

Stock code : 600380

Stock abbreviation : 健康元

Joincare Pharmaceutical Group Industry Co., Ltd.

2021 Third Quarterly Report

Board of Directors (the “Board”) and all directors of the Company hereby warrant that there are no false representations, misleading statements or material omissions contained in the third quarterly report (the “Report”), and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the contents of the Report.

IMPORTANT NOTICE:

- The Board, the Supervisory Committee and the directors, supervisors and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the Report, and that there are no false representations, misleading statements or material omissions contained in the Report, and severally and jointly accept responsibility.
- The person-in-charge of the Company, the person-in-charge of the Company's accounting work and the person-in-charge of the accounting department (the head of the accounting department) hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in the Report.
- Whether the third quarterly financial statements are audited
 Applicable N/A
- The Report is prepared in both Chinese and English. In case of any ambiguity in the understanding of the Chinese and English texts, the Chinese version shall prevail.

I Principal Financial Data**(I) Principal accounting data and financial indicators**

Unit: Yuan Currency: RMB

Item	The Reporting Period (July-September 2021)	Year-on-Year Change (%)	From the beginning of the year to the end of the Reporting Period (January – September 2021)	Year-on-Year Change (%)
Revenues	4,098,276,714.19	12.98	11,933,648,988.85	18.12
Net profit attributable to Shareholders of the listed company	321,327,690.20	27.91	1,008,675,184.73	8.76
Net profit attributable to Shareholders of the listed company after deducting the extraordinary gain or loss	321,676,905.90	52.36	919,569,233.33	14.45
Net cash flow from operating activities	N/A	N/A	1,621,169,704.58	-18.31
Basic earnings per share (RMB/share)	0.1640	25.67	0.5154	7.64
Diluted earnings per share (RMB/share)	0.1638	26.49	0.5142	7.96
Weighted average return on net assets (%)	2.85	Increased by 0.47 percentage point	8.89	Increased by 0.17 percentage point
	End of the Reporting Period	End of the Previous Year		Change (%)
Total assets	29,154,637,491.82	28,156,977,599.07		3.54
Owners' equity attributable to Shareholders of the listed company	11,314,080,616.51	11,096,125,890.51		1.96

Note: 1. "Reporting Period" refers to the 3rd Quarter of 2021, from July 1, 2021 to September 30, 2021.

2. From January to September 2021, the Company recorded operating revenues of RMB 11,934 million, representing an increase of 18.12% year-on-year; the main driver of the growth is significant increasing sales volume of main product categories in key specialist arenas of the Chemical drug preparation segment. Revenues from chemical drug preparation products amounted to RMB 6,907 million, representing an increase of 40.96% year-on-year, of which, revenues from Inhalation products amounted to 274 million, representing an increase of 957.88% year-on-year; Revenues from anti-infective drugs amounted to RMB1,053 million, representing a decrease of 0.19% year-on-year; Revenues from gastroenterology products amounted to RMB 2,993 million, representing an increase of 68.66% year-on-year; Revenues from gonadotropic hormones products amounted to RMB 1,978 million, representing an increase of 37.75% year-on-year; Revenues from psychiatric products amounted to RMB 306 million, representing an increase of 49.77% year-on-year. Revenues from APIs and intermediates amounted to RMB 3,441 million, representing an increase of 17.51% year-on-year. Revenues from traditional Chinese drug preparation products amounted to RMB 853 million, representing a decrease of 10.53% year-on-year. Revenues from diagnostic reagents and equipment products amounted to RMB552 million, representing a decrease of 52.64% year-on-year. Revenues from health care products amounted to RMB 86 million, representing a decrease of 20.28% year-on-year.

(II) Items and amounts of extraordinary gains and losses

Unit: Yuan Currency: RMB

Item	Amounts for the Reporting Period	Amount from the beginning of the year to the end of the Reporting Period (January – September 2021)	Description
Gains and losses on disposal of non-current assets (Including the write-off part of the provision for impairment of assets)	528,115.38	20,878,916.52	Proceeds from disposal of fixed assets
Government grants included in profit and loss for the Period (except for government grants closely associated with normal corporate businesses, entitled at fixed amount or fixed level according to national policies and national unified standards)	45,995,421.31	175,456,418.58	Government grants included in profit and loss for the Period
Gains and losses on fair value changes of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and investment income generated on disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging activities related to the ordinary operating business of the Company	-48,806,320.50	6,742,628.05	Gains or losses arising from changes in fair value of financial assets/liabilities held for trading, and investment gains from holding and disposal of financial assets/liabilities held for trading
Other non-operating revenues and non-operating expenditures apart from the above items	-12,046,187.71	-13,444,794.44	Other non-operating Revenues and non-operating expenditures apart from the above items
Less: Effect on income tax	3,376,118.90	29,574,335.32	Effect of the above items on income tax
Effect on minority interests after tax	-17,355,874.72	70,952,881.99	The portion of the above items to which minority shareholders are entitled
Total	-349,215.70	89,105,951.40	

