,600 and the number of incentive recipients under the reserved grant was adjusted from 167 to 157; (ii) the exercise conditions for the second exercise period under the first grant were achieved, and the Board agreed that the 904 incentive participants who fulfilled the exercise conditions may exercise 5,970,557 share options during the second exercise period at the exercise price of RMB36.16 per A share; and (iii) the exercise conditions for the first exercise period under the reserved grant were achieved, and the Board agreed that the 157 incentive participants who fulfilled the exercise conditions may exercise 1,107,300 share options during the first exercise period at the exercise price of RMB28.87 per A share.	24 October 2020	For details, please refer to the "Announcement on Resolutions of the Fourth Meeting of the Tenth Session of the Board of Directors of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-104), the "Announcement on Cancellation of Certain Share Options under the 2018 Share Options Incentive Scheme of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-108), the "Announcement on the Fulfilment of Exercise Conditions for the Second Exercise Period under the First Grant of the 2018 Share Options Incentive Scheme of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-109) and the "Announcement on the Fulfilment of Exercise Conditions for the First Exercise Period under the Reserved Grant of the 2018 Share Options Incentive Scheme of Livzon Pharmaceutical Group Inc." (Announcement no.: 2020-110) published by the Company on the CNINFO website.

The implementation progress in respect of repurchase of shares

√ Applicable ☐ Not Applicable

As at 30 September 2020, the Company repurchased a total of 5,946,108 A shares by way of centralized bidding transactions, representing 0.63% of the total share capital of the Company as at the end of the Reporting Period. The highest purchase price was RMB44.88 per share and the lowest purchase price was RMB38.95 per share. The total amount of funds used was RMB243,439,270.82 (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. FINANCIAL ASSET INVESTMENT

1. 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 (1 January 2020)	Profit or loss arising from changes in fair value during the current period (January – September 2020)	Changes in accumulated fair value reported in equity	Purchases during the current period	Disposals during the current period	Profit or loss for the current period (January – September 2020)	Book value at the end of the period (30 September 2020)	Accounting items	Sources of funding
Share	00135	Kunlun Energy	4,243,647.64	Measured at fair value	6,162,966.40	-1,699,068.80	–	–	–	-1,448,243.22	4,463,897.60	Financial assets measured at fair value and the changes of which are booked into current profit and loss	Self-owned funds
Fund	206001	Penghua Fund	150,000.00	Measured at fair value	895,270.68	10,539.22	–	–	–	10,539.22	905,809.90		Self-owned funds
Share	000963	Huadong Medicine	39,851.86	Measured at fair value	8,035,940.56	105,475.84	–	–	–	197,767.20	8,141,416.40		Self-owned funds
Other securities investment held at the end of the Reporting Period			–	–	–	–	–	–	–	–	–	–	–
Total			4,433,499.50	–	15,094,177.64	-1,583,053.74	–	–	–	-1,239,936.80	13,511,123.90	–	–

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

2. 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 current period	Disposal during the current period	Impairment provision (if any)	Investment amount at the end of the period	Percentage of Investment amount at the end of the period to the net assets of the Company at the end of the Reporting Period	Actual profit or loss for the current period
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	583.75	2019-7-1	2020-1-13	592.97	–	592.20	–	–	–	-8.50
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	2,448.13	2019-8-5	2020-3-25	2,444.03	–	2,435.48	–	–	–	37.21
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	4,936.04	2019-9-6	2020-6-24	4,865.65	–	4,850.14	–	–	–	120.13
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	3,455.34	2019-10-11	2020-5-15	3,472.39	–	3,469.02	–	–	–	59.76
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	8,850.87	2019-11-12	2020-6-24	8,796.97	–	8,832.84	–	–	–	43.62
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	4,139.89	2019-12-3	2020-7-10	4,122.12	–	4,160.67	–	–	–	-9.13
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	8,468.89	2020-1-7	2020-6-24	–	8,468.89	8,662.34	–	–	–	-186.90
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	11,474.46	2020-2-3	2020-9-18	–	11,474.46	11,573.96	–	–	–	-54.25
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	9,372.77	2020-3-3	2020-12-25	–	9,372.77	9,102.19	–	433.84	0.04%	66.24
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	10,777.88	2020-4-10	2020-12-25	–	10,777.88	10,515.59	–	348.20	0.03%	209.48
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	7,017.35	2020-5-7	2020-12-25	–	7,017.35	4,119.35	–	3,090.63	0.27%	153.92
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	8,651.65	2020-6-2	2020-12-25	–	8,651.65	2,833.88	–	5,120.28	0.44%	92.11
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	17,105.08	2020-7-1	2021-1-15	–	17,105.08	3,841.61	–	10,683.40	0.92%	100.34
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	9,699.53	2020-8-3	2021-3-26	–	9,699.53	867.16	–	5,626.15	0.49%	18.35

