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廣州白雲山醫葯集團股份有限公司

GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

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

(H Share Stock Code: 0874)

2019 THIRD QUARTERLY REPORT

1. IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”) of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (“GYBYS” or the “Company”) and its directors, supervisors and senior management collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this quarterly report and confirm that there are no false information, misleading statements or material omissions in this quarterly report.
- 1.2 The directors of the Company attended the 27th meeting of the seventh session of the Board, among whom, Mr. Zhang Chunbo (an executive director), Mr. Chu Xiaoping (an independent non-executive director), Mr. Wong Hin Wing (an independent non-executive director) and Ms. Wang Weihong (an independent non-executive director) attended the meeting by telephone.
- 1.3 The financial reports of the Company and its subsidiaries (collectively, the “Group”), and the Company for the third quarter ended 30 September 2019 (the “Reporting Period”) are prepared in accordance with the China Accounting Standards for Business Enterprises, which are unaudited.
- 1.4 Mr. Li Chuyuan (chairperson of the Board), Mr. Li Hong (executive director and general manager) and Ms. Yao Zhizhi (deputy director of Finance and the head of finance department) declared that they warranted that the financial reports contained in this quarterly report were true, accurate and complete.
- 1.5 This quarterly report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

2. BASIC INFORMATION ON THE COMPANY

2.1 Principal financial data

Items	As at 30 September 2019 (Unaudited)	As at 31 December 2018 (Audited)	Increase/ (Decrease) as compared with 31 December 2018 (%)
Total assets (<i>RMB'000</i>)	54,317,672	51,482,184	5.51
Net assets attributable to the shareholders of the Company (<i>RMB'000</i>)	24,156,590	21,684,909	11.40
Equity attributable to the shareholders of the Company per share (<i>RMB</i>)	14.86	13.34	11.40
Items	From the beginning of 2019 to the end of the Reporting Period (January – September) (Unaudited)	The corresponding period of 2018 (January – September) (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2018 (%)
Net cash flow from operating activities (<i>RMB'000</i>)	1,022,445	3,355,716	(69.53)
Net cash flow from operating activities per share (<i>RMB</i>)	0.63	2.06	(69.53)

Items	From the beginning of 2019 to the end of the Reporting Period (January – September) (Unaudited)	The corresponding period of 2018 (January – September) (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2018 (%)
Income from operations <i>(RMB'000)</i>	50,062,373	29,875,825	67.57
Net profit attributable to the shareholders of the Company <i>(RMB'000)</i>	3,159,521	3,439,293	(8.13)
Net profit attributable to the shareholders of the Company after deducting non-recurring items <i>(RMB'000)</i>	2,746,084	2,181,834	25.86
Basic earnings per share <i>(RMB)</i>	1.943	2.115	(8.13)
Diluted earnings per share <i>(RMB)</i>	1.943	2.115	(8.13)
Ratio of weighted average return on net assets (%)	13.72	16.71	A decrease of 2.99 percentage points
Ratio of weighted average return on net assets after deducting non-recurring items (%)	11.92	10.60	An increase of 1.32 percentage points

Notes: (1) The above financial data and indicators are computed based on the consolidated financial statements.

(2) Non-recurring items include:

Items	1 July 2019 – 30 September 2019 <i>(RMB'000)</i>	1 January 2019 – 30 September 2019 <i>(RMB'000)</i>	Note
Gain/(Loss) on disposal of non-current assets	143	102	
Government grants recognized in the profit or loss for the current period except for the government grants that are closely related to enterprise's normal business and is enjoyed by the Company continuously in quota or by the quantity of unified national standards in accordance with the national policy	43,937	425,383	This is the amount of government grants received by the Company's subsidiaries which was transferred to non-operating income and other income in the Reporting Period.
Gain/(Loss) on changes in fair value arising from trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities held (excluding the valid hedging business related to normal operating activities of the Company), as well as investment gains received from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	18,353	36,465	
Other non-operating income and expenses excluding the above items	30,580	40,594	
Income tax effect	(19,374)	(83,811)	
Effect on minority interest	(2,605)	(5,296)	
Total	<u>71,034</u>	<u>413,437</u>	

2.2 The total number of shareholders and the top ten shareholders of the Company as at the end of the Reporting Period:

As at 30 September 2019, the Company had 75,901 shareholders in total, among which, 75,874 shareholders were holding the Renminbi-denominated ordinary shares (A Shares) and 27 shareholders were holding overseas listed foreign shares (H Shares).

Shareholders	Number of shares held as at the end of the Reporting Period (share)	Approximate percentage of the total issued share capital (%)	Number of shares subject to selling restrictions (share)	Number of shares pledged or locked (share)		Class of shares
				Shares status	Number of shares (share)	
Guangzhou Pharmaceutical Holdings Company (“GPHL”)	732,305,103	45.04	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company (“HKSCC”) Nominees Limited	219,765,389	13.52	0	Nil	0	Others
Guangzhou State-owned Asset Development Holdings Limited	84,910,514	5.22	0	Nil	0	State-owned legal person
Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership)	73,313,783	4.51	0	Nil	0	Others
China Securities Finance Corporation Limited	47,278,008	2.91	0	Nil	0	Others
HKSCC	16,613,495	1.02	0	Nil	0	Others
Central Huijin Investment Limited	15,260,700	0.94	0	Nil	0	Others
Shanghai Yunfeng Xinchuang Equity Investment Center (Limited Partnership)	10,614,859	0.65	0	Nil	0	Others
China AMC – Agricultural Bank – Huaxia China Securities Financial Asset Management Plan	8,795,136	0.54	0	Nil	0	Others
Zhongou AMC – Agricultural Bank – Zhongou China Securities Financial Asset Management Plan	8,680,636	0.53	0	Nil	0	Others

The top ten shareholders of the Company not subject to selling restrictions

Shareholders	Number of shares without selling restrictions (share)	Class and number of shares	
		Class	Number (share)
GPHL	732,305,103	Domestic shares	732,305,103
HKSCC Nominees Limited	219,765,389	H shares	219,765,389
Guangzhou State-owned Asset Development Holdings Limited	84,910,514	Domestic shares	84,910,514
Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership)	73,313,783	Domestic shares	73,313,783
China Securities Finance Corporation Limited	47,278,008	Domestic shares	47,278,008
HKSCC	16,613,495	Domestic shares	16,613,495
Central Huijin Investment Limited	15,260,700	Domestic shares	15,260,700
Shanghai Yunfeng Xinchuang Equity Investment Center (Limited Partnership)	10,614,859	Domestic shares	10,614,859
China AMC – Agricultural Bank – Huaxia China Securities Financial Asset Management Plan	8,795,136	Domestic shares	8,795,136
Zhongou AMC – Agricultural Bank – Zhongou China Securities Financial Asset Management Plan	8,680,636	Domestic shares	8,680,636
Explanation on the connection or parties acting in concert among the above shareholders	(1)	According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of clients.	
	(2)	The Company was not aware of any connection among the above top ten shareholders, or whether they were parties acting in concert as provided in the “Measures for the Administration of the Takeover of Listed Companies”.	
Explanation on the restoration of voting rights of shareholder holding the preferred shares and the number of shares held	Nil		

2.3 The total number of shareholders holding the preferred shares, the top ten shareholders holding the preferred shares and the top ten shareholders holding the preferred shares without selling restrictions of the Company as at the end of the Reporting Period

Applicable Not applicable

3. MAJOR EVENTS

3.1 Significant changes in major accounting items and financial indicators of the Company's financial statements and reasons for changes

Applicable Not applicable

Items	As at 30 September 2019 (RMB'000)	As at 31 December 2018 (RMB'000) (Restated)	Fluctuation (%)	Reasons for fluctuation
Accounts receivable	14,645,626	10,872,458	34.70	The change in balance of such item was mainly due to: adjustment of Guangzhou Pharmaceutical Corporation ("GP Corp."), a holding subsidiary of the Company to business structure, with increased percentage of sales to hospitals and the long settlement period with hospitals resulted in the increase in accounts receivable.
Accounts receivable financing	825,013	1,452,402	(43.20)	The change in balance of such item was mainly due to: (i) according to the Notice of Financing Accounting [2019] No.6, notes receivable in compliance with the above notice was reclassified into this item; (ii) notes receivable in compliance with the above notice of the Company's subsidiaries decreased as at the end of the Reporting Period.

Items	As at 30 September 2019 (RMB'000)	As at 31 December 2018 (RMB'000) (Restated)	Fluctuation (%)	Reasons for fluctuation
Advances to suppliers	544,068	837,808	(35.06)	The change in balance of such item was mainly due to: the Company's subsidiaries made adjustment to form of settlement with suppliers, in which advance payment changed to payment within credit period and therefore such line item for the Reporting Period decreased.
Other current assets	282,132	2,137,248	(86.80)	The change in balance of such item was mainly due to: (i) decrease of RMB1.52 billion on the structural deposits of the Company as at the end of the Reporting Period; (ii) decrease in input VAT to be deducted of the subsidiaries of the Company.
Construction in progress	719,753	480,306	49.85	The change in balance of such item was mainly due to the increase in the investment in projects under construction by the Company's subsidiaries.
Bearer biological assets	3,591	0	/	The change in balance of such item was mainly due to new purchase of bearer biological assets by the Company's subsidiaries.