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

Applicable N/A

(III) Changes and the reasons for changes in principal accounting data and financial indicators

Applicable N/A

Name of item	Change in proportion (%) (2021 Q3 compared with 2020 Q3)	Explanation
Net profit attributable to Shareholders of the listed company after deducting the extraordinary gain or loss (2021 Q3)	52.36	Mainly due to the significant growth of the sales revenues from the chemical drugs, which is the main driver of the growth of the net incomes.

(IV) Substantial changes of other items in the Financial Statements and financial indicators and reasons thereof

Unit Yuan Currency : RMB

Balance Sheet	2021/09/30	2020/12/31	Change in proportion (%)	Main Reason
Financial assets held for trading	189,909,950.41	28,328,748.72	570.38	Mainly due to the fact that the subsidiary Livzon Group was allocated the shares of Beam Therapeutics Inc. (NASDAQ: BEAM) originally held by SCC VENTURE VII 2018-C, L.P. pursuant to the investment agreement, as a result of the proposed deregistration of SCC VENTURE VII 2018-C, L.P. in which Livzon Group made investment.
Prepayments	522,396,275.49	209,926,040.57	148.85	Mainly due to the increase in procurement amounts and costs prepaid for materials.
Non-current assets due within one year	8,634,022.41	19,934,376.07	-56.69	Mainly due to the receipt of consideration for the transfer of some equity interest in a controlling subsidiary of the subsidiary Livzon Group.
Long-term equity investments	1,418,022,709.96	628,279,599.73	125.70	Mainly due to the subsidiary Livzon Group's acquisition of 40% equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司).
Other non-current assets	608,764,830.86	373,557,910.72	62.96	Mainly due to the increase in prepayment for engineering equipment.
Financial liabilities held for trading	39,018.28	212.07	18298.77	Mainly due to the increased losses from foreign exchange forward contracts owned by Livzon Group
Employee benefits payables	280,937,529.46	476,521,798.51	-41.04	Mainly due to the payment for the special funds of the "Medium to Long-term Business Partner Share Ownership Scheme".
Other current liabilities	3,343,666.92	6,267,034.79	-46.65	Mainly due to some contract amounts received in advance were transferred to revenue upon fulfilling the conditions for revenue recognition, and the decrease in tax for items pending for settlement.
Long-term loans	688,100,000.00	360,324,027.48	90.97	Mainly due to the new bank borrowings of the subsidiary Livzon Group.
Leasing liabilities	6,042,261.51	9,817,780.04	-38.46	Mainly due to the subsidiary Livzon Group's reclassification of leasing liabilities due within one year to non-current liabilities due within one year caused by the change in credit period.
Other comprehensive income	25,758,615.13	116,300,559.28	-77.85	Mainly due to Livzon Group's transfer of other comprehensive income recognized in the previous period into retained earnings after the disposal of investment in other equity instruments.
Income Statement	2021 Jan-Sep	2020 Jan-Sep	Change in proportion (%)	Main Reason
Selling expenses	3,820,420,328.92	2,933,764,220.56	30.22	Mainly due to the increase in selling expenses in line with a prominent growth in the sales revenue of drug preparation products during the Period, as a result of the Company's increased marketing efforts for