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 current period	Disposal during the current period	Impairment provision (if any)	Investment amount at the end of the period	Percentage of Investment amount at the end of the period to the net assets of the Company at the end of the Reporting Period	Actual profit or loss for the current period
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	8,910.47	2020-9-1	2021-3-26	–	8,910.47	168.61	–	4,823.83	0.42%	0.73
Financial institution	Non-related party	No	Commodity futures contract (buy)	73.19	2020-5-22	2020-9-30	–	73.19	80.46	–	–	–	7.26
Financial institution	Non-related party	No	Commodity futures contract (buy)	80.79	2020-9-2	2021-1-31	–	80.79	–	–	85.50	0.01%	–
Total				116,046.08	–	–	24,294.13	91,632.06	76,105.50	–	30,211.83	2.62%	650.37

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)	5 June 2020, 8 May 2020
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, forward foreign exchange 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 lead to relatively high market risk in the forward foreign exchange business. Control measures: The Company's forward foreign exchange 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 hedging 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 forward foreign exchange 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.

<table>
<tr><th>Name of party operating the derivative investment</th><th>Connected relationship</th><th>Whether a connected transaction</th><th>Type of derivative investment</th><th>Initial investment amount in the derivative investment</th><th>Start date</th><th>End date</th><th>Investment amount at the beginning of the period</th><th>Purchase during the current period</th><th>Disposal during the current period</th><th>Impairment provision (if any)</th><th>Investment amount at the end of the period</th><th>Percentage of Investment amount at the end of the period to the net assets of the Company at the end of the Reporting Period</th><th>Actual profit or loss for the current period</th></tr>
<tr><td colspan="4"></td><td colspan="10">In order to manage the uncertainty risk caused by price fluctuations of bulk commodities on the purchase cost of raw materials of the Company, financial derivatives such as commodity futures contracts are employed to hedge raw materials. The Company has formulated the "Measures for the Management of Commodity Futures Hedging Business" to standardize the management and risk control of commodity futures derivatives: 1. Market risk: the uncertainty of price changes of bulk commodities has led to greater market risk in futures business. Control measures: the Company's futures hedging business shall not carry out speculative trading, the operation principle of prudence and conservation shall be observed, the number of hedging transactions shall be strictly limited, such that it does not exceed the actual number of spot transactions, and the futures position shall not exceed the spot volume for hedging purpose. 2. Operational risk: operational risk is arising from imperfect internal process, improper operation, system failure and other factors. Control measures: the Company has formulated the corresponding management system, clearly defined the division of responsibilities and approval process, and established an improved supervisory mechanism, so as to effectively reduce operational risk through risk control of business process, decision-making process and transaction process. 3. Legal risk: the Company's commodity futures hedging business is subject to applicable laws and regulations, and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: in addition to strengthening the knowledge of laws and regulations and market rules, the Company's responsible department also stipulates that the Company's legal department shall strictly review various business contracts, agreements and other documents, clarify rights and obligations, and strengthen compliance inspection, so as to ensure that the Company's derivatives investment and operations meet the requirements of applicable laws and regulations as well as the Company's internal systems.</td></tr>
<tr><td colspan="4">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</td><td colspan="10">Gains and losses arising from changes in fair value of the forward settlement contracts and commodity futures contracts during the current period were RMB6.6181 million.</td></tr>
<tr><td colspan="4">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</td><td colspan="10">No</td></tr>
<tr><td colspan="4">Independent directors' special opinions on the investment in derivatives and risk control of the Company</td><td colspan="10">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.