Items	As at 30 September 2019 (RMB'000)	As at 31 December 2018 (RMB'000) (Restated)	Fluctuation (%)	Reasons for fluctuation
Intangible assets	2,410,530	1,013,353	137.88	The change in balance of such item was mainly due to the payment by the Company of the consideration for the acquisition of the “Wang Lao Ji” trademark series, being RMB1,389 million.
Other non-current assets	37,970	2,580	1,371.69	The change in balance of such item was mainly due to the payment of land transfer fund in advance of the Company’s subsidiaries.
Contract liabilities	1,653,975	3,686,647	(55.14)	The change in balance of such item was mainly due to: as at the end of last year, the Company’s wholly-owned subsidiary namely Guangzhou WLJ Great Health Industry Co., Ltd (“WLJ Great Health”) increased the advance payment due to the advance of the Spring Festival and delivered the goods from January to September 2019, resulting in the decrease of the item.
Taxes payable	452,087	963,543	(53.08)	The change in balance of such item was mainly due to: with the implementation of the new revenue standard of the Company, the subsidiaries of the Company re-categorized the taxes to be written off in the corporate receivables to other matters of current and non-current liabilities.

Items	As at 30 September 2019 (RMB'000)	As at 31 December 2018 (RMB'000) (Restated)	Fluctuation (%)	Reasons for fluctuation
Current portion of non-current liabilities	225,850	343,316	(34.22)	The change in balance of such item was mainly due to return of part of the long-term loans due within one year by the subsidiaries of the Company.
Other current liabilities	178,038	0	/	The change in balance of such item was mainly due to with the implementation of new revenue standards of the Company, tax to be written off in the current portion of advance receivables was re-categorized under such item.
Long-term borrowings	8,500	413,554	(97.94)	The change in balance of such item was mainly due to: current portion of long-term borrowings was reclassified to current portion of non-current liabilities by the subsidiaries of the Company.
Other comprehensive income	1,018	(477)	313.38	The change in balance of such item was mainly due to: (i) the change in exchange rate differences on conversion of foreign currencies by the subsidiaries of the Company; (ii) decrease in fair value of the financial assets of the Company at the end of the Reporting Period.

Items	January 2019 – September 2019 (RMB'000)	January 2018 – September 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Operating income	50,062,373	29,875,825	67.57	The change in balance of such item was mainly due to: the inclusion of GP Corp. in the scope of consolidation for the Company following the completion of acquisition of 30% equity interest in GP Corp. on 31 May 2018, which was a joint venture of the Company from January to May 2018; and the inclusion of Guangzhou Wang Lao Ji Pharmaceutical Co.,Ltd. (“Wang Lao Ji”) in the scope of consolidation for the Company following the completion of acquisition of 48.05% equity interest in Wang Lao Ji in September 2018, which was a joint venture of the Company from January to September 2018 (“Note 1”). As a result of the inclusion of GP Corp. and Wang Lao Ji in the scope of consolidation for the Company, such line item from January to September 2019 increased by RMB18.118 billion.
Operating costs	39,187,039	22,234,973	76.24	The change in balance of such item was mainly due to: as stated in Note 1, GP Corp. and Wang Lao Ji were included in the scope of consolidation for the Company, and such line item from January to September 2019 increased by RMB16.367 billion.

Items	January 2019 – September 2019 (RMB'000)	January 2018 – September 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Selling and distribution expenses	5,142,562	3,644,568	41.10	The change in balance of such item was mainly due to: (i) as stated in Note 1, GP Corp. and Wang Lao Ji were included in the scope of consolidation for the Company, and such line item from January to September 2019 increased by RMB811 million; (ii) from January to September 2019, WLJ Great Health, a wholly-owned subsidiary of the Company, strengthened promoting and advertising.
Financial expenses	118,426	(52,000)	327.74	The change in balance of such item was mainly due to: as stated in Note 1, GP Corp. and Wang Lao Ji were included in the scope of consolidation for the Company, and such line item from January to September 2019 increased by RMB161 million.
Other income	382,955	136,117	181.34	The change in balance of such item was mainly due to: the increase in government grants received by subsidiaries of the Company from January to September 2019.

Items	January 2019 – September 2019 (RMB'000)	January 2018 – September 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Investment income	155,482	1,190,045	(86.93)	The change in balance of such item was mainly due to: as stated in Note 1, the Company recognized the increase in the value of long-term equity investment based on its shareholding prior to the date of acquisition at the fair value during the same period of last year. There was no such amount incurred from January to September 2019, resulting in the year-on-year decrease in investment income.
Gains from changes in fair value	29,178	252,807	(88.46)	The change in balance of such item was mainly due to: the recognition of gains from changes of the Company in fair value of Yi Xin Tang Pharmaceutical Holdings Co., Ltd. (“Yi Xin Tang”) during the same period of last year, while there was no such amount incurred from January to September 2019, resulting in the decrease in gains from changes in fair value.

Items	January 2019 – September 2019 (RMB'000)	January 2018 – September 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Impairment losses in respect of assets	(7,298)	1,311	(656.51)	The change in balance of such item was mainly due to: (i) as stated in Note 1, GP Corp. was included in the scope of consolidation for the Company, and such line item from January to September 2019 decreased by RMB20 million. (ii) the year-on-year decrease in loss on decline in value of inventories of other subsidiaries of the Company, which resulted in the increase in the amount incurred for the line item from January to September 2019.
Impairment losses in respect of credit	(65,014)	(37,202)	(74.76)	The change in balance of such item was mainly due to: as stated in Note 1, GP Corp. was included in the scope of consolidation for the Company, and such line item from January to September 2019 decreased by RMB28 million.

Items	January 2019 – September 2019 (RMB'000)	January 2018 – September 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Gains on disposal of assets	102	424	(76.06)	The change in balance of such item was mainly due to: the year-on-year decrease in gains from transfer of equipment by the Company's subsidiaries.
Non-operating income	89,396	179,518	(50.20)	The change in balance of such item was mainly due to: in the same period last year, due to the inclusion of Wang Lao Ji in the scope of consolidation, the Company confirmed that the difference between the merger cost of the equity held by it in Wang Lao Ji and the fair value of the identifiable net assets to which it is entitled was included in the project. There was no such amount incurred from January to September 2019, which led to a year-on-year decrease in the non-operating income.

Items	January 2019 – September 2019 (RMB'000)	January 2018 – September 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Income tax expenses	670,872	471,407	42.31	The change in balance of such item was mainly due to: (i) the gains from the completion of acquisition of GP Corp. and Wang Lao Ji during the same period of last year as a result of the inclusion of GP Corp. and Wang Lao Ji in the scope of consolidation for the Company, as well as the gains from changes in fair value of Yi Xin Tang held by the Company, which were both non-taxable items. (ii) as stated in Note 1, GP Corp. and Wang Lao Ji were included in the scope of consolidation for the Company, and such line item from January to September 2019 increased by RMB85 million.
Minority interest	220,598	70,022	215.04	The change in balance of such item was mainly due to: (i) the increase in minority interest of newly-established subsidiaries of the Company. (ii) as stated in Note 1, GP Corp. and Wang Lao Ji were included in the scope of consolidation for the Company, and such line item from January to September 2019 increased by RMB51 million.

Items	January 2019 – September 2019 (RMB'000)	January 2018 – September 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Net cash flow from operating activities	1,022,445	3,355,716	(69.53)	Net cash flow from operating activities decreased as compared with the same period of last year, mainly due to: (1) the inclusion of GP Corp. in the scope of consolidation for the Company following the completion of acquisition of 30% equity interest in GP Corp. on 31 May 2018, which was a joint venture of the Company from January to May 2018. The year-on-year decrease in net cash flow from operating activities of the Company was mainly attributable to such company. The decrease in net cash flow from operating activities of such company was mainly due to: (i) increased procurement of medicine reserve following successfully winning the bid for Guangzhou GPO; (ii) adjustment to business structure, with increased percentage of sales to hospitals. The long settlement period with hospitals resulted in the increase in accounts receivable; (iii) year-on-year decrease in discounted bills. (2) from January to September 2019, cash received from sales by subsidiaries of the Company decreased compared with the same period of the previous year.

