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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)

## SUMMARY OF THE 2020 INTERIM REPORT

### 1. IMPORTANT NOTICE

- 1.1 This summary is extracted from the full text of the 2020 interim report of the Company for the six months ended 30 June 2020. Investors who wish to know more details are advised to read in details the full text of the 2020 interim report which will be published on, among others, the website of SSE (<http://www.sse.com.cn>), and on the website of HKEx (<http://www.hkex.com.hk>) or other websites designated by CSRC.
- 1.2 The Board, the Supervisory Committee and the Directors, supervisors and senior management of the Company collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this summary and confirm that there are no false information, misleading statements or material omissions in this summary.
- 1.3 The Directors were present at the 4th meeting of the eighth session of the Board, among whom, Mr. Li Hong, an executive director and the general manager, and Mr. Wu Changhai, an executive director and the standing deputy general manager, were unable to attend the meeting and authorized Mr. Zhang Chunbo, an executive director and deputy general manager, and Ms. Liu Juyan, an executive director, respectively, to attend and exercise the right to vote. Mr. Wong Hin Wing, an independent non-executive director, attended the meeting by telephone.
- 1.4 The financial reports of the Group and the Company for the Reporting Period are prepared in accordance with the China Accounting Standards for Business Enterprises, which are unaudited.
- 1.5 All the information required to be contained in the summary of the 2020 interim report of the Company pursuant to paragraphs 46 of Appendix 16 to the Listing Rules of HKEx has been published on the website of HKEx (<http://www.hkex.com.hk>) in due course.
- 1.6 This summary is prepared in both English and Chinese. In the event of discrepancy in interpretation, the Chinese version shall prevail.

## 2. DEFINITIONS

In this summary, unless the context otherwise requires, the following terms have the meaning as follows:

Company/the Company/ GYBYS	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited
PRC or China	the People's Republic of China
Reporting Period	the six months ended 30 June 2020
Group	the Company and its subsidiaries
Board	the board of directors of the Company
Director	a director of the Company
Supervisory Committee	the supervisory committee of the Company
Supervisor	a supervisor of the Company
CSRC	China Securities Regulatory Commission
SSE	The Shanghai Stock Exchange
HKEx	The Stock Exchange of Hong Kong Limited
Listing Rules of HKEx	the Rules Governing the Listing of Securities on the HKEx
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules of HKEx
GPHL	Guangzhou Pharmaceutical Holdings Limited (廣州醫藥集團有限公司)
Xing Qun	Guangzhou Baiyunshan Xing Qun Pharmaceutical Co., Ltd. (廣州白雲山星群(藥業)股份有限公司)
Zhong Yi	Guangzhou Baiyunshan Zhong Yi Pharmaceutical Company Limited (廣州白雲山中一藥業有限公司)
Chen Li Ji	Guangzhou Baiyunshan Chen Li Ji Pharmaceutical Factory Company Limited (廣州白雲山陳李濟藥廠有限公司)

Qi Xing	Guangzhou Baiyunshan Qi Xing Pharmaceutical Co., Ltd. (廣州白雲山奇星藥業有限公司)
Pan Gao Shou	Guangzhou Baiyunshan Pan Gao Shou Pharmaceutical Co., Ltd. (廣州白雲山潘高壽藥業股份有限公司)
Jing Xiu Tang	Guangzhou Baiyunshan Jing Xiu Tang Pharmaceutical Co., Ltd. (廣州白雲山敬修堂藥業股份有限公司)
Wang Lao Ji	Guangzhou Wang Lao Ji Pharmaceutical Co., Ltd. (廣州王老吉藥業股份有限公司)
Guangzhou Han Fang	Guangzhou Baiyunshan Han Fang Contemporary Pharmaceutical Co., Ltd. (廣州白雲山漢方現代藥業有限公司)
WLJ Great Health	Guangzhou WLJ Great Health Industry Co., Ltd. (廣州王老吉大健康產業有限公司)
GP Corp.	Guangzhou Pharmaceuticals Company Limited (formerly known as Guangzhou Pharmaceutical Corporation (廣州醫藥股份有限公司(原廣州醫藥有限公司)))
Cai Zhi Lin	Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd. (廣州采芝林藥業有限公司)
Guangyao Baiyunshan Hong Kong Company	Guangzhou Pharmaceutical Baiyunshan Hong Kong Company Limited (廣藥白雲山香港有限公司)
Guangxi Ying Kang	Guangxi Baiyunshan Yingkang Pharmaceutical Company Limited (廣西白雲山盈康藥業有限公司)
Tian Xin	Guangzhou Baiyunshan Tian Xin Pharmaceutical Co., Ltd. (廣州白雲山天心製藥股份有限公司)
Guang Hua	Guangzhou Baiyunshan Guang Hua Pharmacy Co., Ltd. (廣州白雲山光華製藥股份有限公司)
Ming Xing	Guangzhou Baiyunshan Ming Xing Pharmaceutical Co., Ltd. (廣州白雲山明興製藥有限公司)
HWBYS	Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited (廣州白雲山和記黃埔中藥有限公司)
WLJ Ya'an Company	Wang Lao Ji Great Health Industry (Ya'an) Co., Ltd. (王老吉大健康產業(雅安)有限公司)
Weiling	Baiyunshan Weiling Pharmaceutical Co., Ltd. (白雲山威靈藥業有限公司)