Under the circumstance that the normal production and operation could be assured, the Company utilizing it owned funds for the development of futures hedging activities, which may help reduce the operating risks of the Company without prejudice to the interests of the Company and its shareholders, particularly the minority shareholders, was in compliance with the relevant laws and regulations of the PRC and the applicable provisions of the Articles of Association. The Company has developed a set of administration measures for its futures hedging activities, setting forth the specific operation plan and approval procedures, and provided the Company with standardized operation procedures and effective risk management for conducting specific hedging business. The relevant decision-making procedures undergone by the Board of the Company in considering and approving such futures hedging activities were lawful and valid. In summary, we concurred that the Company conducted its futures hedging activities.</td></tr>
</table>

V. INFORMATION ON THE PROGRESS OF THE PROJECTS INVESTED WITH PROCEEDS

√ Applicable ☐ Not Applicable

To achieve the long-term strategic development goals of the Company that adhere to innovative research and development and improved product layout, and to supplement liquidity, repay bank loans and optimize the asset and liability structure as well as financial status of the Company, the plan of non-public issuance of A shares of the Company (the "**Issuance**") was considered and approved at the 2015 third extraordinary general meeting held on 21 December 2015, while the adjustments to the number of issuance, pricing methods and issue price for the Issuance were considered and approved at the 2016 second extraordinary general meeting held on 25 April 2016.

The Issuance was completed as approved by China Securities Regulatory Commission on 19 September 2016. The number of shares under the Issuance was 29,098,203 A Shares. The gross proceeds from the Issuance amounted to RMB1,457,819,970.30, and after deducting issuance expenses of RMB37,519,603.53, the net proceeds were RMB1,420,300,366.77. On 20 September 2017, 37,827,664 restricted A shares under the Issuance were issued and listed (after the 2016 profit distribution plan of the Company was completed, the number of restricted shares under the Issuance increased from 29,098,203 A shares to 37,827,664 A shares).

For further progress during the Reporting Period, please refer to the relevant contents of "II. ANALYSIS OF AND DESCRIPTION ON THE PROGRESS OF IMPORTANT EVENTS, THEIR IMPACTS AND SOLUTIONS" of SECTION III in this quarterly report.

VI. ESTIMATES ON THE OPERATING RESULTS FOR 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

VII. MATERIAL CONTRACTS FOR DAILY OPERATION

□ Applicable √ Not Applicable

VIII. ENTRUSTED WEALTH MANAGEMENT

□ Applicable √ Not Applicable

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

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.

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

√ Applicable □ Not Applicable

Date of reception	Place of reception	Method of reception	Type of guests	Name of guests	Main contents discussed and information provided	Index of basic information of research
20 July 2020	Not Applicable	Online communication	Institution	Essence Fund, Guosheng Securities, etc.	The guests inquired about the Company's operations and future development plans, and the Company answered according to the facts and did not provide any written information.	For details of the research, please see the "Livzon Group: Record Chart of Investor Relations Activities on 20 July 2020" published by the Company on the CNINFO website on 22 July 2020.
28 August 2020	The office of the Company	Field research	Institution	Guotai Junan Securities, Fullgoal Fund	The guests inquired about the Company's operations and future development plans, and the Company answered according to the facts and did not provide any written information.	For details of the research, please see the "Livzon Group: Record Chart of Investor Relations Activities on 28 August 2020" published by the Company on the CNINFO website on 31 August 2020.
14 September 2020	The office of the Company	Field research	Institution	Mingda Assets, China Securities	The guests inquired about the Company's operations and future development plans, and the Company answered according to the facts and did not provide any written information.	For details of the research, please see the "Livzon Group: Record Chart of Investor Relations Activities on 14 September 2020" published by the Company on the CNINFO website on 15 September 2020.
22 September 2020	The office of the Company	Field research	Institution	Kaisheng Fund	The guests inquired about the Company's operations and future development plans, and the Company answered according to the facts and did not provide any written information.	For details of the research, please see the "Livzon Group: Record Chart of Investor Relations Activities on 22 September 2020" published by the Company on the CNINFO website on 22 September 2020.