Items	January 2019 – September 2019 (RMB'000)	January 2018 – September 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Net cash flow from investing activities	(478,357)	1,095,595	(143.66)	Net cash flow from investing activities decreased as compared with the same period of last year, mainly due to: (i) the payment by the Company of the consideration for the acquisition of the “Wang Lao Ji” trademark series, being RMB1,472 million (inclusive of value-added tax), from January to September 2019. (ii) the recognition of the difference between the consideration paid and the cash and cash equivalents of GP Corp. and Wang Lao Ji following the inclusion in the scope of consolidation for the Company last year. There was no such event from January to September 2019. (iii) the income from structured deposits and wealth management products of the Group upon maturity was higher than their purchase cost.
Net cash flow from financing activities	(578,733)	(1,050,538)	44.91	Net cash flow from financing activities increased as compared with the same period of last year, mainly due to: the inclusion of GP Corp. in the scope of consolidation for the Company following the completion of acquisition of 30% equity interest in GP Corp. on 31 May 2018, which was a joint venture of the Company from January to May 2018. The year-on-year increase in net cash flow from financing activities of the Company was mainly due to the increase in bank loans of GP Corp.

3.2 Explanation and analysis on major events and their impact and solutions

Applicable Not applicable

According to the overall strategic layout of the Company and in light of the business development needs of GP Corp. and in order to further broaden the Company's overseas financing channels and accelerate the implementation of the Company's internationalization strategy, the Company held the 26th meeting of the seventh session of the board of directors of the Company on 10 September 2019, at which the *Resolution in Relation to Authorizing the Management of the Company to Initiate the Relevant Preparatory Works for the Spin-off and Overseas Listing of a Subsidiary on the Hong Kong Stock Exchange* was considered and approved, pursuant to which, the board of the directors authorized the management of the Company to initiate the preliminary preparation works for the spin-off and overseas listing of GP Corp. on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and the board of directors of GP Corp. also agreed to initiate the preparation works for the listing. For details, please refer to the *Announcement in Relation to Authorizing the Management of the Company to Initiate the Relevant Preparatory Works for the Spin-off and Overseas Listing of a Subsidiary on the Hong Kong Stock Exchange* disclosed in the website of Shanghai Stock Exchange dated 10 September 2019 of the Company (Announcement No.: Lin 2019-069) and the announcement disclosed in the website of Hong Kong Stock Exchange dated 10 September 2019 of the Company.

3.3 Performance of the overdue undertakings which has not been fulfilled during the Reporting Period

Applicable Not applicable

3.4 Warning and explanation for negative impact on profit in respect of the beginning of 2019 up to the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2018

Applicable Not applicable

3.5 Explanations on the changes in scope of consolidation as compared with the most recent financial report

✓ Applicable Not applicable

During the Reporting Period, there had been an increase of three companies in the scope of consolidation:

3.5.1 In August 2019, the Company established Guangzhou Chuangying Guangyao Baiyunshan Intellectual Property Company Limited, a wholly-owned subsidiary of the Company, the registered capital of which is RMB10 million and the proportion of the capital contributed by the Company represented 100% thereof.

3.5.2 In September 2019, Guangzhou Cai Zhi Lin Pharmaceutical Company Limited (“Cai Zhi Lin”), a wholly-owned subsidiary of the Company, established Guangzhou Cai Zhi Lin Traditional Chinese Medical Center Co., Ltd., the registered capital of which is RMB10 million and the proportion of the capital contributed by Cai Zhi Lin represented 51% thereof.

3.5.3 The acquisition of 100% equity of Qingyuan Guangyao Zhengkang Pharmaceutical Co., Ltd. by GP Corp., a holding subsidiary of the Company, and the relevant asset delivery and change of business registration were completed in September 2019. It has become the wholly-owned subsidiary of GP Corp. since then and been included in the scope of consolidation for GP Corp.

3.6 Progress on other matters

On 11 October 2014, Guangzhou Baiyunshan Chemical & Pharmaceutical Technology Co., Ltd. (廣州白雲山化學藥科技有限公司) (“Chemical & Pharmaceutical Technology Company”), a wholly owned subsidiary of the Company, and Zhejiang Anglikang Pharmaceutical Co., Ltd. (浙江昂利康製藥有限公司) (“Anglikang Pharmaceutical”, the predecessor of Zhejiang Anglikang Pharmaceutical Co., Ltd. (浙江昂利康製藥股份有限公司)) entered into the Cooperation Contract between Guangzhou Baiyunshan Chemical & Pharmaceutical Technology Co., Ltd. and Zhejiang Anglikang Pharmaceutical Co., Ltd. for the Establishment of a Chemical APIs Manufacturing Enterprise (《廣州白雲山化學藥科技有限公司、浙江昂利康製藥有限公司關於組建化學原料藥生產企業合作合同》) (the “Cooperation Contract”) in relation to the joint establishment of a chemical APIs manufacturing enterprise. For details, please refer to the Announcement of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited dated 10 November 2014 (Announcement No.: Lin 2014-054).

According to the *Memorandum between Guangzhou Baiyunshan Chemical & Pharmaceutical Technology Co., Ltd. and Zhejiang Anglikang Pharmaceutical Co., Ltd. on the Joint Establishment of a Chemical APIs Manufacturing Enterprise* (《廣州白雲山化學藥科技有限公司、浙江昂利康製藥有限公司共同組建化學原料藥生產企業的備忘錄》) entered into by and between Chemical & Pharmaceutical Technology Company and Anglikang Pharmaceutical in October 2014 (the “Memorandum”) and the Cooperation Contract, in order to meet the requirements of national procedures, laws, regulations and normative documents concerning, among others, the transfer of pharmaceutical manufacturing enterprise and drug registration approvals (technology transfer) and GMP certification, the joint establishment of the chemical APIs manufacturing enterprise shall be completed in three phases.

In the first phase, Chemical & Pharmaceutical Technology Company and Anglikang Pharmaceutical shall make joint capital contributions to establish Zhejiang Guangkang Pharmaceutical Co., Ltd. (浙江廣康醫藥有限公司) (“Guangkang Pharmaceutical”) with a registered capital of RMB85,000,000, of which RMB51,000,000 shall be contributed by Chemical & Pharmaceutical Technology Company with a shareholding percentage of 60% and RMB34,000,000 shall be contributed by Anglikang Pharmaceutical with a shareholding percentage of 40%. Guangkang Pharmaceutical is responsible for the GMP upgrading of production workshops, the construction of laboratories and warehouses, the upgrading of supporting facilities and production and operation conditions, and etc.; and Anglikang Pharmaceutical is responsible for completing the transfer of the five drug registration approvals for L-arginine, anhydrous sodium carbonate, cefradine, ceftazidime and ceftazidime/arginine from the Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. Baiyunshan Chemical Pharmaceutical Factory (“Chemical Pharmaceutical Factory”).

In the second phase, Anglikang Pharmaceutical shall establish Zhejiang Baiyunshan Anglikang Pharmaceutical Co., Ltd. (浙江白雲山昂利康製藥有限公司) (“Baiyunshan Anglikang”) as a wholly owned subsidiary with a registered capital of RMB12,200,000 and shall obtain relevant pharmaceutical production licenses and GMP certificates and other necessary requirements for a pharmaceutical manufacturing enterprise, if any.

In the third phase, Baiyunshan Anglikang shall merge with Guangkang Pharmaceutical by the way of absorption.

Currently, as confirmed by both parties, the works of the first and second phases have been basically completed.

On 25 September 2019, Chemical & Pharmaceutical Technology Company, Anglikang Pharmaceutical, Guangkang Pharmaceutical and Baiyunshan Anglikang entered into the Merger Agreement. The Merger Agreement provides that Guangkang Pharmaceutical shall be merged into Baiyunshan Anglikang by absorption and upon completion of the merger, Baiyunshan Anglikang shall survive with registered capital increased from RMB15,000,000 to RMB100,000,000 and shall be owned by Chemical & Pharmaceutical Technology Company as to 51% and by Anglikang Pharmaceutical as to 49%; and the legal person status of Guangkang Pharmaceutical shall be deregistered and all assets, creditors’ rights, debts and businesses of Guangkang Pharmaceutical shall be legally inherited by Baiyunshan Anglikang. Within 30 days from the date of the merger, Chemical & Pharmaceutical Technology Company and Anglikang Pharmaceutical shall make capital contributions to the merged Baiyunshan Anglikang in proportion to their shareholding percentages till the registered capital of the merged Baiyunshan Anglikang reaches RMB90,000,000, and the remaining unpaid capital shall be paid up in proportion to their shareholding percentages at due time and amount depending on the operating conditions of Baiyunshan Anglikang.

On 17 October 2019, the above consolidation matter was approved at the second extraordinary shareholders’ meeting in 2019 of Anglikang Pharmaceutical.