Guangyao General Institute	Guangzhou General Pharmaceutical Research Institute Co., Ltd. (廣州醫藥研究總院有限公司)
Medical Instrument Investment Company	Guangzhou Baiyunshan Medical Instrument Investment Company (廣州白雲山醫療器械投資公司)
Guangzhou Baiyunshan Hospital	Guangzhou Baiyunshan Hospital Co., Ltd. (廣州白雲山醫院有限公司)
GZ SOA Development	Guangzhou State-owned Asset Development Holdings Limited (廣州國資發展控股有限公司)
GZ Chengfa	Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership) (廣州國壽城市發展產業投資企業(有限合夥))
Yunfeng Investment	Shanghai YunfengXin Chuang equity investment center (limited partnership) (上海雲鋒新創股權投資中心(有限合夥))
Guangyao (Zhuhai Hengqin)	Guangyao (Zhuhai Hengqin) Pharmaceutical Industry Park Co., Ltd. (廣藥(珠海橫琴)醫藥產業園集團有限公司)
Guangyao International (Zhuhai Hengqin)	Guangyao International (Zhuhai Hengqin) Traditional Chinese Medicine Industry Co., Ltd. (廣藥國際(珠海橫琴)中醫藥產業有限公司)
National Medical Insurance Catalogue	a Catalogue of the List of Pharmaceutical Products under the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance of the PRC (國家基本醫療保險、工傷保險和生育保險藥品目錄) (the 2019 version), being the national standard payable drugs fees for the basic medical insurance, work-related injury insurance and maternity insurance fund
C.Q. Pharmaceutical Holding	Chongqing Pharmaceutical Holding Company Limited (重慶控股股份有限公司)
DRGs Payment	payment according to the disease diagnosis related groups

### 3. COMPANY PROFILE

#### 3.1 Company profile

Stock abbreviation:	BAIYUNSHAN
Stock code:	600332 (A Share)
Stock exchange:	SSE
Stock abbreviation:	BAIYUNSHAN PH
Stock code:	0874 (H Share)
Stock exchange:	HKEX

	<b>Secretary to the Board</b>	<b>Representative of securities affairs</b>
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Internet website	http://www.gybys.com.cn	
Principal place of business in Hong Kong	Room 2005, 20th Floor, Tower Two Lippo Center, 89 Queensway, Hong Kong	

### 3.2 Principal financial data and financial indicators

	<b>The Reporting Period</b>	The corresponding period of 2019	Changes as compared with the corresponding period of 2019
<b>Principal financial data</b>	<b>(unaudited)</b>	(unaudited)	(%)
Income from operations ( <i>RMB'000</i> )	30,469,650	33,340,828	(8.61)
Net profit attributable to the shareholders of the Company ( <i>RMB'000</i> )	1,764,269	2,547,561	(30.75)
Net profit attributable to the shareholders of the Company after deducting non-recurring items ( <i>RMB'000</i> )	1,627,382	2,205,158	(26.20)
Net cash flow from operating activities ( <i>RMB'000</i> )	(2,404,751)	(925,743)	(159.76)
Net cash flow from operating activities per share ( <i>RMB</i> )	(1.48)	(0.57)	(159.76)
Total profit ( <i>RMB'000</i> )	2,264,734	3,211,762	(29.49)
	<b>As at</b>	As at	Changes as
	<b>30 June</b>	31 December	compared with
	<b>2020</b>	2019	31 December
<b>Principal financial data</b>	<b>(unaudited)</b>	(audited)	2019 (%)
Net assets attributable to the shareholders of the Company ( <i>RMB'000</i> )	24,991,521	24,184,797	3.34
Total assets ( <i>RMB'000</i> )	55,106,463	56,893,659	(3.14)
Equity attributable to the shareholders of the Company per share ( <i>RMB/share</i> )	15.37	14.88	3.34

<b>Principal financial indicators</b>	<b>The Reporting Period (unaudited)</b>	The corresponding period of 2019 (unaudited)	Changes as compared with the corresponding period of 2019 (%)
Basic earnings per share ( <i>RMB/share</i> )	1.085	1.567	(30.75)
Diluted earnings per share ( <i>RMB/share</i> )	1.085	1.567	(30.75)
Basic earnings per share after deducting non-recurring items ( <i>RMB/share</i> )	1.001	1.356	(26.20)
Ratio of weighted average return on net assets (%)	7.04	11.10	A decrease of 4.06 percentage points
Ratio of weighted average return on net assets after deducting non-recurring items (%)	6.49	9.60	A decrease of 3.11 percentage points

*Note:* The above financial data and indicators are computed based on consolidated financial statements.

