

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CHANGES IN ACCOUNTING POLICIES

SPECIAL NOTE

The changes in accounting policies are the corresponding changes made by 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc. * (the “**Company**”, together with its subsidiaries, the “**Group**”) in accordance with the latest requirements of the Ministry of Finance, and do not constitute voluntary changes. Accordingly, consideration and approval by the board of directors and the general meeting of the Company is not required for these changes. For the changes in accounting policies, lease liabilities and right-of-use assets recognised by the Company for leasing business that give rise to taxable temporary differences and deductible temporary differences are adjusted in accordance with Interpretation No. 16.

I. OVERVIEW OF CHANGES IN ACCOUNTING POLICIES

1. Reasons for and effective date of the changes in accounting policies

The Ministry of Finance issued Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31) (《企業會計準則解釋第 16 號》(財會〔2022〕31 號)) in November 2022 (“**Interpretation No. 16**”).

As specified by Interpretation No. 16, as for the single transaction that is not a business combination, does not affect the accounting profit or the taxable income (or deductible losses) when the transaction occurs, and the assets and liabilities initially recognised resulting in equal taxable temporary differences and deductible temporary differences, the taxable temporary differences and deductible temporary differences arising from the initial recognition of the assets and liabilities shall be recognised as the corresponding deferred tax liabilities and deferred tax assets at the time of the transaction in accordance with the relevant provisions of Enterprise Accounting Standard No. 18 - Income Taxes (《企業會計準則第 18 號——所得稅》). For the above transactions that occur between the beginning of the earliest period in which the financial statements are presented for the first time under the above provisions and the effective date of the interpretation, the enterprise shall adjust the cumulative effect to the opening retained earnings and other relevant financial statement items for the earliest period in which the financial statements are presented in accordance with the above provisions.

The Company has implemented the relevant requirements under Interpretation No. 16 since 1 January, 2023.

2. Accounting policies adopted before the changes:

Before changes in accounting policies, the Company has been in compliance with the Accounting Standards for Business Enterprises - Basic Standards (《企業會計準則—基本準則》) and various specific accounting standards, the application guidelines for the Accounting Standards for Business Enterprises, the Interpretation Announcement of the Accounting Standards for Business Enterprises and other relevant requirements issued by the Ministry of Finance.

3. Accounting policies adopted after the changes:

After changes in accounting policies, the Company will adopt Interpretation No. 16. Other than the aforementioned, other parts which remain unchanged are still subject to the Accounting Standards for Business Enterprises - Basic Standards (《企業會計準則—基本準則》) and various specific accounting standards, the application guidelines for the Accounting Standards for Business Enterprises, the Interpretation Announcement of the Accounting Standards for Business Enterprises and other relevant requirements issued by the Ministry of Finance.

II. IMPACT OF CHANGES IN ACCOUNTING POLICIES ON THE COMPANY

The aforementioned changes in accounting policies are the corresponding changes made by the Company in accordance with the latest requirements of the Ministry of Finance. After the changes, lease liabilities and right-of-use assets recognised by the Company for leasing business that give rise to taxable temporary differences and deductible temporary differences are adjusted in accordance with Interpretation No. 16. The retrospective adjustment of the relevant financial indicators in the previous annual financial reports will not alter the nature of profit or loss in the Company's annual financial reports disclosed in the latest two years.

The effects of the adoption of the above accounting policies on the consolidated balance sheet as at 31 December 2023 and the consolidated income statement for 2023 are as follows:

Consolidated balance sheet items	Amount affected
(31 December 2023)	
Deferred income tax assets	3,228,721.46
Deferred income tax liabilities	3,180,570.77
Undistributed profits	69,786.86
Minority interests	-19,656.68

Consolidated income statement items (2023)	Amount affected
Income tax expenses	-15,443.02
Net profit attributable to shareholders of the parent company	21,047.27
Profit and loss attributable to minority interests	-5,604.25

The impacts of the implementation of the above accounting policies on the consolidated balance sheet as at 31 December 2022 and the consolidated income statement for 2022 are as follows:

Consolidated balance sheet items (31 December 2022)	Before adjustment	Adjustment amount	After adjustment
Deferred income tax assets	280,547,017.74	3,344,051.40	283,891,069.14
Deferred income tax liabilities	188,648,016.16	3,311,343.73	191,959,359.89
Undistributed profits	10,437,636,083.92	48,739.59	10,437,684,823.51
Minority interests	1,060,230,926.13	-16,031.92	1,060,214,894.21

Consolidated income statement items (2022)	Before adjustment	Adjustment amount	After adjustment
Income tax expenses	375,010,397.14	-37,169.57	374,973,227.57
Net profit attributable to shareholders of the parent company	1,909,391,664.63	16,023.30	1,909,407,687.93
Profit and loss attributable to minority interests	46,148,548.43	21,146.27	46,169,694.70

The impacts of the implementation of the above accounting policies on the consolidated balance sheet as at 1 January 2022 are as follows:

Consolidated balance sheet items (1 January 2022)	Before adjustment	Adjustment amount	After adjustment
Deferred income tax assets	252,694,687.27	2,183,786.50	254,878,473.77
Deferred income tax liabilities	156,885,243.92	2,188,248.40	159,073,492.32
Undistributed profits	9,716,401,275.28	32,716.29	9,716,433,991.57
Minority interests	1,307,261,162.15	-37,178.19	1,307,223,983.96

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
28 March 2024

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

** For identification purpose only*