4. APPENDIX

4.1 Financial Report

Consolidated Balance Sheet

As at 30 September 2019

Items	30 September 2019 (RMB)	31 December 2018 (RMB)
Current assets:		
Cash at bank and on hand	16,084,693,924.75	16,114,883,673.51
Settlement provisions	–	–
Placements	–	–
Financial assets held for trading	–	–
Financial assets measured at fair value through profit or loss for the current period	–	–
Derivative financial assets	–	–
Notes receivable	995,834,513.43	2,780,597,684.01
Accounts receivable	14,645,625,623.05	10,872,458,472.34
Accounts receivable financing	825,013,130.44	–
Advances to suppliers	544,068,443.14	837,808,116.68
Premiums receivable	–	–
Receivables from reinsurers	–	–
Reinsurance contract reserve	–	–
Other receivables	1,079,659,782.59	1,056,551,186.68
Including: Interest receivable	1,447,736.13	1,367,876.63
Dividends receivable	37,938,523.45	40,036,044.47
Financial assets purchased under resale agreements	–	–
Inventories	9,041,223,932.96	9,231,739,097.84
Contract assets	–	–
Classified as assets held for sale	–	–
Current portion of non-current assets	–	–
Other current assets	282,132,434.03	2,137,248,054.33
Total current assets	<u>43,498,251,784.39</u>	<u>43,031,286,285.39</u>

Items	30 September 2019 (RMB)	31 December 2018 (RMB)
Non-currents assets:		
Entrusted loans and advances	-	-
Debt investments	-	-
Available-for-sale financial assets	-	-
Other debt investments	-	-
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investment	1,839,561,516.62	1,759,958,035.39
Other equity instrument investments	83,481,132.33	84,897,870.89
Other non-current financial assets	256,019,060.30	226,938,456.16
Investments properties	220,161,498.40	228,084,499.83
Fixed assets	2,876,582,258.40	3,165,746,536.73
Construction in progress	719,753,148.12	480,305,723.50
Bearer biological assets	3,590,647.50	-
Oil and gas assets	-	-
Right-of-use assets	848,152,730.09	-
Intangible assets	2,410,530,223.80	1,013,353,424.62
Development expenditures	-	-
Goodwill	825,573,066.90	825,573,066.90
Long-term prepaid expenses	104,376,111.31	94,315,140.82
Deferred tax assets	593,668,827.29	569,144,829.25
Other non-current assets	37,969,726.00	2,580,000.00
Total non-current assets	<u>10,819,419,947.06</u>	<u>8,450,897,584.09</u>
Total assets	<u>54,317,671,731.45</u>	<u>51,482,183,869.48</u>

Items	30 September 2019 (RMB)	31 December 2018 (RMB)
Current liabilities:		
Short-term borrowings	7,068,732,799.44	5,905,703,286.10
Borrowings from central banks	—	—
Funds borrowed	—	—
Financial liabilities held for trading	—	—
Financial liabilities measured at fair value through profit or loss for the current period	—	—
Derivative financial liabilities	—	—
Notes payable	2,846,175,281.54	2,656,176,505.09
Accounts payable	10,280,441,664.72	9,313,277,657.72
Advances from customers	—	—
Contract liabilities	1,653,974,729.44	3,686,647,223.24
Financial assets sold under repurchase agreements	—	—
Accept money deposits and due to banks	—	—
Customer brokerage deposits	—	—
Securities underwriting brokerage deposits	—	—
Employee benefits payable	818,881,452.76	753,034,630.86
Taxes payable	452,087,146.97	963,543,253.64
Other payables	3,371,874,604.63	3,466,357,353.39
Including: Interest payable	29,407,875.75	41,637,538.72
Dividends payable	49,550,320.63	65,917,238.98
Handling charges and commission payables	—	—
Due to reinsurers	—	—
Classified as liabilities held for sale	—	—
Current portion of non-current liabilities	225,849,935.91	204,024,196.93
Other current liabilities	178,038,357.61	—
Total current liabilities	26,896,055,973.02	26,948,764,106.97
Non-current liabilities:		
Insurance contract reserves	—	—
Long-term borrowings	8,500,000.00	413,553,706.06
Debentures payable	—	—
Including: Preferred shares	—	—
Sustainable debts	—	—
Lease liabilities	554,166,121.76	—
Long-term payables	27,685,411.94	135,795,848.74
Long-term employee benefits payable	331,749.73	325,325.54
Provisions	47,769,773.70	49,601,312.48
Deferred income	545,323,920.58	490,423,604.73
Deferred tax liabilities	263,658,862.85	249,762,210.96
Other non-current liabilities	55,626,482.03	50,225,000.00
Total non-current liabilities	1,503,062,322.59	1,389,687,008.51
Total liabilities	28,399,118,295.61	28,338,451,115.48

Items	30 September 2019 (RMB)	31 December 2018 (RMB)
Shareholders' equity:		
Share capital	1,625,790,949.00	1,625,790,949.00
Other equity instruments	-	-
Including: Preferred stock	-	-
Perpetual bond	-	-
Capital surplus	9,865,084,049.39	9,865,084,049.39
Less: Treasury shares	-	-
Other comprehensive income	1,018,120.84	(477,139.10)
Special reserve	-	-
Surplus reserves	1,368,735,157.63	1,368,735,157.63
General risk provision	-	-
Undistributed profits	<u>11,295,961,831.32</u>	<u>8,825,776,191.86</u>
Total equity attributable to the Shareholders of the parent Company	24,156,590,108.18	21,684,909,208.78
Minority interest	<u>1,761,963,327.66</u>	<u>1,458,823,545.22</u>
Total shareholders' equity	<u>25,918,553,435.84</u>	<u>23,143,732,754.00</u>
Total liabilities and shareholders' equity	<u>54,317,671,731.45</u>	<u>51,482,183,869.48</u>

Legal Representative: *Manager of the Financial Work:* *Manager of Finance Department:*
Mr. Li Chuyuan **Mr. Li Hong** **Ms. Yao Zhizhi**

Parent Company Balance Sheet

As at 30 September 2019

Items	30 September 2019 (RMB)	31 December 2018 (RMB)
Current assets:		
Cash at bank and on hand	7,061,219,072.67	6,806,911,762.32
Financial assets held for trading	-	-
Financial assets measured at fair value through profit or loss for the current period	-	-
Derivative financial assets	-	-
Notes receivable	405,992,562.52	615,391,740.80
Accounts receivable	182,059,163.21	261,455,709.16
Accounts receivable financing	115,079,265.32	-
Advances to suppliers	9,741,464.25	12,525,525.66
Other receivables	1,663,474,503.55	1,877,892,798.80
Including: Interest receivable	-	-
Dividends receivable	184,459,175.58	382,928,791.41
Inventories	1,076,565,836.75	946,856,781.67
Contract assets	-	-
Assets held for sales	-	-
Current portion of non-current assets	-	-
Other current assets	<u>84,690,626.07</u>	<u>1,507,451,931.22</u>
Total current assets	<u>10,598,822,494.34</u>	<u>12,028,486,249.63</u>
Non-currents assets:		
Debt investments	-	-
Available-for-sale financial assets	-	-
Other debt investments	-	-
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investments	9,120,029,255.65	8,440,656,099.18
Other equity instrument investments	83,481,132.33	84,897,870.89
Other non-current financial assets	252,626,540.86	223,325,494.09
Investment properties	208,020,154.06	214,466,738.50
Fixed assets	477,887,568.21	491,135,835.97
Construction in progress	148,298,593.08	38,386,309.01
Bearer biological assets	-	-
Oil and gas assets	-	-
Right-of-use assets	16,156,888.12	-
Intangible assets	1,747,017,600.13	366,396,141.82
Development expenditures	-	-
Goodwill	-	-
Long-term prepaid expenses	1,439,569.65	1,725,586.63
Deferred tax assets	123,142,504.45	126,072,489.93
Other non-current assets	<u>-</u>	<u>-</u>
Total non-current assets	<u>12,178,099,806.54</u>	<u>9,987,062,566.02</u>
Total assets	<u>22,776,922,300.88</u>	<u>22,015,548,815.65</u>

Items	30 September 2019 (RMB)	31 December 2018 (RMB)
Current liabilities:		
Short-term borrowings	854,431,644.92	954,431,644.92
Financial liabilities held for trading	-	-
Financial liabilities measured at fair value through profit or loss for the current period	-	-
Derivative financial liabilities	-	-
Notes payable	12,156,223.30	26,931,727.54
Accounts payable	318,072,966.90	295,387,077.43
Advances from customers	-	-
Contract liabilities	109,723,686.77	299,102,767.07
Employee benefits payable	109,780,146.88	86,313,055.87
Taxes payable	126,292,083.58	185,050,078.44
Other payables	2,605,896,081.91	2,116,999,352.64
Including: Interest payable	-	-
Dividends payable	666,171.74	567,433.79
Liabilities held for sales	-	-
Current portion of non-current liabilities	4,870,435.48	-
Other current liabilities	19,183,143.07	-
Total current liabilities	4,160,406,412.81	3,964,215,703.91
Non-current liabilities:		
Long-term borrowings	-	-
Bonds payable	-	-
Including: Preferred stock	-	-
Perpetual bond	-	-
Lease liabilities	11,722,593.15	-
Long-term payables	7,876,324.33	7,802,224.39
Long-term employee benefits payable	-	-
Provisions	339,228,411.19	252,971,219.19
Deferred income	80,138,326.90	76,572,361.85
Deferred tax liabilities	12,940,147.39	12,940,147.39
Other non-current liabilities	81,727.93	-
Total non-current liabilities	451,987,530.89	350,285,952.82
Total liabilities	4,612,393,943.70	4,314,501,656.73