## **DESCRIPTION OF PRINCIPAL FINANCIAL DATA AND FINANCIAL INDICATORS OF THE COMPANY**

Applicable     Not applicable

Reasons for the decreases in total profit and net profit attributable to the shareholders of the Company mainly include: as affected by the outbreak of the COVID-19 coronavirus epidemic (“the epidemic”), the market demand for the products of the subsidiaries of the Company decreased, the sales revenue decreased and the production costs increased, which resulted in the decrease in profit.

Main reasons for the decrease in net cash flow from operating activities: (1) as affected by the outbreak of the epidemic, payment for goods of WLJ Great Health, a wholly-owned subsidiary of the Company, decreased year on year during the Reporting Period, which resulted in the decrease in net cash flow from operating activities by RMB1.95 billion year on year; (2) payment for goods of GP Corp., a holding subsidiary of the Company, increased year on year during the Reporting Period and GP Corp. received revolving fund for epidemic prevention materials, which led to the increase in net cash flow from operating activities by RMB566 million year on year.

### 3.3 Movement in share capital

Applicable  Not applicable

### 3.4 Change in shares subject to selling restrictions

Applicable  Not applicable

### 3.5 Total number of shareholders and the top ten shareholders as at the end of the Reporting Period

Total number of shareholders as at the end of the Reporting Period 107,241

The top ten shareholders of the Company as at 30 June 2020 are set out as follows

Name of shareholder	Increase/ (Decrease) during the Reporting Period <i>(share)</i>	Number of shares held as at the end of the Reporting Period <i>(share)</i>	Approximate percentage of the total issued share capital <i>(%)</i>	Number of shares subject to selling restrictions <i>(share)</i>	Number of pledged shares or locked shares <i>(share)</i>	Nature of shares
GPHL	0	732,305,103	45.04	0	0	State-owned legal person
HKSCC Nominees Limited	48,000	219,755,389	13.52	0	0	Overseas legal person
GZ Chengfa	0	73,313,783	4.51	0	0	Other
GZ SOA Development	(9,568,800)	71,720,700	4.41	0	0	State-owned legal person
China Securities Finance Corporation Limited	0	47,278,008	2.91	0	0	Other
Hong Kong Securities Clearing Company Limited	(3,876,818)	16,475,925	1.01	0	0	Other
Central Huijin Investment Limited	0	15,260,700	0.94	0	0	Other
Yunfeng Investment	0	10,614,859	0.65	0	0	Other
China AMC – Agricultural Bank – Huaxia China Securities Financial Asset Management Plan	0	8,795,136	0.54	0	0	Other
Zhongou AMC – Agricultural Bank – Zhongou China Securities Financial Asset Management Plan	0	8,680,636	0.53	0	0	Other

Explanation on the connection or persons 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 several clients.
- (2) The Company was not aware of whether there is any connected relationship among the above shareholders, or whether they were parties acting in concert as provided under the “Rules Governing the Disclosure of Change in Shareholders’ Shareholding in Listed Companies”.

Explanation on shareholder holding preferred shares whose voting rights are restored and the number of shares

Nil

**3.6 Table of total numbers of shareholders of preferred shares and top ten shareholders of preferred shares as at the end of the Reporting Period**

Applicable  Not applicable

**3.7 Information on change in controlling shareholders and beneficial owners**

Applicable  Not applicable

**3.8 Information on corporate debts outstanding and overdue**

Applicable  Not applicable

**4. DISCUSSION AND ANALYSIS OF OPERATION**

**4.1 Management discussion and analysis**

During the Reporting Period, the Group actively adopted the development theme of “Year of Leapfrogging Reform” by seeking progress while maintaining stability, overcoming difficulties amid uncertainty and strictly controlling risks. In view of the unexpected outbreak of the epidemic. On the one hand, the Group actively deployed various epidemic prevention and control measures, implemented tasks for ensuring provision of anti-epidemic and epidemic prevention materials, and strived for supporting the pandemic prevention at the frontline. On the other hand, the Group solidly promoted safe production and construction for epidemic prevention and control, organized resumption of work and production in an orderly manner, and at the same time took effective measures to strengthen market expansion and sales of the Group’s products, thereby alleviating the impact of the epidemic on the Group’s production and operations.