SECTION IV FINANCIAL STATEMENTS

I. FINANCIAL STATEMENTS

Consolidated and Company Balance Sheet

Prepared by: Livzon Pharmaceutical Group Inc. Unit: RMB

	30 September 2020		31 December 2019	
Item	**Consolidated**	**Company**	Consolidated	Company
Current assets:				
Monetary fund	**9,036,612,624.52**	**7,760,837,076.25**	8,855,408,402.78	7,772,918,903.18
Financial assets held for trading	**22,242,565.12**	**8,141,416.40**	17,191,861.74	8,035,940.56
Bills receivable	**975,419,917.92**	**561,113,376.35**	952,945,194.97	569,150,368.41
Accounts receivable	**2,001,090,662.91**	**1,019,354,892.56**	1,472,438,936.26	652,604,102.82
Receivables financing				
Prepayments	**204,624,743.01**	**27,382,899.25**	186,231,922.16	23,285,852.64
Other receivables	**104,579,448.39**	**2,200,000,524.70**	91,848,022.04	1,620,041,222.11
Of which: Interest receivable				
Dividends receivable		**1,345,420,344.25**	11,475,000.00	573,412,484.96
Inventories	**1,384,172,795.89**	**574,369,489.90**	1,168,854,337.03	553,618,797.04
Contract assets				
Held-for-sale assets				
Non-current assets due within one year	**17,846,517.48**	**17,846,517.48**	17,497,288.62	17,497,288.62
Other current assets	**107,502,894.56**		110,786,443.02	4,752,848.61
Total current assets	**13,854,092,169.80**	**12,169,046,192.89**	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	**148,475,843.81**	**2,111,477,029.46**	171,498,988.56	1,901,157,584.00
Other equity instrument investments	**580,530,014.83**	**118,629,608.84**	479,737,808.86	118,629,608.84
Other non-current financial assets				
Investment properties				
Fixed assets	**3,287,671,219.96**	**92,130,503.69**	3,160,096,367.19	83,020,764.96
Construction in progress	**326,687,881.03**	**265,954.47**	233,489,857.85	114,259.61
Productive biological assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets	**238,827,023.76**	**33,573,092.65**	229,559,613.00	30,340,512.63
Development expenditure	**218,584,829.07**		148,504,020.49	
Goodwill	**103,040,497.85**		103,040,497.85	
Long-term deferred expenses	**119,584,480.07**	**5,135,430.38**	111,340,713.49	5,645,604.20
Deferred tax assets	**188,419,572.85**	**46,237,380.84**	182,659,491.39	32,547,576.65
Other non-current assets	**254,297,118.58**	**71,905,592.70**	272,505,206.28	95,598,763.52
Total non-current assets	**5,466,118,481.81**	**2,479,354,593.03**	5,103,260,708.59	2,277,882,818.04
Total assets	**19,320,210,651.61**	**14,648,400,785.92**	17,976,463,117.21	13,499,788,142.03