Items	30 September 2019 (RMB)	31 December 2018 (RMB)
Shareholders' equity:		
Share capital	1,625,790,949.00	1,625,790,949.00
Other equity instruments	-	-
Including: Preferred stock	-	-
Perpetual bond	-	-
Capital surplus	9,820,175,495.89	9,820,175,495.89
Less: Treasury shares	-	-
Other comprehensive income	(3,765,069.71)	(2,423,845.18)
Special reserve	-	-
Surplus reserves	996,126,723.03	996,126,723.03
Undistributed profits	<u>5,726,200,258.97</u>	<u>5,261,377,836.18</u>
Total shareholders' equity	<u>18,164,528,357.18</u>	<u>17,701,047,158.92</u>
Total liabilities and shareholders' equity	<u>22,776,922,300.88</u>	<u>22,015,548,815.65</u>

<i>Legal Representative:</i>	<i>Manager of the Financial Work:</i>	<i>Manager of Finance Department:</i>
Mr. Li Chuyuan	Mr. Li Hong	Ms. Yao Zhizhi

Consolidated Income Statement
1 January – 30 September 2019

Items	1 July – 30 September 2019 (RMB)	1 July – 30 September 2018 (RMB)	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
1. Total operating income	16,721,545,370.68	15,035,810,958.15	50,062,373,125.05	29,875,824,638.18
Including: Operating income	16,721,545,370.68	15,035,810,958.15	50,062,373,125.05	29,875,824,638.18
Interest income	–	–	–	–
Premiums earned	–	–	–	–
Fees and commissions income	–	–	–	–
2. Total operating costs	16,008,666,365.63	14,362,515,003.63	46,589,809,750.23	27,611,243,332.71
Including: Operating cost	13,293,100,106.72	12,184,357,247.59	39,187,038,683.68	22,234,972,583.28
Interest expenses	–	–	–	–
Fees and commissions expense	–	–	–	–
Surrenders	–	–	–	–
Net claims paid	–	–	–	–
Net reserves for insurance contracts	–	–	–	–
Policyholder dividends	–	–	–	–
Reinsurance expenses	–	–	–	–
Taxes and surcharges	68,035,949.48	73,133,062.63	231,241,477.59	213,160,554.37
Selling and distribution expenses	1,961,346,895.97	1,468,952,315.04	5,142,561,707.50	3,644,567,702.86
General and administrative expenses	460,675,085.49	469,971,055.48	1,446,766,371.69	1,178,274,918.67
R&D expenses	186,955,334.22	149,980,168.46	463,775,089.87	392,267,278.91
Financial expenses	38,552,993.75	16,121,154.43	118,426,419.90	(51,999,705.38)
Including: Interest expenses	109,392,487.43	132,657,898.62	304,809,069.18	161,153,975.75
Interest income	79,911,209.96	111,198,434.48	220,194,895.25	215,928,665.93
Add: Other income	26,445,064.14	19,266,632.10	382,955,448.43	136,116,801.73
Investment income (“–” for loss)	37,522,538.30	133,817,724.41	155,482,476.94	1,190,045,306.64
Including: Investment income in associates and joint ventures	26,357,503.71	88,533,160.22	107,610,086.69	280,895,242.96
Gains on termination of financial assets measured at amortized cost	–	–	–	–
Exchange gains and losses (“–” for loss)	–	–	–	–
Gains on hedging of net exposure (“–” for loss)	–	–	–	–

Items	1 July – 30 September 2019 (RMB)	1 July – 30 September 2018 (RMB)	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
Gains from changes in fair value ("–" for loss)	18,352,593.02	1,530,495.90	29,178,468.02	252,807,397.40
Impairment losses in respect of credit ("–" for loss)	(4,029,048.24)	(7,977,719.89)	(65,014,212.16)	(37,201,773.04)
Impairment losses in respect of assets ("–" for loss)	(155,899.00)	5,390,162.44	(7,297,927.16)	1,311,374.47
Gains from disposal of assets ("–" for loss)	143,018.59	423,978.12	101,507.57	423,978.12
3. Operating profit ("–" for loss)	791,157,271.86	825,747,227.60	3,967,969,136.46	3,808,084,390.79
Add: Non-operating income	50,798,671.21	145,641,444.02	89,395,699.61	179,517,712.68
Less: Non-operating expenses	2,726,632.64	1,828,983.97	6,373,568.39	6,879,735.47
4. Total profit ("–" for loss)	839,229,310.43	969,559,687.65	4,050,991,267.68	3,980,722,368.00
Less: Income tax expenses	136,921,542.55	119,607,997.32	670,872,326.04	471,407,388.99
5. Net profit ("–" for loss)	702,307,767.88	849,951,690.33	3,380,118,941.64	3,509,314,979.01
(1) Classified by the continuity of operations				
A. Net profit from continuing operations ("–" for loss)	702,307,767.88	849,951,690.33	3,380,118,941.64	3,509,314,979.01
B. Net profit from discontinued operations ("–" for loss)	–	–	–	–
(2) Classified by ownership of the equity				
A. Net profit attributable to the parent company's shareholders ("–" for loss)	611,959,655.33	820,293,681.26	3,159,521,001.84	3,439,293,407.52
B. Minority interest ("–" for loss)	90,348,112.55	29,658,009.07	220,597,939.80	70,021,571.49
6. Other comprehensive income, net of tax	3,471,096.01	5,070,635.13	1,495,259.94	8,241,704.31
Other comprehensive income, net of tax attributable to the parent company's shareholders	3,471,096.01	5,070,635.13	1,495,259.94	8,241,704.31
(1) Other comprehensive income that will not be reclassified to profit or loss	(212,510.78)	–	(1,416,738.56)	(927,633.56)
A. Changes arising from the remeasurement of defined benefit obligation	–	–	–	–
B. Other comprehensive income that will not be reclassified to profit or loss under equity method	–	–	–	–
C. Changes in fair value of other equity instrument investments	(212,510.78)	–	(1,416,738.56)	(927,633.56)
D. Change in fair value of the company's own credit risk	–	–	–	–

Items	1 July – 30 September 2019 (RMB)	1 July – 30 September 2018 (RMB)	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
(2) Other comprehensive income that may be reclassified into profit or loss	3,683,606.79	5,070,635.13	2,911,998.50	9,169,337.87
A. Other comprehensive income that may be reclassified to profit or loss under equity method	43,809.63	11,784.98	75,514.03	(215,270.36)
B. Change in fair value of other debt investments	-	-	-	-
C. Gains and losses arising from changes in fair value of available-for-sale financial assets	-	-	-	-
D. The amount of financial assets reclassified into other comprehensive income	-	-	-	-
E. Gains and losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-	-
F. Provision for credit loss of other debt investments	-	-	-	-
G. Cash flow hedge reserve	-	-	-	-
H. Difference arising from the translation of foreign currency financial statements	3,639,797.16	5,058,850.15	2,836,484.47	9,384,608.23
I. Others	-	-	-	-
Other comprehensive income, net of tax attributable to minority shareholders	-	-	-	-
7. Total comprehensive income	<u>705,778,863.89</u>	<u>855,022,325.46</u>	<u>3,381,614,201.58</u>	<u>3,517,556,683.32</u>
Total comprehensive income attributable to shareholders of the parent company	615,430,751.34	825,364,316.39	3,161,016,261.78	3,447,535,111.83
Total comprehensive income attributable to minority shareholders	90,348,112.55	29,658,009.07	220,597,939.80	70,021,571.49
8. Earnings per share				
(1) Basic earnings per share	0.385	0.505	1.943	2.115
(2) Diluted earnings per share	0.385	0.505	1.943	2.115

If business combination happened under the same control from January to September 2019, the combined party recognized the net profit of RMB0 and 0 before combination and the corresponding period last year, collectively.