				Inhalation, gastroenterology and psychiatry products during the Period.
Research and Development("R&D") expenses	959,056,925.14	695,722,058.28	37.85	Mainly due to an increase in R&D investment, as a result of actively advancing the R&D progress of project of innovative drug "Recombinant SARS-CoV-2 Fusion Protein Vaccine" and the expansion of the scientific research team during the Period.
Finance expenses	-43,302,001.92	-92,039,637.31	N/A	Mainly due to an increase in interest expenses as a result of an increase in loans during the Period and lower interest income than the previous period as a result of a decrease in deposit interest rate and no interest settled for some unexpired deposits.
Investment income	69,260,277.50	140,803,971.20	-50.81	Mainly due to the the subsidiary Livzon Group's income from the disposal of the equity interest in Jiangsu Ni Ke Medical Device Co., Ltd. (江苏尼科医疗器械有限公司) in the previous period.
Gains from changes in fair value	-18,014,545.96	6,163,867.32	-392.26	Mainly due to fluctuations in the market value of investment in securities held by the subsidiary Livzon Group.
Credit impairment loss	-10,549,870.63	-3,974,299.64	165.45	Mainly due to the increase in the expected credit loss of receivables.
Asset impairment loss	-35,798,711.62	-26,883,492.66	33.16	Mainly due to the increase in the provision for inventory depreciation.
Gains from disposal of assets	18,357,859.21	-43,950.50	N/A	Mainly due to the gains from the external disposal of Land use rights during the Period.
Cash Flow Statement	2021 Jan-Sep	2020 Jan-Sep	Change in proportion (%)	Main Reason
Subtotal of cash outflow from investing activities	1,739,746,862.49	618,514,702.58	181.28	Mainly due to the subsidiary Livzon Group's payment of consideration for the Livzon's acquisition of 40% equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司).
Net cash flow from investing activities	-1,509,334,937.50	-402,448,366.98	N/A	Mainly due to the subsidiary Livzon Group's payment of consideration for the acquisition of 40% equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司).
Effect of changes in foreign exchange rates on cash and cash equivalents	-20,822,588.77	-36,878,975.00	N/A	Mainly due to the decrease of the subsidiary Livzon Group's exchange losses on cash held in foreign currencies, as a result of the changes in exchange rates.
Net increase in cash and cash equivalents	-1,692,759,711.75	-655,783,619.10	N/A	Mainly due to the subsidiary Livzon Group's payment of consideration for the acquisition of 40% equity interest in Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司).

II Shareholders' Information

(I) Table of the total number of ordinary shareholders, the number of preferred shareholders with resumed voting rights and shareholdings of the top 10 shareholders

Unit: Shares

Total number of ordinary shareholders at the end of the Reporting Period	111,259	Total number of preferred shareholders with resumed voting rights at the end of the Reporting Period (if any)	0		
Shareholdings of the top 10 shareholders					
Name of shareholders	Nature of shareholders	Number of shares	Percentage (%)	Number of shares held	Pledge, mark or lock-up

				with selling restrictions	Share status	Number
Shenzhen Baiyeyuan Investment Co., Ltd.*(深圳市百业源投资有限公司)	Domestic non-state-owned legal person	895,653,653	47.01	0	Pledge	95,679,725
Hong Kong Securities Clearing Company Limited	Unknown	88,941,864	4.67	0	Unknown	
Might Seasons Limited (鸿信行有限公司)	Overseas legal person	71,859,334	3.77	0	Unknown	
108 portfolio of national social security fund	Unknown	12,461,721	0.65	0	Unknown	
16011 portfolio of basic endowment insurance fund	Unknown	12,119,743	0.64	0	Unknown	
Abu Dhabi Investment Authority	Overseas legal person	12,018,189	0.63	0	Unknown	
Hua Life Insurance Co., Ltd. - proprietary investment account	Unknown	9,112,618	0.48	0	Unknown	
Bosera Funds Management Co., Ltd. - 419 portfolio of social security funds	Unknown	8,732,946	0.46	0	Unknown	
He Zhong	Domestic natural person	7,650,024	0.40	0	Unknown	
Agricultural Bank of China Limited - China 500 Exchange Traded Open-End Index Securities Investment Fund (ETF)	Unknown	6,295,902	0.33	0	Unknown	
Shareholdings of the top 10 shareholders without selling restrictions						
Name of shareholders	Number of tradable shares held without selling restrictions	Class and number of shares				
		Class	Number			
Shenzhen Baiyeyuan Investment Co., Ltd.*(深圳市百业源投资有限公司)	895,653,653	Ordinary shares denominated in Renminbi	895,653,653			
Hong Kong Securities Clearing Company Limited	88,941,864	Ordinary shares denominated in Renminbi	88,941,864			
Might Seasons Limited (鸿信行有限公司)	71,859,334	Ordinary shares denominated in Renminbi	71,859,334			
108 portfolio of national social security fund	12,461,721	Ordinary shares denominated in Renminbi	12,461,721			
16011 portfolio of basic endowment insurance fund	12,119,743	Ordinary shares denominated in Renminbi	12,119,743			
Abu Dhabi Investment Authority	12,018,189	Ordinary shares denominated in Renminbi	12,018,189			
Hua Life Insurance Co., Ltd. - proprietary investment account	9,112,618	Ordinary shares denominated in Renminbi	9,112,618			
Bosera Funds Management Co., Ltd. - 419 portfolio of social security funds	8,732,946	Ordinary shares denominated in Renminbi	8,732,946			
He Zhong	7,650,024	Ordinary shares denominated in Renminbi	7,650,024			
Agricultural Bank of China Limited - China 500 Exchange Traded Open-End Index Securities Investment Fund (ETF)	6,295,902	Ordinary shares denominated in Renminbi	6,295,902			
Description of connection or acting-in-concert relationship of the above shareholders	There was no connection or acting-in-concert relationship between Shenzhen Baiyeyuan Investment Co., Ltd., the controlling shareholder of the Company, and other shareholders; whether there is connection or acting-in-concert relationship among other shareholders is unknown.					
Description of the participation of the top 10 shareholders and the top 10 shareholders without selling restriction in securities margin trading and securities financing (if any)	Shareholder He Zhong held 850,000 shares through an ordinary securities account and 6,800,024 shares through a customer's margin account, namely 7,650,024 shares in total.					
Notes on the special repurchase account among the top 10 shareholders	As at the end of the Reporting Period, the special repurchase account of the Company (special securities repurchase account of Joincare Pharmaceutical Group Industry Co., Ltd.) owned 17,459,813 shares in total, accounting for 0.92% of total share capital of the Company.					