Item	30 September 2020 Consolidated	30 September 2020 Company	31 December 2019 Consolidated	31 December 2019 Company
Current liabilities:				
Short-term loans	**1,470,884,146.53**	**900,000,000.00**	1,360,840,657.32	1,151,369,666.66
Financial liabilities held for trading	**29,531.64**		13,916.00	
Bills payable	**854,315,039.15**	**508,550,875.00**	715,986,816.20	7,139,310.75
Accounts payable	**616,091,390.50**	**499,741,112.42**	547,102,924.99	584,136,134.88
Receipts in advance				
Contract liabilities	**101,397,241.57**	**9,341,562.45**	151,765,150.53	41,484,759.54
Employee benefits payable	**317,153,420.18**	**116,712,202.33**	278,117,911.92	74,999,108.16
Tax and surcharge payable	**280,319,397.41**	**31,941,182.55**	223,339,525.21	13,776,226.89
Other payables	**2,156,930,913.43**	**5,811,054,155.67**	2,016,490,501.54	4,689,008,436.20
Of which: Interest payable				
Dividends payable	**8,418,590.50**	**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	**5,797,121,080.41**	**7,877,341,090.42**	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	**221,593,902.65**	**66,860,800.00**	246,683,181.60	72,502,157.94
Deferred income tax liabilities	**114,059,093.37**	**17,710,882.52**	90,884,958.20	16,309,446.79
Other non-current liabilities	**70,000,000.00**		70,000,000.00	
Total non-current liabilities	**405,652,996.02**	**84,571,682.52**	407,568,139.80	88,811,604.73
Total liabilities	**6,202,774,076.43**	**7,961,912,772.94**	5,701,225,543.51	6,650,725,247.81
Share capital	**943,585,025.00**	**943,585,025.00**	934,762,675.00	934,762,675.00
Other equity instruments				
Of which: Preferred shares				
Perpetual bonds				
Capital reserve	**1,479,616,228.90**	**1,842,396,801.50**	1,163,404,748.17	1,527,410,001.24
Less: Treasury shares	**243,439,270.82**	**243,439,270.82**		
Other consolidated earnings	**31,566,920.31**	**31,474,909.33**	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	**8,765,573,350.15**	**3,694,255,458.26**	8,419,002,908.40	3,937,200,218.94
Total equity attributable to shareholders of the parent company	**11,600,080,396.83**	**6,686,488,012.98**	11,166,752,446.51	6,849,062,894.22
Minority interests	**1,517,356,178.35**		1,108,485,127.19	
Total shareholders' (or owners') equity	**13,117,436,575.18**	**6,686,488,012.98**	12,275,237,573.70	6,849,062,894.22
Total liabilities and shareholders' (or owners') equity	**19,320,210,651.61**	**14,648,400,785.92**	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	January – September 2020 Consolidated	January – September 2020 Company	January – September 2019 Consolidated	January – September 2019 Company
I Operating income	**7,925,526,187.78**	**3,539,369,546.95**	7,294,894,590.25	3,943,250,500.46
Less: Operating costs	**2,683,212,773.33**	**2,367,806,974.63**	2,575,230,077.06	2,397,014,146.31
Tax and surcharge	**92,499,583.97**	**16,837,905.78**	86,011,421.29	23,329,920.21
Selling expenses	**2,314,091,785.93**	**1,092,813,666.32**	2,556,207,724.46	1,304,755,783.90
Administrative expenses	**458,290,098.21**	**164,853,869.84**	402,732,225.50	122,926,346.41
R&D expenses	**584,247,634.66**	**194,618,559.85**	482,073,004.86	150,209,214.10
Finance expenses	**-84,621,873.28**	**-92,618,717.76**	-152,582,514.87	-123,495,827.69
Of which: Interest expenses	**14,995,416.78**	**13,616,635.31**	5,219,055.56	43,119,031.41
Interest income	**122,187,038.42**	**107,488,287.12**	144,079,769.15	160,965,593.06
Add: Other income	**177,966,084.75**	**111,287,382.57**	126,552,740.63	70,548,620.59
Investment income ("-" represents losses)	**120,675,106.25**	**940,195,120.54**	-13,980,332.40	119,286,010.57
Of which: Income from investment in associates and joint ventures	**-6,272,777.43**	**-15,217,153.13**	-6,411,434.03	-10,524,799.28
Derecognition of income from financial assets at amortized cost ("-" represents losses)				
Gains from hedging of net exposure ("-" represents losses)				
Gains from changes in fair value ("-" represents losses)	**5,035,087.74**	**105,475.84**	-9,153,503.99	1,367,880.98
Credit impairment loss ("-" represents losses)	**-1,675,317.98**	**-11,268,719.92**	-13,245,235.10	-3,993,771.35
Asset impairment loss ("-" represents losses)	**-26,603,492.73**	**-3,209,559.64**	-30,738,267.06	-8,892,856.23
Gains from disposal of assets ("-" represents losses)	**-51,782.58**	**1,335.72**	1,035,190.21	135,938.85
II. Operating profit ("-"represents losses)	**2,153,151,870.41**	**832,168,323.40**	1,405,693,244.24	246,962,740.63
Add: non-operating income	**3,435,293.96**	**10,066.53**	2,774,948.18	100,000.00
Less: non-operating expenditure	**14,904,185.66**	**12,558,231.43**	7,887,477.56	2,927,232.13
III. Total profit ("-" represents total losses)	**2,141,682,978.71**	**819,620,158.50**	1,400,580,714.86	244,135,508.50
Less: income tax expenses	**315,267,344.23**	**-19,242,474.05**	225,678,493.75	15,454,546.17
IV. Net profit ("-" represents net losses)	**1,826,415,634.48**	**838,862,632.55**	1,174,902,221.11	228,680,962.33
(I) Classified by continuing operations:				
Of which: Net profit from continuing operations ("-" represents net losses)	**1,826,415,634.48**	**838,862,632.55**	1,174,902,221.11	228,680,962.33
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)	**1,421,547,484.02**	**838,862,632.55**	1,039,837,557.48	228,680,962.33
Profit and loss attributable to minority interests ("-" represents net losses)	**404,868,150.46**		135,064,663.63	