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Income Statement of the Parent Company

1 January – 30 September 2019

Items	1 July – 30 September 2019 (RMB)	1 July – 30 September 2018 (RMB)	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
1. Operating income	1,226,970,098.79	1,237,177,694.42	4,500,235,321.01	3,573,262,412.98
Less: Operating cost	689,220,160.15	571,071,152.39	2,336,345,237.85	1,694,273,126.48
Taxes and surcharges	6,120,596.85	13,342,519.04	36,872,942.13	41,133,365.81
Selling and distribution expenses	119,290,898.43	133,503,699.03	515,883,812.03	440,929,211.20
General and administrative expenses	80,465,778.88	150,647,675.99	338,813,764.64	337,131,812.40
R&D expenses	96,715,389.61	86,208,508.32	205,270,069.48	185,736,736.99
Financial expenses	(37,187,289.14)	(52,890,211.63)	(66,648,984.06)	(79,155,680.93)
Including: Interest expenses	7,408,979.01	8,459,836.79	24,229,613.10	11,505,470.87
Interest income	46,462,720.95	65,765,576.47	93,205,198.04	95,223,847.93
Add: Other income	4,315,699.53	2,765,122.05	8,664,487.21	5,293,095.48
Investment income (“–” for loss)	50,087,217.40	494,306,044.92	143,940,811.42	690,632,136.01
Including: Investment income				
in associates and				
joint ventures	28,995,278.50	54,235,840.84	86,199,258.74	219,458,551.76
Gains on termination of				
financial assets measured				
at amortized cost	–	–	–	–
Gains on hedging of net exposure				
(“–” for loss)	–	–	–	–
Gains from changes in fair value				
(“–” for loss)	18,605,378.88	1,478,657.49	29,301,046.77	252,975,674.25
Impairment losses in respect of credit				
(“–” for loss)	388,892.72	(451,944.29)	583,058.53	(231,959.33)
Impairment losses in respect of assets				
(“–” for loss)	3,773,354.87	(58,242.18)	3,627,474.42	(7,843,643.67)
Gains on disposal of assets				
(“–” for loss)	150,077.96	–	146,087.66	–
2. Operating profit (“–” for loss)	<u>349,665,185.37</u>	<u>833,333,989.27</u>	<u>1,319,961,444.95</u>	<u>1,894,039,143.77</u>
Add: Non-operating income	2,328,666.34	2,644,933.01	6,054,009.53	8,194,154.68
Less: Non-operating expenses	149,826.45	196,371.51	757,977.51	1,201,241.53
3. Total profit (“–” for loss)	<u>351,844,025.26</u>	<u>835,782,550.77</u>	<u>1,325,257,476.97</u>	<u>1,901,032,056.92</u>
Less: Income tax expenses	44,263,253.04	53,387,837.41	171,099,691.80	182,273,566.78
4. Net profit (“–” for loss)	<u><u>307,580,772.22</u></u>	<u><u>782,394,713.36</u></u>	<u><u>1,154,157,785.17</u></u>	<u><u>1,718,758,490.14</u></u>

Items	1 July – 30 September 2019 (RMB)	1 July – 30 September 2018 (RMB)	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
(1) Net profit from continuing operations (“-” for loss)	307,580,772.22	782,394,713.36	1,154,157,785.17	1,718,758,490.14
(2) Net profit from discontinued operations (“-” for loss)	-	-	-	-
5. Other comprehensive income, net of tax	(93,187.12)	11,784.98	(1,265,710.50)	(1,142,903.92)
(1) Other comprehensive income that will not be reclassified to profit or loss	(212,510.78)	-	(1,416,738.56)	(927,633.56)
A. Changes arising from the remeasurement of defined benefit obligation	-	-	-	-
B. Other comprehensive income that will not be reclassified to profit or loss under equity method	-	-	-	-
C. Changes in fair value of other equity instrument investments	(212,510.78)	-	(1,416,738.56)	(927,633.56)
D. Changes in fair value of the company’s own credit risk	-	-	-	-
(2) Other comprehensive income that may be reclassified into profit or loss	119,323.66	11,784.98	151,028.06	(215,270.36)
A. Other comprehensive income that can may be reclassified to profit or loss under equity method	119,323.66	11,784.98	151,028.06	(215,270.36)
B. Changes in fair value of other debt investments	-	-	-	-
C. Gain and losses arising from changes in fair value of available-for- sale financial assets	-	-	-	-
D. The amount of financial assets reclassified into other comprehensive income	-	-	-	-
E. Gains and losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-	-

Items	1 July – 30 September 2019 (RMB)	1 July – 30 September 2018 (RMB)	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
F. Provision for credit loss of other debt investments	-	-	-	-
G. Cash flow hedge reserve	-	-	-	-
H. Difference arising from the translation of foreign currency financial statements	-	-	-	-
I. Others	-	-	-	-
6. Total comprehensive income	<u>307,487,585.10</u>	<u>782,406,498.34</u>	<u>1,152,892,074.67</u>	<u>1,717,615,586.22</u>
7. Earnings per share				
(1) Basic earnings per share	-	-	-	-
(2) Diluted earnings per share	-	-	-	-

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Consolidated Statements of Cash Flows
1 January – 30 September 2019

Items	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
1. Cash flows from operating activities		
Cash receipts from sale of goods and the rendering of services	45,702,482,567.52	29,305,562,262.04
Customer deposits and interbank net increase in deposits	–	–
Net increase in borrowings from central banks	–	–
Net increase in borrowing funds from other financial institutions	–	–
Receipt of the original insurance contract cash	–	–
Net cash received from reinsurance business	–	–
Net increase in policyholders' deposits and investments	–	–
Charge interest, fees and commissions	–	–
Net increase in placements from banks and the financial institutions	–	–
Net increase in repo operations funds	–	–
Net cash received from customer brokerage deposits	–	–
Receipts of taxes refunds	30,664,932.53	5,932,779.31
Other cash receipts relating to operating activities	957,947,264.57	821,842,663.13
Subtotal of cash inflows from operating activities	<u>46,691,094,764.62</u>	<u>30,133,337,704.48</u>
Cash payments for goods purchased and services received	36,628,622,672.05	19,099,549,913.51
Net increase in loans and advances to customers	–	–
Central banks and interbank deposits cash	–	–
Cash paid in the original insurance contract	–	–
Net increase in loans to banks and other financial institutions	–	–
Payment of interest, fees and commissions	–	–
Cash payments to and on behalf of employees	3,635,250,997.37	2,861,186,474.14
Payments of all types of taxes	2,459,757,962.37	1,893,689,073.24
Other cash payments relating to operating activities	2,945,017,850.84	2,923,196,210.63
Subtotal of cash outflows from operating activities	<u>45,668,649,482.63</u>	<u>26,777,621,671.52</u>
Net cash flows from operating activities	<u><u>1,022,445,281.99</u></u>	<u><u>3,355,716,032.96</u></u>

Items	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
2. Cash flows from investing activities		
Cash receipts from returns of investments	1,624,160,614.86	1,876,143,118.02
Cash receipts from returns on investments	93,677,351.08	131,710,015.62
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	1,091,218.39	233,117.67
Net cash receipts from disposal of subsidiaries and other business units	–	–
Other cash receipts relating to investing activities	44,494.54	944,009,762.19
Subtotal of cash inflows from investing activities	<u>1,718,973,678.87</u>	<u>2,952,096,013.50</u>
Cash payment to acquire and construct fixed assets, intangible assets and other long-term assets	2,064,456,066.59	222,065,799.48
Cash payments to acquire investments	132,874,800.00	1,634,273,877.62
Net increase in loans	–	–
Net cash payment for acquisitions of subsidiaries and other business units	–	–
Other cash payments relating to investing activities	–	161,611.03
Subtotal of cash outflows from investing activities	<u>2,197,330,866.59</u>	<u>1,856,501,288.13</u>
Net cash flows from investing activities	<u>(478,357,187.72)</u>	<u>1,095,594,725.37</u>
3. Cash flows from financing activities		
Cash receipts from investors making investment in the enterprise	110,200,000.00	234,530,000.00
Including: Cash receipts from minorities making investment in subsidiaries	110,200,000.00	234,530,000.00
Cash receipts from borrowings	7,693,098,155.81	2,045,796,206.09
Other cash receipts relating to financing activities	2,153,541,164.22	1,300,000.00
Subtotal of cash inflows from financing activities	<u>9,956,839,320.03</u>	<u>2,281,626,206.09</u>
Cash repayments of amounts borrowed	7,113,103,679.36	2,084,758,288.25
Cash payments for distribution of dividends, profits or interest expenses	1,003,136,998.65	1,225,121,032.77
Including: Cash payments for distribution of dividends or profit to minorities of subsidiaries	41,441,486.24	9,339,862.25
Other cash payments relating to financing activities	2,419,332,134.03	22,284,967.53
Subtotal of cash outflows from financing activities	<u>10,535,572,812.04</u>	<u>3,332,164,288.55</u>
Net cash flows from financing activities	<u>(578,733,492.01)</u>	<u>(1,050,538,082.46)</u>

Items	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>(12,738.84)</u>	<u>1,262,579.04</u>
5. Net increase in cash and cash equivalents	(34,658,136.58)	3,402,035,254.91
Add: Opening balance of cash and cash equivalents	<u>15,071,612,198.38</u>	<u>11,495,535,159.70</u>
6. Closing balance of cash and cash equivalents	<u><u>15,036,954,061.80</u></u>	<u><u>14,897,570,414.61</u></u>

Legal Representative: *Manager of the Financial Work:* *Manager of Finance Department:*
Mr. Li Chuyuan **Mr. Li Hong** **Ms. Yao Zhizhi**