III Other Information

Other key information on the operations of the Company during the Reporting Period to which investors should be reminded to pay attention

Applicable N/A

1. Use of Proceeds

According to the Reply to the Approval of Share Allotment of Joincare Pharmaceutical Group Industry Co., Ltd. issued by China Securities Regulatory Commission (Zheng Jian Xu Ke [2018] No. 1284), the Company allotted 365,105,066 new shares to the original shareholders. The total amount of actual proceeds from the allotment was RMB 1,715,993,810.20; the deducted distribution expenses were RMB 46,253,565.29; the net amount of proceeds was RMB 1,669,740,244.91. As at October 16, 2018, the said proceeds were in place, which was validated by the Capital Verification Report of Joincare Pharmaceutical Group Industry Co., Ltd. issued by Ruihua Certified Public Accountants (Rui Hua Yan Zi [2018] No. 40060006).

As at September 30, 2021, the use of proceeds was as follows:

Unit: RMB 10,000

Project name	Total amount of investment	Total amount of proceeds invested	Use of proceeds as at September 30, 2021	Balance of proceeds as at September 30, 2021
Zhuhai Health Industry Base Construction Project	98,066.84	76,974.02	3,386.29	73,587.73
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project	125,471.35	90,000.00	63,350.74	26,649.26
Total	223,538.19	166,974.02	66,737.03	100,236.99

Pursuant to the Resolution on the Temporary Replenishment of Working Capital with Idle Proceeds considered and approved at the 37th Meeting of the 7th Session of the Board of the Company on 30 December 2020, it was agreed that the Company temporarily replenished the working capital with no more than RMB 900 million of idle proceeds from January 1, 2021 to December 31, 2021, so as to improve the use efficiency of proceeds and reduce financial expenses of the Company. Pursuant to the Resolution on Cash Management with Idle Proceeds considered and approved, it was agreed that the Company carried out cash management with no more than RMB 250 million of idle proceeds and purchased principal-guaranteed bank cash management products with high security and good liquidity or deposit products with high investment incomes, without prejudice to the implementation of projects invested with proceeds and the use of proceeds. Duration of the said cash management was from January 1, 2021 to December 31, 2021; the funds may be used on revolving basis within the approved limit.

As at the date of disclosure of the Report, the balance for temporary replenishment of working capital was RMB 860 million. The outstanding balance for cash management with idle proceeds was RMB 130 million.

2. Matters About Equity Incentives

Pursuant to the Resolution relating to Cancellation of Certain Share Options under the 2018 Share Option Incentive Plan considered and approved at the 52nd Meeting of the 7th Session of the Board and the 38th Meeting of the 7th Session of the Supervisor Committee of the Company on August 10, 2021, share options under the first grant and reserved grant that have been granted but not yet exercised due to resignation of some Incentive Participants or other reasons were canceled. The number of Incentive Participants for the first grant was adjusted from 233 to 211, while the number of unexercised share options under the first grant was adjusted from 9,505,859 to 8,827,859, with 678,000 share options canceled; the number of Incentive Participants for the reserved grant was adjusted from 150 to 142, and the number of unexercised share options under the reserved grant was adjusted from 3,370,472 to 3,210,472, with 160,000 share options canceled. See the Announcement on the Cancellation of Certain Share Options of Joincare Pharmaceutical Group Industry Co., Ltd. Granted but Not Yet Exercised under the 2018 Share Option Incentive Plan (Lin 2021-098) disclosed by the Company on August 11, 2021 for details. The Company completed the above stock option cancellation on August 17, 2021; the cancellation was validated and confirmed by Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