During the first half of 2020, due to the influence and challenge of the epidemic, all business segments of the Group were affected to varying degrees, thereby leading to a year-on-year decrease in the Group’s operating results: (1) as a result of the decrease in the number of patients attending hospitals during the epidemic, the restrictions on logistics and distribution, and the weakened end-user demand for pharmaceutical terminals, Great Southern TCM’s recorded contraction in its hospital sales to various extents in terms of product categories and volume of the relevant products, while the pharmaceutical distribution business in Great Commerce was also affected to a certain extent; (2) since the outbreak of the epidemic, various preventive and control measures have been implemented across the country, which dampened the market demand for Wang Lao Ji Herbal Tea and related products, and their sales were significantly affected by the epidemic during the Spring Festival; (3) the amount of government subsidies received by WLJ Great Health during the Reporting Period was lower than the same period of last year.



In the first half of 2020, the Group recorded revenue of RMB30,469,650,000, which decreased by 8.61% year on year; total profit of RMB2,264,734,000, which decreased by 29.49% year on year; and net profit attributable to shareholders of the Company of RMB1,764,269,000, which decreased by 30.75% year on year.

During the Reporting Period, the Group proactively working on the following:

Firstly, during the outbreak of the epidemic, the Group initiated the emergency response mechanism and swiftly carried out production and storage of epidemic prevention and anti-epidemic materials to ensure supply of epidemic prevention and anti-epidemic drugs and materials for supporting the pandemic prevention at the frontline. During the stage of normalized epidemic prevention and control, we orderly organized resumption of production and strengthened market expansion of products, striving to minimize the impact of the epidemic.

Secondly, with focus on the Group's principal business, we actively explored new opportunities and new models to promote the development of Group's principal business. (1) The Great Southern TCM segment further strengthened the market expansion of anti-epidemic and epidemic prevention related products. (2) The Great Health segment enhanced the exploration of new sales models and new development paths: vigorously expanded the live streaming marketing model to promote product sales; strengthened development and cooperation of e-commerce channels for products, and set up unmanned sales points in large supermarkets, community convenience stores, farmer's markets, etc., to develop the "contactless" new sales model. During the normalized epidemic prevention and control stage, WLJ Great Health quickly focused on the core channels of catering and ready-to-drink, seizing opportunities in the summer peak season sales market to vigorously promote product sales; and at the same time with the help of WLJ's brand advantages to focus on creating the new product Ci Ning Ji (刺檸吉) beverages by distribution of goods in all pipelines and giving out consumption coupons of Ci Ning Ji beverage for poverty alleviation purpose to increase product sales. (3) We optimized resources allocation for the Great Commerce segment, speeded up transformation and development: we solidly pushing the spin-off and overseas listing exercise of GP Corp., carried out preliminary resource integration in an orderly manner, and completed reform of the ownership of GP Corp.; Cai Zhi Lin leveraged on the supply of epidemic prevention products to deepen cooperation with various major hospitals to expand the sales share of TCM decoction-pieces.

Thirdly, we continued to increase investment in scientific research and innovation together with investment in product research and development, strengthened construction of scientific research platforms, enhanced product quality control, and strictly observed product quality requirements: (1) during the Reporting Period, the Group obtained 10 production approvals (including 5 product specifications with consistent evaluation) and obtained 33 domestic patent authorizations (including 20 invention patents and 13 utility model patents); (2) in the first half of 2020, the Group added 2 provincial level engineering technology centers, the Guangdong Male Medicine Engineering Technology Research Center (廣東省男科用藥工程技術研究中心), and the Guangdong Plant Beverage Engineering Technology Research Center (廣東省植物飲料工程技術研究中心); and (3) we strengthened construction of quality system, improved the quality control system, and strengthened entity responsibility for product quality to further improve the standards of quality.

Fourthly, we accelerated the construction of industrial bases. During the Reporting Period, the construction of WLJ Great Health's raw liquid extraction base in Meizhou (梅州原液提取基地) and Cai Zhi Lin's traditional Chinese medicine industrialized production and service base in Meizhou (梅州中藥產業化生產服務基地) were completed and they are expected to be officially put into operation in the second half of the year.

Fifthly, we continued to strengthen internal management, striving to enhance operation quality and improve management efficiency.