Item	January – September 2020 Consolidated	Company	January – September 2019 Consolidated	Company
V. Other comprehensive net income after taxation	**5,006,155.50**		21,853,093.50	
Other comprehensive net income after taxation attributable to shareholders of the parent company	**5,162,948.66**		21,547,374.13	
(I) Other comprehensive income not to be reclassified into profit or loss	**21,919,717.60**		-3,167,669.41	
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	**21,919,717.60**		-3,167,669.41	
4. Changes in fair value of enterprise's own credit risk				
5. Others				
(II) Other comprehensive income to be reclassified as profit or loss	**-16,756,768.94**		24,715,043.54	
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	**-16,756,768.94**		24,715,043.54	
7. Others				
Other comprehensive net income after taxation attributable to minority interests	**-156,793.16**		305,719.37	
VI. Total comprehensive income	**1,831,421,789.98**	**838,862,632.55**	1,196,755,314.61	228,680,962.33
Total comprehensive income attributable to shareholders of the parent company	**1,426,710,432.68**	**838,862,632.55**	1,061,384,931.61	228,680,962.33
Total comprehensive income attributable to minority interests	**404,711,357.30**		135,370,383.00	
VII. Earnings per share				
(I) Basic earnings per share	**1.52**		1.11	
(II) Diluted earnings per share	**1.51**		1.11	

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 and Company Income Statement

Prepared by: Livzon Pharmaceutical Group Inc. Unit: RMB

Item	July – September 2020 Consolidated	July – September 2020 Company	July – September 2019 Consolidated	July – September 2019 Company
I. Operating income	**2,830,287,870.09**	**1,514,996,630.56**	2,355,828,996.31	1,226,557,941.03
Less: Operating costs	**949,371,420.16**	**1,018,384,648.18**	840,648,521.05	751,979,289.93
Tax and surcharge	**34,242,081.23**	**8,736,729.57**	25,305,087.39	6,550,427.95
Selling expenses	**899,284,579.97**	**377,402,570.13**	759,361,468.85	367,787,706.44
Administrative expenses	**164,139,495.78**	**61,952,610.09**	147,520,378.49	51,559,697.38
R&D expenses	**277,811,496.97**	**95,207,362.44**	193,613,332.78	52,719,945.39
Finance expenses	**4,780,807.41**	**-16,418,534.71**	-39,942,938.63	-18,732,949.07
Of which: Interest expenses	**7,982,742.50**	**4,431,149.68**		22,007,952.83
Interest income	**25,985,964.67**	**21,010,818.84**	24,663,132.51	34,615,304.29
Add: Other income	**73,119,522.42**	**44,342,417.94**	19,624,322.01	4,222,471.88
Investment income ("-" represents losses)	**8,022,491.41**	**-4,523,879.10**	-10,138,239.87	-3,651,199.04
Of which: Income from investment in associates and joint ventures	**-1,569,946.51**	**-4,528,278.87**	-23,324.52	-3,651,199.04
Derecognition of income from financial assets at amortized cost ("-" represents losses)				
Gains from hedging of net exposure ("-" represents losses)				
Gains from changes in fair value ("-" represents losses)	**9,586,917.07**	**-197,767.20**	-3,697,500.65	79,106.88
Credit impairment loss ("-" represents losses)	**5,510,001.34**	**-1,623,214.20**	-2,808,295.07	-315,568.94
Asset impairment loss ("-" represents losses)	**-13,335,853.02**	**-1,514,319.84**	-16,628,688.81	-7,073,860.00
Gains from disposal of assets ("-" represents losses)	**31,639.39**	**51,084.16**	97,357.38	131,255.34
II. Operating profit ("-"represents losses)	**583,592,707.18**	**6,265,566.62**	415,772,101.37	8,086,029.13
Add: non-operating income	**2,530,372.91**	**8,381.90**	742,485.79	79,913.12
Less: non-operating expenditure	**2,088,203.34**	**1,849,054.07**	3,884,024.43	1,869,317.50
III. Total profit ("-" represents total losses)	**584,034,876.75**	**4,424,894.45**	412,630,562.73	6,296,624.75
Less: income tax expenses	**88,347,823.62**	**-4,009,272.61**	72,254,176.38	3,112,926.99
IV. Net profit ("-" represents net losses)	**495,687,053.13**	**8,434,167.06**	340,376,386.35	3,183,697.76
(I) Classified by continuing operations:				
Of which: Net profit from continuing operations ("-" represents net losses)	**495,687,053.13**	**8,434,167.06**	340,376,386.35	3,183,697.76
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)	**416,803,873.94**	**8,434,167.06**	300,889,793.79	3,183,697.76
Profit and loss attributable to minority interests ("-" represents net losses)	**78,883,179.19**		39,486,592.56	