Cash Flow Statement of the Parent Company
1 January – 30 September 2019

Items	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
1. Cash flows from operating activities		
Cash receipts from the sale of goods and the rendering of services	3,785,940,666.44	2,905,587,335.29
Receipts of taxes refunds	–	–
Other cash receipts relating to operating activities	386,276,255.29	307,314,664.61
Subtotal of cash inflows from operating activities	<u>4,172,216,921.73</u>	<u>3,212,901,999.90</u>
Cash payments for goods purchased and services received	1,770,825,762.17	1,315,221,792.48
Cash payments to and on behalf of employees	355,332,866.87	342,431,340.06
Payments of all types of taxes	430,921,332.65	396,232,125.38
Other cash payments relating to operating activities	830,859,045.93	124,702,482.55
Subtotal of cash outflows from operating activities	<u>3,387,939,007.62</u>	<u>2,178,587,740.47</u>
Net cash flows from operating activities	<u>784,277,914.11</u>	<u>1,034,314,259.43</u>
2. Cash flows from investing activities		
Cash receipts from returns of investments	1,544,474,800.00	1,500,000,000.00
Cash receipts from returns on investments	934,915,789.10	1,302,075,371.33
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	359,970.87	630.00
Net cash receipts from sales of subsidiaries and other business units	–	–
Other cash receipts relating to investing activities	751,359,434.27	842,873,487.00
Subtotal of cash inflows from investing activities	<u>3,231,109,994.24</u>	<u>3,644,949,488.33</u>
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets	1,608,929,126.13	27,263,227.43
Cash payments to acquire investments	700,151,800.00	3,966,511,831.81
Net cash payments for acquisitions of subsidiaries and other business units	–	–
Other cash payments relating to investing activities	637,331,644.92	706,331,644.92
Subtotal of cash outflows from investing activities	<u>2,946,412,571.05</u>	<u>4,700,106,704.16</u>
Net cash flows from investing activities	<u>284,697,423.19</u>	<u>(1,055,157,215.83)</u>

Items	1 January – 30 September 2019 (RMB)	1 January – 30 September 2018 (RMB)
3. Cash flows from financing activities		
Cash receipts from investors making investment in the enterprise	–	–
Cash receipts from borrowings	854,431,644.92	1,104,431,644.92
Other cash receipts relating to financing activities	40,727,906.14	–
Subtotal of cash inflows from financing activities	<u>895,159,551.06</u>	<u>1,104,431,644.92</u>
Cash repayments of amount borrowed	954,431,644.92	154,431,644.92
Cash payments for distribution of dividends, profits or interest expenses	710,906,331.89	633,065,972.30
Other cash payments relating to financing activities	29,651,586.96	–
Subtotal of cash outflows from financing activities	<u>1,694,989,563.77</u>	<u>787,497,617.22</u>
Net cash flows from financing activities	<u>(799,830,012.71)</u>	<u>316,934,027.70</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	–	–
5. Net increase in cash and cash equivalents	269,145,324.59	296,091,071.30
Add: Opening balance of cash and cash equivalents	<u>6,759,917,523.78</u>	<u>6,147,937,501.16</u>
6. Closing balance of cash and cash equivalents	<u>7,029,062,848.37</u>	<u>6,444,028,572.46</u>

Legal Representative: *Manager of the Financial Work:* *Manager of Finance Department:*
Mr. Li Chuyuan **Mr. Li Hong** **Ms. Yao Zhizhi**

4.2 The adjustments to relevant items in financial statements for the beginning of the initial implementation year of new Financial Instruments Standards, new Revenue Standards and new Leases Standards

✓ Applicable □ Not applicable

Consolidated Balance Sheet

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Current assets:			
Cash at bank and on hand	16,114,883,673.51	16,114,883,673.51	-
Settlement provisions	-	-	-
Placements	-	-	-
Financial assets held for trading	-	-	-
Financial assets measured at fair value through profit or loss for the current period	-	-	-
Derivative financial assets	-	-	-
Notes receivable	2,780,597,684.01	1,328,195,500.54	(1,452,402,183.47)
Accounts receivable	10,872,458,472.34	10,872,458,472.34	-
Accounts receivable financing	-	1,452,402,183.47	1,452,402,183.47
Advances to suppliers	837,808,116.68	837,808,116.68	-
Premiums receivable	-	-	-
Receivables from reinsurers	-	-	-
Reinsurance contract reserve	-	-	-
Other receivables	1,056,551,186.68	1,056,551,186.68	-
Including: Interest receivable	1,367,876.63	1,367,876.63	-
Dividends receivable	40,036,044.47	40,036,044.47	-
Financial assets purchased under resale agreements	-	-	-
Inventories	9,231,739,097.84	9,231,739,097.84	-
Contract assets	-	-	-
Classified as assets held for sale	-	-	-
Current portion of non-current assets	-	-	-
Other current assets	2,137,248,054.33	2,137,248,054.33	-
Total current assets	<u>43,031,286,285.39</u>	<u>43,031,286,285.39</u>	<u>-</u>

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Non-currents assets:			
Entrusted loans and advances	-	-	-
Debt investments	-	-	-
Available-for-sale financial assets	-	-	-
Other debt investments	-	-	-
Held-to-maturity investments	-	-	-
Long-term receivables	-	-	-
Long-term equity investment	1,759,958,035.39	1,759,958,035.39	-
Other equity instrument investments	84,897,870.89	84,897,870.89	-
Other non-current financial assets	226,938,456.16	226,938,456.16	-
Investments properties	228,084,499.83	228,084,499.83	-
Fixed assets	3,165,746,536.73	2,950,581,381.29	(215,165,155.44)
Construction in progress	480,305,723.50	480,305,723.50	-
Bearer biological assets	-	-	-
Oil and gas assets	-	-	-
Right-of-use assets	-	846,762,689.48	846,762,689.48
Intangible assets	1,013,353,424.62	1,013,353,424.62	-
Development expenditures	-	-	-
Goodwill	825,573,066.90	825,573,066.90	-
Long-term prepaid expenses	94,315,140.82	94,315,140.82	-
Deferred tax assets	569,144,829.25	569,144,829.25	-
Other non-current assets	2,580,000.00	2,580,000.00	-
Total non-current assets	<u>8,450,897,584.09</u>	<u>9,082,495,118.13</u>	<u>631,597,534.04</u>
Total assets	<u><u>51,482,183,869.48</u></u>	<u><u>52,113,781,403.52</u></u>	<u><u>631,597,534.04</u></u>

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Current liabilities:			
Short-term borrowings	5,905,703,286.10	5,905,703,286.10	-
Borrowings from central banks	-	-	-
Funds borrowed	-	-	-
Financial liabilities held for trading	-	-	-
Financial liabilities measured at fair value through profit or loss for the current period	-	-	-
Derivative financial liabilities	-	-	-
Notes payable	2,656,176,505.09	2,656,176,505.09	-
Accounts payable	9,313,277,657.72	9,313,277,657.72	-
Advances from customers	-	-	-
Contract liabilities	3,686,647,223.24	3,686,647,223.24	-
Financial assets sold under repurchase agreements	-	-	-
Accept money deposits and due to banks	-	-	-
Customer brokerage deposits	-	-	-
Securities underwriting brokerage deposits	-	-	-
Employee benefits payable	753,034,630.86	753,034,630.86	-
Taxes payable	963,543,253.64	963,543,253.64	-
Other payables	3,466,357,353.39	3,466,357,353.39	-
Including: Interest payable	41,637,538.72	41,637,538.72	-
Dividends payable	65,917,238.98	65,917,238.98	-
Handling charges and commission payable	-	-	-
Due to reinsurers	-	-	-
Classified as liabilities held for sale	-	-	-
Current portion of non-current liabilities	204,024,196.93	343,315,704.52	139,291,507.59
Other current liabilities	-	-	-
Total current liabilities	<u>26,948,764,106.97</u>	<u>27,088,055,614.56</u>	<u>139,291,507.59</u>

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Non-current liabilities:			
Insurance contract reserves	–	–	–
Long-term borrowings	413,553,706.06	413,553,706.06	–
Debentures payable	–	–	–
Including: Preferred shares	–	–	–
Sustainable debts	–	–	–
Lease liabilities	–	600,490,563.19	600,490,563.19
Long-term payables	135,795,848.74	27,611,312.00	(108,184,536.74)
Long-term employee benefits payable	325,325.54	325,325.54	–
Provisions	49,601,312.48	49,601,312.48	–
Deferred income	490,423,604.73	490,423,604.73	–
Deferred tax liabilities	249,762,210.96	249,762,210.96	–
Other non-current liabilities	50,225,000.00	50,225,000.00	–
Total non-current liabilities	<u>1,389,687,008.51</u>	<u>1,881,993,034.96</u>	<u>492,306,026.45</u>
Total liabilities	<u>28,338,451,115.48</u>	<u>28,970,048,649.52</u>	<u>631,597,534.04</u>
Shareholders' equity:			
Share capital	1,625,790,949.00	1,625,790,949.00	–
Other equity instruments	–	–	–
Including: Preferred stock	–	–	–
Perpetual bond	–	–	–
Capital surplus	9,865,084,049.39	9,865,084,049.39	–
Less: Treasury shares	–	–	–
Other comprehensive income	(477,139.10)	(477,139.10)	–
Special reserve	–	–	–
Surplus reserves	1,368,735,157.63	1,368,735,157.63	–
General risk provision	–	–	–
Undistributed profits	8,825,776,191.86	8,825,776,191.86	–
Total equity attributable to the Shareholders of the parent Company	<u>21,684,909,208.78</u>	<u>21,684,909,208.78</u>	–
Minority interest	1,458,823,545.22	1,458,823,545.22	–
Total shareholders' equity	<u>23,143,732,754.00</u>	<u>23,143,732,754.00</u>	–
Total liabilities and shareholders' equity	<u>51,482,183,869.48</u>	<u>52,113,781,403.52</u>	<u>631,597,534.04</u>

Explanation for the adjustments:

✓ Applicable Not applicable

(1) Changes in accounting policies due to the implementation of the new lease standards

On 7 December 2018, the Ministry of Finance issued the Accounting Standards for Business Enterprises No. 21 – Lease (Revised in 2018) (Caikuai [2018] No. 35, hereinafter referred to as the “New lease standards”); Enterprises listed both home and abroad and those listed abroad and adopting the international financial reporting standards or accounting standards for business enterprises to prepare financial statements shall implement the new lease standards from 1 January 2019.