The Resolution on Fulfillment of Exercise Conditions for the Second Exercise Period of the Reserved Grant under the 2018 Share Options Incentive Scheme was considered and approved at the 53rd Meeting of the 7th Session of the Board and the 40th Meeting of the 7th Session of the Supervisory Committee of the Company on August 25, 2021. The independent directors of the Company voiced independent opinions on the resolution and the supervisors voiced opinions on approval of the resolution. The number of exercisable options during the second exercise period of the reserved grant under the 2018 Share Options Incentive Scheme of the Company was 2,935,000 and the exercise period was from September 23, 2021 to September 22, 2022. The share options may be exercised on a voluntary basis. See the Announcement on Fulfillment of Exercise Conditions for the Second Exercise Period of the Reserved Grant under the 2018 Share Options Incentive Scheme of Joincare Pharmaceutical Group

Industry Co., Ltd. (Lin 2021-107) disclosed by the Company on August 26, 2021 for details.

As at the end of the Reporting Period, the number of options cumulatively exercised and completing share transfer registration under the first grant and reserved grant of the 2018 Share Options Incentive Scheme of the Company was 22,459,801. In 2021 Q3, the paid-in capital for exercise was RMB 16,219,524.94, among which, the newly registered capital was RMB 1,899,922, and RMB 14,319,602.94 was recognized as capital reserve (additional paid in capital). The exercise this time did not impose a heavy impact on the financial status and operating results of the Company. See the Announcement on 2021 Q3 Voluntary Exercise Results of the 2018 Share Options Incentive Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. & Changes in Shares (Lin 2021-124) disclosed by the Company on October 9, 2021 for details.

3. Matters About Share Repurchase

Pursuant to the Resolution on Share Repurchase Scheme by Way of Centralized Price Bidding and other resolutions considered and approved at the 41st Meeting of the 7th Session of the Board and the 2021 First Extraordinary General Meeting of the Company on February 9, 2021 and February 25, 2021, respectively, it was approved that the Company repurchased company shares by way of centralized price bidding with its own funds or self-raised funds; the total amount of repurchase funds should be no less than RMB 350 million (inclusive) and no more than RMB 700 million (inclusive); the repurchase price should be no more than RMB 20/share (inclusive); the repurchase term should be no more than 12 months from the date when the repurchase scheme was approved by the General Meeting of the Company. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Share Repurchase Scheme by Way of Centralized Price Bidding (Lin 2021-016) and the Announcement on the Resolution of the 2021 First Extraordinary General Meeting of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2021-025) disclosed by the Company on February 10, 2021 and February 26, 2021 for details. The Repurchase Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Share Repurchase by Way of Centralized Price Bidding (Lin 2021-027) was disclosed by the Company on March 5, 2021.

As at September 14, 2021, the Company cumulatively repurchased 55,135,296 shares by way of centralized price bidding, representing 2.81% of total share capital of the Company (1,959,977,436 shares); the maximum repurchase price was RMB 16.92/share; the minimum repurchase price was RMB

10.80/share; the average repurchase price was RMB 12.69/share; and the total amount paid was RMB 699,900,526.87 (including commissions). The Company completed the cancellation of repurchased shares with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on September 16, 2021. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Results of Share Repurchase & Changes in Shares (Lin 2021-122) disclosed by the Company on September 16, 2021 for details.

4. Medium to Long-term Business Partner Share Ownership Scheme

Pursuant to the Resolution on the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of the Company and its Summary considered and approved at the 48th Meeting of the 7th Session of the Board on June 10, 2021 and the 2021 Second Extraordinary General Meeting on June 29, 2021, the Company compiled the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. (hereinafter referred to as this "Scheme") and its Summary to guide the implementation of this Scheme. The participants of this Scheme include senior management of the Company and core R&D, production, sales and management personnel who have made outstanding contribution to the Company during the performance appraisal period or have a significant impact on the future performance of the Company. The total number of participants in the phase shall not exceed 41, and the final participants shall be determined according to the actual subscription. The source of funds shall be the special fund for the Scheme as withdrawn by the Company, in amount totaling RMB 31,038,241.