Item	July – September 2020 Consolidated	July – September 2020 Company	July – September 2019 Consolidated	July – September 2019 Company
V. Other comprehensive net income after taxation	**-20,664,733.88**		23,113,744.90	
Other comprehensive net income after taxation attributable to shareholders of the parent company	**-20,183,783.88**		23,563,848.95	
(I) Other comprehensive income not to be reclassified into profit or loss	**3,483,419.59**		4,954,714.23	
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	**3,483,419.59**		4,954,714.23	
4. Changes in fair value of enterprise's own credit risk				
5. Others				
(II) Other comprehensive income to be reclassified as profit or loss	**-23,667,203.47**		18,609,134.72	
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	**-23,667,203.47**		18,609,134.72	
7. Others				
Other comprehensive net income after taxation attributable to minority interests	**-480,950.00**		-450,104.05	
VI. Total comprehensive income	**475,022,319.25**	**8,434,167.06**	363,490,131.25	3,183,697.76
Total comprehensive income attributable to shareholders of the parent company	**396,620,090.06**	**8,434,167.06**	324,453,642.74	3,183,697.76
Total comprehensive income attributable to minority interests	**78,402,229.19**		39,036,488.51	
VII. Earnings per share				
(I) Basic earnings per share	**0.44**		0.32	
(II) Diluted earnings per share	**0.44**		0.32	