As approved by the resolution of the 21st meeting of the 7th Board of Directors of the Company on 26 April 2019, the Group began implementing the above-mentioned new lease standards on January 1, 2019 (hereinafter referred to as the “First Implementation Date”), complying with the requirements of the Ministry of Finance, as well as change the relevant accounting policies according to the new lease standards.

According to the new leasing standards, for existed contracts before the first implementation day, the Group would not to re-evaluate whether it is a lease or it includes a lease on the first implementation day. For the lease contract that the Group is lessee, the Group chose to adjust only the cumulative effects of the lease contract that was not completed on 1 January 2019.

Adjustment of cumulative effects amount for the first time the retained earnings and amounts of other relevant items in the financial statements at the beginning of the current period (1 January 2019) shall not be adjusted for comparable period information. Details are as follows:

- A. For the finance lease on the first implementation day, the Group shall measure the right-of-use assets and lease liabilities respectively according to the original book value of the financing lease assets and finance lease payable.
- B. For the operating lease on the first implementation day, the Group calculated the lease liability according to the present value of the remaining lease payment discounted by the incremental borrowing rate on the first implementation day; The unpaid rent accrued under the original lease standards on an accrual basis shall be included in the remaining lease payment.

According to each lease, the Group chose to measure the right-of-use assets according to either of the following:

- (a) Assuming that the book value of the new leasing standards is adopted from the beginning of the lease period (using the incremental borrowing rate on the first implementation day as the discount rate);
- (b) The amounts equal to lease liabilities are subjected to necessary adjustments based on prepaid rent.

On the first implementation day, the Group conducted impairment tests on the right-of-use assets and carried out corresponding accounting treatment, in accordance with the provisions of Accounting Standards for Business Enterprises No. 8 – Asset impairment.

(2) *Adjustments on the presentation of financial statements*

The financial statements from January to June 2019 are prepared by the Group in accordance with the format prescribed in Caikuai [2019] No. 6. Presentation of relevant accounts are adjusted retrospectively.

Parent Company Balance Sheet

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Current assets:			
Cash at bank and on hand	6,806,911,762.32	6,806,911,762.32	-
Financial assets held for trading	-	-	-
Financial assets measured at fair value through profit or loss for the current period	-	-	-
Derivative financial assets	-	-	-
Notes receivable	615,391,740.80	447,724,462.94	(167,667,277.86)
Accounts receivable	261,455,709.16	261,455,709.16	-
Accounts receivable financing	-	167,667,277.86	167,667,277.86
Advances to suppliers	12,525,525.66	12,525,525.66	-
Other receivables	1,877,892,798.80	1,877,892,798.80	-
Including: Interest receivable	-	-	-
Dividends receivable	382,928,791.41	382,928,791.41	-
Inventories	946,856,781.67	946,856,781.67	-
Contract assets	-	-	-
Assets held for sales	-	-	-
Current portion of non-current assets	-	-	-
Other current assets	1,507,451,931.22	1,507,451,931.22	-
Total current assets	12,028,486,249.63	12,028,486,249.63	-
Non-currents assets:			
Debt investments	-	-	-
Available-for-sale financial assets	-	-	-
Other debt investments	-	-	-
Held-to-maturity investments	-	-	-
Long-term receivables	-	-	-
Long-term equity investment	8,440,656,099.18	8,440,656,099.18	-
Other equity instrument investments	84,897,870.89	84,897,870.89	-
Other non-current financial assets	223,325,494.09	223,325,494.09	-
Investments properties	214,466,738.50	214,466,738.50	-
Fixed assets	491,135,835.97	491,135,835.97	-
Construction in progress	38,386,309.01	38,386,309.01	-
Bearer biological assets	-	-	-
Oil and gas assets	-	-	-
Right-of-use assets	-	7,786,057.78	7,786,057.78
Intangible assets	366,396,141.82	366,396,141.82	-
Development expenditures	-	-	-
Goodwill	-	-	-
Long-term prepaid expenses	1,725,586.63	1,725,586.63	-
Deferred tax assets	126,072,489.93	126,072,489.93	-
Other non-current assets	-	-	-
Total non-current assets	9,987,062,566.02	9,994,848,623.80	7,786,057.78
Total assets	22,015,548,815.65	22,023,334,873.43	7,786,057.78

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Current liabilities:			
Short-term borrowings	954,431,644.92	954,431,644.92	-
Financial liabilities held for trading	-	-	-
Financial liabilities measured at fair value through profit or loss for the current period	-	-	-
Derivative financial liabilities	-	-	-
Notes payable	26,931,727.54	26,931,727.54	-
Accounts payable	295,387,077.43	295,387,077.43	-
Advances from customers	-	-	-
Contract liabilities	299,102,767.07	299,102,767.07	-
Employee benefits payable	86,313,055.87	86,313,055.87	-
Taxes payable	185,050,078.44	185,050,078.44	-
Other payables	2,116,999,352.64	2,116,999,352.64	-
Including: Interest payable	-	-	-
Dividends payable	567,433.79	567,433.79	-
Liabilities held for sales	-	-	-
Current portion of non-current liabilities	-	2,820,472.89	2,820,472.89
Other current liabilities	-	-	-
Total current liabilities	<u>3,964,215,703.91</u>	<u>3,967,036,176.80</u>	<u>2,820,472.89</u>
Non-current liabilities:			
Long-term borrowings	-	-	-
Bonds payable	-	-	-
Including: Preferred stock	-	-	-
Perpetual bond	-	-	-
Lease liabilities	-	4,965,584.89	4,965,584.89
Long-term payables	7,802,224.39	7,802,224.39	-
Long-term employee benefits payable	-	-	-
Provisions	252,971,219.19	252,971,219.19	-
Deferred income	76,572,361.85	76,572,361.85	-
Deferred tax liabilities	12,940,147.39	12,940,147.39	-
Other non-current liabilities	-	-	-
Total non-current liabilities	<u>350,285,952.82</u>	<u>355,251,537.71</u>	<u>4,965,584.89</u>
Total liabilities	<u><u>4,314,501,656.73</u></u>	<u><u>4,322,287,714.51</u></u>	<u><u>7,786,057.78</u></u>

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Shareholders' equity:			
Share capital	1,625,790,949.00	1,625,790,949.00	-
Other equity instruments	-	-	-
Including: Preferred stock	-	-	-
Perpetual bond	-	-	-
Capital surplus	9,820,175,495.89	9,820,175,495.89	-
Less: Treasury shares	-	-	-
Other comprehensive income	(2,423,845.18)	(2,423,845.18)	-
Special reserve	-	-	-
Surplus reserves	996,126,723.03	996,126,723.03	-
Undistributed profits	<u>5,261,377,836.18</u>	<u>5,261,377,836.18</u>	-
Total shareholders' equity	<u><u>17,701,047,158.92</u></u>	<u><u>17,701,047,158.92</u></u>	<u><u>-</u></u>
Total liabilities and shareholders' equity	<u><u>22,015,548,815.65</u></u>	<u><u>22,023,334,873.43</u></u>	<u><u>7,786,057.78</u></u>

Explanation for the adjustments:

Applicable Not applicable

Please refer to explanation for the adjustments of Consolidated Balance Sheet

4.3 Explanation for the adjustments in comparison between the end of 2018 and the initial implementation of new Financial Instruments Standards, new Revenue Standards and new Leases Standards:

Applicable Not applicable

4.4 Audited Report

Applicable Not applicable

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 28 October 2019

As at the date of this announcement, the Board comprises Mr. Li Chuyuan, Ms. Cheng Ning, Ms. Liu Juyan, Mr. Li Hong, Mr. Wu Changhai and Mr. Zhang Chunbo as executive directors, and Mr. Chu Xiaoping, Mr. Jiang Wenqi, Mr. Wong Hin Wing and Ms. Wang Weihong as independent non-executive directors.