According to the "Confirmation Letter on Securities Transfer and Registration" received from China Securities Depository and Clearing Corporation Limited on August 5, 2021, 2,430,800 shares held in the Company's special security repurchase account had been transferred to the Company's first phase share ownership scheme account by way of non-trade transfer on August 4, 2021 at a price of RMB 12.75/share, representing 0.12% of the total share capital of the Company (1,959,507,007 shares). The shares acquired by employees under the Scheme will be locked up for 36 months, from August 4, 2021 to August 3, 2024. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Completion of the Non-Trade Transfer of Shares under the First Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme (Lin 2021-091) disclosed by the

Company on August 6, 2021 for details.

The 1st meeting of participants of the First Phase Share Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme (hereinafter referred to as the "First Phase Share Ownership Scheme") was held on August 10, 2021, at which, the management committee for the First Phase Share Ownership Scheme was established and three members were elected. The management committee was authorized to handle matters related to the Scheme. See the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Resolution of the 1st Meeting of Participants of the First Phase Share Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme (Lin 2021-092) disclosed by the Company on August 11, 2021 for details.

IV Quarterly Financial Statements

(I) Audit Opinion

Applicable N/A

(II) Financial statements

Consolidated Balance Sheet

At 30 September 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit : Yuan Currency : RMB Unaudited

Item	30 September 2021	31 December 2020
Current assets:		
Monetary fund	10,550,971,638.68	12,289,098,613.19
Financial assets held for trading	189,909,950.41	28,328,748.72
Bills receivables	1,733,017,107.76	1,343,013,818.54
Accounts receivables	3,018,237,975.29	2,447,406,222.52
Receivables financing		
Prepayments	522,396,275.49	209,926,040.57
Other receivables	213,796,272.84	177,240,162.81
Of which: Interest receivable		
Dividends receivable		
Inventories	1,855,536,544.45	1,831,509,012.27
Contract assets		
Held-for-sale assets		
Non-current assets due within one year	8,634,022.41	19,934,376.07
Other current assets	69,332,467.13	58,098,049.20
Total current assets	18,161,832,254.46	18,404,555,043.89
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	584,284.36	584,284.36
Long-term equity investments	1,418,022,709.96	628,279,599.73
Other equity instrument investments	1,405,665,198.19	1,576,391,663.13
Other non-current financial assets		
Investment properties	6,191,475.43	6,191,475.43
Fixed assets	4,531,137,755.33	4,380,285,156.93
Construction in progress	811,363,845.40	648,478,042.42
Productive biological assets		
Oil and gas assets		
Right-of-use assets	15,403,116.86	18,030,132.69
Intangible assets	468,512,047.53	468,087,916.05
Development expenditure	467,080,044.56	399,119,603.78
Goodwill	614,468,698.73	614,468,698.73
Long-term deferred expenses	196,581,636.02	170,049,601.98
Deferred income tax assets	449,029,594.13	468,898,469.23
Other non-current assets	608,764,830.86	373,557,910.72
Total non-current assets	10,992,805,237.36	9,752,422,555.18
Total assets	29,154,637,491.82	28,156,977,599.07
Current liabilities:		
Short-term loans	1,854,753,015.63	2,110,942,804.06
Financial liabilities held for trading	39,018.28	212.07
Bills payables	1,411,712,620.87	1,087,759,353.31
Accounts payables	868,649,376.95	832,632,206.53
Receipts in advance		
Contract liabilities	96,384,826.19	133,422,354.03
Employee benefits payables	280,937,529.46	476,521,798.51
Tax and surcharge payables	276,034,461.08	298,342,182.44

Other payables	3,272,120,955.95	2,847,688,065.59
Of which: Interest payable		
Dividends payable	40,826,174.22	8,418,590.50
Held-for-sale liabilities		
Non-current liabilities due within one year	9,821,001.35	8,539,077.05
Other current liabilities	3,343,666.92	6,267,034.79
Total current liabilities	8,073,796,472.68	7,802,115,088.38
Non-current liabilities:		
Long-term loans	688,100,000.00	360,324,027.48
Notes payables		
Leasing liabilities	6,042,261.51	9,817,780.04
Long-term payables		
Long-term employee benefits payables		
Provisions		
Deferred gains	454,618,399.79	467,562,770.49
Deferred income tax liabilities	188,101,595.20	202,259,855.68
Other non-current liabilities	78,000,000.00	78,000,000.00
Total non-current liabilities	1,414,862,256.50	1,117,964,433.69
Total liabilities	9,488,658,729.18	8,920,079,522.07
Owners' (or shareholders') equity		
Paid-in capital (or share capital)	1,905,357,843.00	1,952,780,764.00
Other equity instruments		
Of which: Preferred shares		
Perpetual bonds		
Capital reserve	2,061,174,342.81	2,533,288,674.28
Less: Treasury shares	222,644,454.50	253,637,154.50
Other consolidated earnings	25,758,615.13	116,300,559.28
Special reserve		
Surplus reserve	515,941,465.20	515,941,465.19
Undistributed profits	7,028,492,804.87	6,231,451,582.26
Total owners' equity (or shareholders' equity) attributable to equity holders of the parent company	11,314,080,616.51	11,096,125,890.51
Minority interests	8,351,898,146.13	8,140,772,186.49
Total owners' (or shareholders') equity	19,665,978,762.64	19,236,898,077.00
Total liabilities and owners' (or shareholders') equity	29,154,637,491.82	28,156,977,599.07