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	January – September 2020 Consolidated	January – September 2020 Company	January – September 2019 Consolidated	January – September 2019 Company
I. Cash flow from operating activities:				
Cash received from sales of goods and services rendered	**7,750,638,806.01**	**3,465,921,992.48**	7,440,688,555.65	4,147,638,994.66
Refund of taxes and levies	**85,254,008.53**		59,639,413.42	
Cash received relating to other operating activities	**347,891,909.57**	**233,225,382.64**	366,370,217.16	223,561,127.12
Sub-total of cash inflow from operating activities	**8,183,784,724.11**	**3,699,147,375.12**	7,866,698,186.23	4,371,200,121.78
Cash paid for purchase of goods and services rendered	**2,036,743,093.81**	**1,976,985,519.93**	1,866,552,406.85	2,391,142,193.56
Cash paid to and on behalf of employees	**813,025,759.38**	**233,193,676.18**	753,734,083.21	208,968,797.90
Payments for various taxes and levies	**846,946,753.60**	**124,328,599.29**	867,392,964.08	253,926,796.88
Cash paid relating to other operating activities	**2,969,193,131.81**	**1,068,581,090.47**	2,950,797,105.00	1,429,409,832.62
Sub-total of cash outflow from operating activities	**6,665,908,738.60**	**3,403,088,885.87**	6,438,476,559.14	4,283,447,620.96
Net cash flow from operating activities	**1,517,875,985.51**	**296,058,489.25**	1,428,221,627.09	87,752,500.82
II. Cash flow from investing activities:				
Cash received from disposal of investments	**132,507,500.30**	**132,507,500.30**	113,557,831.39	11,000,000.00
Cash received on investment income	**25,682,986.19**	**87,744,806.33**	7,051,402.15	133,290,643.41
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**1,253,170.00**	**314,150.00**	363,944.00	236,480.00
Net cash received from disposal of subsidiaries and other operating units.	**5,339,063.95**	**15,000,000.00**		
Cash received relating to other investment activities	**20,273,016.38**		30,230,000.00	
Sub-total of cash inflow from investing activities	**185,055,736.82**	**235,566,456.63**	151,203,177.54	144,527,123.41
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets	**409,926,250.59**	**28,132,569.38**	292,840,327.88	32,833,697.13
Cash payments for investments	**74,513,955.92**	**283,792,110.00**	124,227,652.34	8,075,000.00
Net cash paid for acquisition of subsidiaries and other operating units				
Cash paid relating to other investing activities	**3,628,080.29**		13,028,527.64	
Sub-total of cash outflow from investing activities	**488,068,286.80**	**311,924,679.38**	430,096,507.86	40,908,697.13
Net cash flow from investing activities	**-303,012,549.98**	**-76,358,222.75**	-278,893,330.32	103,618,426.28

Item	January – September 2020 Consolidated	January – September 2020 Company	January – September 2019 Consolidated	January – September 2019 Company
III. Cash flow from financing activities:				
Cash received from investments	**287,445,723.84**	**282,445,723.84**		
Of which: Cash received by subsidiaries from investments of minority interests	**5,000,000.00**			
Cash received from borrowings	**1,743,579,914.03**	**800,000,000.00**		
Cash received relating to other financing activities	**5,582,663.82**	**1,255,546,374.20**	2,926,091.34	914,978,571.65
Sub-total of cash inflow from financing activities	**2,036,608,301.69**	**2,337,992,098.04**	2,926,091.34	914,978,571.65
Cash paid on repayment of debts	**1,629,711,030.60**	**1,250,000,000.00**	1,500,000,000.00	1,500,000,000.00
Cash paid for distribution of dividends, profits or interest payments	**1,172,300,892.77**	**1,081,299,090.78**	1,029,774,638.52	867,974,638.52
Of which: Dividends and profits paid to minority interests by subsidiaries	**81,760,934.22**		161,800,000.00	
Cash paid relating to other financing activities	**243,439,270.82**	**243,439,270.82**	269,345.90	7,349,101.31
Sub-total of cash outflow from financing activities	**3,045,451,194.19**	**2,574,738,361.60**	2,530,043,984.42	2,375,323,739.83
Net cash flow from financing activities	**-1,008,842,892.50**	**-236,746,263.56**	-2,527,117,893.08	-1,460,345,168.18
IV. Effect of changes in foreign exchange rates on cash and cash equivalents	**-30,602,249.92**	**-1,025,419.24**	31,291,915.33	-562,085.63
V. Net increase in cash and cash equivalents	**175,418,293.11**	**-18,071,416.30**	-1,346,497,680.98	-1,269,536,326.71
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	**9,029,604,146.65**	**7,754,847,486.88**	7,217,213,524.97	6,235,865,287.51

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*

II. EXPLANATION OF ADJUSTMENT TO FINANCIAL STATEMENTS

1. Information on adjustment to relevant items in the 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. Audit Report

Whether the third quarterly report is audited

□ YES √ NO

This 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
23 October 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), Mr. Qiu Qingfeng and Mr. Yu Xiong; and the Independent Non-Executive Directors of the Company are Mr. Bai Hua, Mr. Zheng Zhihua, Mr. Xie Yun, Mr. Tian Qiusheng and Mr. Wong Kam Wa.*

* *For identification purpose only*