## 4.2 Analysis of principal operations

### 4.2.1 Table on analysis of changes in financial statement related subjects

Items	The Reporting Period (RMB'000)	The corresponding period of 2019 (RMB'000)	Increase/ (Decrease) over the corresponding period of 2019 (%)
Revenue	<b>30,469,650</b>	33,340,828	(8.61)
Include: income from principal operations	<b>30,375,492</b>	33,199,320	(8.51)
Cost of sales	<b>24,442,437</b>	25,893,939	(5.61)
Include: cost from principal operations	<b>24,422,867</b>	25,858,276	(5.55)
Selling and distribution expenses	<b>2,626,242</b>	3,181,215	(17.45)
General and administrative expenses	<b>849,551</b>	986,091	(13.85)
Financial expenses <i>note 1</i>	<b>3,678</b>	79,873	(95.40)
Research and development expenses	<b>268,846</b>	276,820	(2.88)
Net cash flow from operating activities <i>note 2</i>	<b>(2,404,751)</b>	(925,743)	(159.76)
Net cash flow from investing activities	<b>(232,386)</b>	(257,080)	9.61
Net cash flow from financing activities <i>note 3</i>	<b>3,138,823</b>	1,253,450	150.41
Other income <i>note 4</i>	<b>202,420</b>	356,510	(43.22)
Investment income <i>note 5</i>	<b>33,821</b>	117,960	(71.33)
Gains from changes in fair value <i>note 6</i>	<b>(23,537)</b>	10,826	(317.41)
Impairment losses in respect of credit <i>note 7</i>	<b>(89,071)</b>	(60,985)	(46.05)
Impairment losses in respect of assets <i>note 8</i>	<b>(12,910)</b>	(7,142)	(80.76)
Gains on disposal of assets <i>note 9</i>	<b>3,289</b>	(42)	8,022.70
Non-operating income <i>note 10</i>	<b>26,614</b>	38,597	(31.05)
Non-operating expenses <i>note 11</i>	<b>21,133</b>	3,647	479.46
Net profit attributable to the parent company's shareholders <i>note 12</i>	<b>1,764,269</b>	2,547,561	(30.75)

#### Notes:

- Financial expenses decreased year on year during the Reporting Period mainly due to: (1) interest income of term deposits year on year by the subsidiaries of the Company increased; (2) interest rate on the borrowings of GP Corp., a holding subsidiary of the Company, decreased year on year during the Reporting Period, which resulted in a decrease in interest expense year on year.
- Net cash flow from operating activities decreased year on year during the Reporting Period mainly due to: (1) as affected by the outbreak of the epidemic, payment for goods of WLJ Great Health, a wholly-owned subsidiary of the Company, decreased year on year during the Reporting Period, which resulted in the decrease in net cash flow from operating activities by RMB1.95 billion year on year; (2) payment for goods of GP Corp., a holding subsidiary of the Company, increased year on year during the Reporting Period and GP Corp. received revolving fund for epidemic prevention materials, which led to the increase in net cash flow from operating activities by RMB566 million year on year.

3. Net cash flow from financing activities increased year on year during the Reporting Period mainly due to: increase in bank loans and recovery of note deposits of subsidiaries of the Company during the Reporting Period.
4. Other income decreased year on year during the Reporting Period mainly due to: the decrease in government subsidies received by the Company's subsidiaries.
5. Investment income decreased year on year during the Reporting Period mainly due to: (1) investment income of the long-term equity investment under equity method by the subsidiaries of the Company year on year decreased; (2) difference between the book value of accounts receivable and the consideration was recognized as investment loss during the Reporting Period by GP Corp. due to the issuance of the asset-backed securitization of accounts receivables (ABS) in December 2019, resulting in such item decreased on a year-on-year basis; (3) the Company recognized income from wealth management during the corresponding period of last year while there was no such item incurred during the Reporting Period.
6. Gains from changes in fair value decreased year on year during the Reporting Period mainly due to: the change in the stock market price of C.Q. Pharmaceutical Holding, China Everbright Bank Co., Ltd. and other companies held by the Company on a year-on-year basis.
7. Impairment losses in respect of credit decreased year on year during the Reporting Period mainly due to: the increase in the impairment losses in respect of credit of provision of accounts receivables.
8. Impairment losses in respect of assets decreased year on year during the Reporting Period mainly due to: a year-on-year increase in loss on decline in value of inventories of the subsidiaries of the Company.
9. Gains on disposal of assets increased year on year during the Reporting Period mainly due to: a year-on-year increase in the revenue from the sale of assets by subsidiaries of the Company.
10. Non-operating income decreased year on year during the Reporting Period mainly due to: (1) decrease in compensation for relocation recognized by the subsidiaries of the Company during the Reporting Period; (2) decrease in non-payable long-term payment cleared up by the subsidiaries of the Company.
11. Non-operating expenses increased year on year during the Reporting Period mainly due to: the increase in public welfare donation expenditure and shutdown loss by the subsidiaries of the Company affected by the epidemic during the Reporting Period.
12. Net profit attributable to the parent company's shareholders decreased year on year during the Reporting Period mainly due to: affected by outbreak of the epidemic, the market demand for the products of the subsidiaries of the Company decreased, the sales revenue decreased and the production cost increased, which resulted in decrease in profit.