Person-in-charge of the Company: Zhu Baoguo

Person-in-charge of the Company's accounting work: Qiu Qingfeng

Person-in-charge of the accounting department: Qiu Qingfeng

Consolidated Income Statement

January to September, 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit : Yuan Currency : RMB Unaudited

Item	First three quarters of 2021 (January to September)	First three quarters of 2020 (January to September)
I. Total revenues	11,933,648,988.85	10,103,029,326.93
Of which: operating revenues	11,933,648,988.85	10,103,029,326.93
II. Total operating costs	9,728,395,382.69	7,866,803,182.98
Of which: Operating costs	4,202,628,262.24	3,580,932,722.96
Tax and surcharge	138,588,360.34	117,469,489.45
Selling expenses	3,820,420,328.92	2,933,764,220.56
Administrative expenses	651,003,507.97	630,954,329.04
R&D expenses	959,056,925.14	695,722,058.28
Finance expenses	-43,302,001.92	-92,039,637.31
Of which: Interest expenses	73,581,421.29	22,518,905.86
Interest income	111,786,015.39	139,660,448.43
Add: Other income	177,015,688.29	202,763,992.92
Investment income (“-” represents losses)	69,260,277.50	140,803,971.20
Of which: Income from investments in associates and joint ventures	11,789,322.81	7,593,871.51
Gains from terminated recognition of financial assets measured at amortized cost (“-” represents losses)		
Gains from hedging net exposure (“-” represents losses)		
Gains from changes in fair value (“-” represents losses)	-18,014,545.96	6,163,867.32
Credit impairment loss (“-” represents losses)	-10,549,870.63	-3,974,299.64
Asset impairment loss (“-” represents losses)	-35,798,711.62	-26,883,492.66
Gains from disposal of assets (“-” represents losses)	18,357,859.21	-43,950.50
III. Operating profit (“-” represents losses)	2,405,524,302.95	2,555,056,232.59
Add: non-operating income	5,662,349.74	5,112,433.42
Less: non-operating expenditure	19,120,502.95	25,809,994.34
IV. Total profit (“-” represents net losses)	2,392,066,149.74	2,534,358,671.67
Less: income tax expenses	316,486,740.44	354,387,233.65
V. Net profit (“-” represents net losses)	2,075,579,409.30	2,179,971,438.02
(I) Classified by continuing operations:		
1. Net profit from continuing operations (“-” represents net losses)	2,075,579,409.30	2,179,971,438.02
2. Net profit from discontinued operations (“-” represents net losses)		
(II) Classified by attribution to ownership:		
1. Net profit attributable to shareholders of the parent company (“-” represents net losses)	1,008,675,184.73	927,470,889.00
2. Profit and loss attributable to minority interests (“-” represents net losses)	1,066,904,224.57	1,252,500,549.02

VI. Other comprehensive net income after taxation	-177,089,388.22	-31,992,939.62
(I) Other comprehensive net income after taxation attributable to shareholders of the parent company	-90,541,944.15	-28,845,456.03
1. Other comprehensive income not to be reclassified into profit or loss	-55,197,967.72	-9,381,197.73
(1) Changes in re-measurement of defined benefit plans		
(2) Other comprehensive income not to be reclassified into profit or loss under equity method	-3,992,639.64	
(3) Changes in fair value of other equity instruments	-51,205,328.08	-9,381,197.73
(4) Changes in fair value of enterprise's own credit risk		
2. Other comprehensive income to be reclassified as profit or loss	-35,343,976.43	-19,464,258.30
(1) Other comprehensive income to be reclassified into profit or loss under equity method		
(2) Changes in fair value of other debt investments		
(3) Financial assets reclassified into other comprehensive income		
(4) Credit impairment provision for other debt investments		
(5) Reserve for cash flow hedging		
(6) Translation difference of financial statements denominated in foreign currency	-35,343,976.43	-19,464,258.30
(7) Others		
(II) Other comprehensive net income after taxation attributable to minority interests	-86,547,444.07	-3,147,483.59
VII. Total comprehensive income	1,898,490,021.08	2,147,978,498.40
(I) Total comprehensive income attributable to shareholders of the parent company	918,133,240.58	898,625,432.97
(II) Total comprehensive income attributable to minority interests	980,356,780.50	1,249,353,065.43
VIII. Earnings per share:		
(I) Basic earnings per share	0.5154	0.4788
(II) Diluted earnings per share	0.5142	0.4763