#### 4.2.2 Analysis on the Group's principal operations during the Reporting Period by industry and by product

Operations	Results of principal operations by industry					
	Income from principal operations		Cost of principal operations		Profit margin of principal operations	
	Income from principal operations (RMB'000)	Increase/ (Decrease) over the same period of 2019 (%)	Cost of principal operations (RMB'000)	Increase/ (Decrease) over the same period of 2019 (%)	Profit margin of principal operations (%)	Increase/ (Decrease) over the same period of 2019 (percentage point)
Great Southern TCM	5,601,804	(17.14)	3,325,931	(10.86)	40.63	A decrease of 4.18 percentage points
Great Health	4,501,417	(23.11)	2,263,167	(23.32)	49.72	An increase of 0.14 percentage point
Great Commerce	20,182,741	(1.68)	18,767,868	(1.89)	7.01	An increase of 0.20 percentage point
Other <sup>note</sup>	89,530	55.53	65,901	41.83	26.39	An increase of 7.11 percentage points
Total	30,375,492	(8.51)	24,422,867	(5.55)	19.60	A decrease of 2.51 percentage points

Types of products	Results of principal operations by products					
	Income from principal operations		Cost of principal operations		Profit margin of principal operations	
	Income from principal operations (RMB'000)	Increase/ (Decrease) over the same period of 2019 (%)	Cost of principal operations (RMB'000)	Increase/ (Decrease) over the same period of 2019 (%)	Profit margin of principal operations (%)	Increase/ (Decrease) over the same period of 2019 (percentage point)
Chinese patent medicine	2,546,841	(13.98)	1,495,268	(9.36)	41.29	A decrease of 2.99 percentage points
Chemical medicine	3,054,963	(19.61)	1,830,663	(12.05)	40.08	A decrease of 5.14 percentage points
Total of Great Southern TCM	5,601,804	(17.14)	3,325,931	(10.86)	40.63	A decrease of 4.18 percentage points

*Note:*

Income from principal operations and cost of principal operations of Other segment increased significantly, mainly due to: the expansion of business scope of Guangzhou Baiyunshan Hospital under the Company during the Reporting Period and the establishment of Guangzhou Baiyunshan Yihu Health and Technology Company Limited to develop protective products like masks and others.

#### 4.2.3 The regional sales of the Group's business in the Reporting Period are as follows:

<b>Regions</b>	<b>Income from principal operations (RMB'000)</b>	<b>Increase/ (Decrease) over the same period of 2019 (%)</b>
Southern China	22,992,628	(5.13)
Eastern China	2,629,474	(23.34)
Northern China	1,356,304	(11.34)
North-Eastern China	250,398	(28.00)
South-Western China	2,143,458	(14.54)
North-Western China	972,698	(13.67)
Exports	30,532	50.82
<b>Total</b>	<b>30,375,492</b>	<b>(8.51)</b>

#### 4.2.4 Others

Detailed description of the major changes in the Company's profit composition or profit sources

Applicable  Not applicable

#### 4.3 Description of significant changes in profit resulting from non-principal operation

Applicable  Not applicable

#### 4.4 Analysis on Financial Conditions

##### 4.4.1 Liquidity

As at 30 June 2020, the current ratio of the Group was 1.65 (31 December 2019: 1.57), and its quick ratio was 1.33 (31 December 2019: 1.24). During the Reporting Period, accounts receivable turnover was 64.84 in days, representing a decrease of 14.58% as compared with the corresponding period of 2019; inventory turnover was 67.46 in days, representing a decrease of 8.47% as compared with the corresponding period of 2019.

##### 4.4.2 Financial resources

As at 30 June 2020, cash and cash equivalents of the Group amounted to RMB17,336,126,000 (31 December 2019: RMB16,833,623,000), of which approximately 99.59% and 0.41% were denominated in Renminbi and foreign currencies such as Hong Kong dollar, respectively.

As at 30 June 2020, the Group had bank borrowings of RMB8,061,330,000 (31 December 2019: RMB5,889,009,000) including short-term borrowings of RMB8,061,330,000 (31 December 2019: RMB5,869,009,000), non-current liabilities expiring within one year of RMB0 (31 December 2019: RMB15,550,000), and long-term borrowings of RMB0 (31 December 2019: RMB4,500,000).