Person-in-charge of the Company: Zhu Baoguo

Person-in-charge of the Company's accounting work: Qiu Qingfeng

Person-in-charge of the accounting department: Qiu Qingfeng

Consolidated Cash Flow Statement

January to September, 2021

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit : Yuan Currency : RMB Unaudited

Item	First three quarters of 2021 (January to September)	First three quarters of 2020 (January to September)
I、Cash flow from operating activities:		
Cash received from sale of goods and services rendered	11,899,181,183.24	9,671,345,406.05
Refund of taxes and levies	117,304,422.29	99,308,914.72
Cash received relating to other operating activities	357,722,261.48	510,886,420.13
Subtotal of cash inflow from operating activities	12,374,207,867.01	10,281,540,740.90
Cash paid for purchase of goods and services rendered	3,161,363,236.72	2,588,418,331.36
Cash paid to and on behalf of employees	1,546,737,299.97	1,126,745,210.15
Payments for various taxes and levies	1,263,867,720.70	1,008,790,561.58
Cash paid relating to other operating activities	4,781,069,905.04	3,573,070,935.44
Subtotal of cash outflow from operating activities	10,753,038,162.43	8,297,025,038.53
Net cash flow from operating activities	1,621,169,704.58	1,984,515,702.37
II、Cash flow from investing activities:		
Cash received from disposal of investments	110,302,936.39	157,344,429.75
Cash received on investment income	93,348,249.99	30,382,854.27
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	8,684,509.74	1,630,636.20
Net cash received from disposal of subsidiaries and other operating units	3,311,220.53	5,339,063.95
Cash received relating to other investing activities	14,765,008.34	21,369,351.43
Sub-total of cash inflow from investing activities	230,411,924.99	216,066,335.60
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets	960,679,392.16	516,342,226.37
Cash payments for investments	774,000,000.00	94,514,395.92
Net cash paid for acquisition of subsidiaries and other operating units		
Cash paid relating to other investing activities	5,067,470.33	7,658,080.29
Sub-total of cash outflow from investing activities	1,739,746,862.49	618,514,702.58
Net cash flow from investing activities	-1,509,334,937.50	-402,448,366.98
III. Cash flow from financing activities:		
Cash received from absorption of investments	521,836,124.79	397,884,596.14
Of which: Cash received by subsidiaries from investments of minority interests	324,225,000.00	8,000,000.00
Cash received from borrowings	2,354,753,015.63	1,853,579,914.03
Cash received relating to other financing activities	34,430,100.74	5,582,663.82
Sub-total of cash inflow from financing activities	2,911,019,241.16	2,257,047,173.99
Cash paid on repayment of debts	2,282,684,146.53	2,929,711,030.60
Cash paid for distribution of dividends and profit or interest payments	1,211,553,686.47	1,031,200,679.92
Of which: Dividends and profits paid to minority	846,741,767.14	673,935,179.07

interests by subsidiaries		
Cash paid relating to other financing activities	1,200,553,298.22	497,107,442.96
Sub-total of cash outflow from financing activities	4,694,791,131.22	4,458,019,153.48
Net cash flow from financing activities	-1,783,771,890.06	-2,200,971,979.49
IV. Effect of changes in foreign exchange rates on cash and cash equivalents	-20,822,588.77	-36,878,975.00
V. Net increase in cash and cash equivalents	-1,692,759,711.75	-655,783,619.10
Add: Balance of cash and cash equivalents at the beginning of the period	12,122,781,311.49	10,940,305,225.81
VI. Cash and cash equivalents at the end of the period	10,430,021,599.74	10,284,521,606.71

Person-in-charge of the Company: Zhu Baoguo

Person-in-charge of the Company's accounting work:
Qiu Qingfeng

Person-in-charge of the accounting department:
Qiu Qingfeng

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

Applicable N/A

Notice is hereby given.

Joincare Pharmaceutical Group Industry Co., Ltd.

October 26, 2021