#### 4.4.3 Capital structure

As at 30 June 2020, the Group's current liabilities amounted to RMB26,590,712,000 (31 December 2019: RMB29,376,966,000), representing a decrease of 9.48% as compared to the beginning of 2020, and its long-term liabilities was RMB1,613,126,000 (31 December 2019: RMB1,527,206,000), with an increase of 5.63% as compared to the beginning of 2020. Shareholders' equity attributable to the shareholders of the Company amounted to RMB24,991,521,000 (31 December 2019: RMB24,184,797,000), with an increase of 3.34% as compared to the beginning of 2020.

#### 4.4.4 Capital expenditure

The Group expects the capital expenditure for 2020 to be approximately RMB2.476 billion among which the expenditure in the first half of 2020 amounted to RMB0.355 billion (in the first half of 2019: RMB1.835 billion), which would be mainly applied in the construction of production bases, upgrade of equipment and set-up of information system, etc. The group will raise funds to meet the capital requirements of capital expenditure by resorting to its internal funds, bank loans, etc..

#### 4.4.5 Description of assets and liabilities

Item	As at	% of the	As at	% of the	Increase/ (Decrease) as compared to	Reasons for changes
	30 June 2020 (RMB'000)		total assets (%)		31 December 2019 (RMB'000)	
Notes receivable	942,659	1.71	1,526,082	2.68	(38.23)	The amount of notes cashed and endorsed by the Company and its subsidiaries during the Reporting Period decreased by more than the amount of notes received.
Construction in progress	918,084	1.67	667,402	1.17	37.56	The Company and its subsidiaries increased expenses for construction projects.
Development expenditure	1,301	0.00	2,011	0.00	(35.32)	The development expenditure of the Company and its subsidiaries was transferred to intangible asset.

Item	As at	% of the	As at	% of the	Increase/ (Decrease) as compared to	Reasons for changes
	30 June 2020 (RMB'000)		31 December 2019 (RMB'000)		31 December 2019 (%)	
Short-term borrowings	8,061,330	14.63	5,869,009	10.32	37.35	(1) During the Reporting Period, bank borrowings by the subsidiaries of the Company increased due to the material reserve for the epidemic prevention and payment to suppliers for purchase; (2) during the Reporting Period, GP Corp., the holding subsidiary of the Company, replaced the internally entrusted borrowings offset at the consolidation statements level of RMB1 billion with bank borrowings.
Notes payable	1,894,841	3.44	3,982,426	7.00	(52.42)	The amount of remittance of notes was larger than the amount of payment.
Contract liabilities	1,231,196	2.23	4,675,362	8.22	(73.67)	(1) Advances on sales of WLJ Great Health, a wholly-owned subsidiary of the Company, increased at the end of last year due to the advance of the Spring Festival and goods were delivered and sold during the Reporting Period, which led to the decrease in the balance of advances on sales; (2) the balance of advances on sales of other subsidiaries of the Company decreased.
Other payables	4,665,457	8.47	3,227,386	5.67	44.56	(1)The Company has accrued the cash dividends payable for the year 2019; (2) The Company's subsidiary, namely GP Corp., received subsidies from the government for epidemic control materials.
Other current liabilities	133,921	0.24	606,815	1.07	(77.93)	Taxes to be written off in the advances from customers within one year of the subsidiaries of the Company decreased.
Long-term borrowings	0	0.00	4,500	0.01	(100.00)	The subsidiaries of the Company repaid long-term borrowings.
Other comprehensive income	(93)	0.00	(139)	0.00	33.04	(1) Fair value of the financial assets of the Company decreased as at the end of the Reporting Period; (2) difference of conversion on currency exchange by the subsidiaries of the Company increased.



#### ***4.4.6 Exposure to fluctuations in exchange rates***

As the majority of the revenue, expenses, assets and liabilities of the Group are denominated or settled in Renminbi, the Group did not have significant risks in exposure to fluctuations in exchange rates.

#### ***4.4.7 Contingent liabilities***

As at 30 June 2020, the Group had no material contingent liabilities.

#### ***4.4.8 Charge on the Group's assets***

As at 30 June 2020, Guangyao Baiyunshan Hong Kong Company, a subsidiary of the Company, acquired the overdraft amounted to HKD300,000, letter of credit and 90 days credit in the total amount of HKD100,000,000 from Bank of China (Hong Kong) Co., Ltd., secured by buildings of fixed assets with an original value amounting to HKD8,893,000 and net value amounting to HKD6,187,000 and investment properties with an original value amounting to HKD6,843,000 and net value amounting to HKD4,622,000 of investment properties as well as unexpired letter of credit of EUR399,000, USD964,000 and JPY116,290,000.

#### ***4.4.9 Bank loans, overdraft and other borrowings***

As at 30 June 2020, the bank loans of the Group amounted to RMB8,061,330,000 (31 December 2019: RMB5,889,009,000), with an increase of RMB2,172,321,000 as compared to the beginning of 2020. The above bank loans included short-term borrowings of RMB8,061,330,000, current portion of non-current liabilities of RMB0 and long-term borrowings of RMB0.

#### ***4.4.10 Gearing ratio***

As at 30 June 2020, the Group's gearing ratio (total liabilities/total assets×100%) was 51.18% (31 December 2019: 54.32%).

#### ***4.4.11 Material investment***

As at 30 June 2020, the Group had no other major investment.

## 4.5 Analysis of investment situation

### *Overall analysis on foreign equity investment*

Applicable    Not applicable

As at the end of the Reporting Period, the external equity investment of the Group amounted to RMB1,642,919,000, with a growth of RMB43,894,000 as compared to 31 December 2019, mainly due to the Group's recognition of the investment income of the joint ventures and associates in accordance with the Equity Laws, which led to the increase in long-term equity investment.

#### (1) *Significant equity investment*

Applicable    Not applicable

#### (2) *Significant non-equity investment*

Applicable    Not applicable

#### (3) *Financial assets evaluating at fair value*

Applicable    Not applicable

### *Stock investments*

Number	Type of Stock	Stock Code	Stock name	The initial amount of investment (RMB'000)	Number of shares held as at the end of the Reporting Period (share)	Book value as at the end of the Reporting Period (RMB'000)	% of stock investment as at the end of the Reporting Period (%)	Gain/(loss) during the Reporting Period (RMB'000)
1	A share of SSE	600038	AVIC Helicopter Co., Ltd.	1,806	57,810	2,758	1.58	(384)
2	A share of SSE	600664	Harbin Pharmaceutical Group Co., Ltd.	3,705	376,103	1,425	0.82	(267)
3	A share of Shenzhen Exchange	000950	C.Q. Pharmaceutical Holding	150,145	25,992,330	141,294	81.07	(17,675)
4	A share of SSE	601328	Bank of Communications	511	378,734	2,132	1.22	(189)
5	A share of SSE	601818	Everbright Bank	10,725	6,050,000	26,681	15.31	(5,022)
Other stock investments held as at the end of the Reporting Period								-
Gain/(loss) of stock investments sold during the Reporting Period								-
<b>Total</b>				<b><u>166,892</u></b>	<b><u>32,854,977</u></b>	<b><u>174,290</u></b>	<b><u>100.00</u></b>	<b><u>(23,537)</u></b>

#### 4.6 Analysis of the main subsidiaries and investee companies of the Company

Name of enterprise	Business nature	Major products or services	Registered capital (RMB'000)	Equity held by the Company (%)	Total assets (RMB'000)	Net assets (RMB'000)	Net profit (RMB'000)
WLJ Great Health	Manufacturing	Production and sales of pre-packaged food, dairy products, etc	900,000	100.00	7,764,278	5,777,241	840,541
GP Corp.	Pharmaceutical Business	Retail of medical products and equipment	2,227,000	80.00	23,491,522	4,970,242	171,278

Except in relation to WLJ Great Health as mentioned in the above table, the Company did not derive any net profit from any single subsidiary or any investment income from any single investee company which has an impact of 10% or more on net profit of the Group during the Reporting Period.

During the Reporting Period, the Group did not have other business operation activity which had significant impact on net profit.

#### 4.7 Plan for profit distribution and increase in share capital from capital reserve

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020 or any increase in share capital by transfer from capital reserve.

##### Profit distribution scheme, plan on increase in share capital by transfer from capital reserve prepared for the half year

Any distribution or transfer	No
Number of bonus shares to be distributed for every ten shares ( <i>shares</i> )	/
Amount of dividends to be distributed for every ten shares ( <i>RMB</i> ) (inclusive of tax)	/
Number of shares to be transferred into share capital for every ten shares ( <i>shares</i> )	/

#### 4.8 Issues and difficulties in operations and plans for the second half of 2020

In the first half of 2020, global economic growth slowed down due to the epidemic. For China, the impact of the epidemic was mainly reflected in the first quarter, and various business segments of the Group were also affected to varying degrees, with sales of pharmaceutical terminals and fast moving goods recording year-on-year decrease. At the same time, the tightening of medical insurance fee control and the implementation of a series of new policies, such as the implementation of the National Medical Insurance Catalogue and the DRGs Payment model in favor of cost-effective innovative drugs, has brought challenges to the development of the Group's traditional business.

Against the backdrop of the "epidemic", the epidemic has once again aroused the public's concern for health, and demand for healthcare is expected to rise further. In particular, the performance of TCM in the prevention and control of the epidemic was excellent and TCM is expected to be more popular in the future. In addition, new businesses and new models such as live streaming direct marketing and contactless sales derived from the epidemic have shown novelty and emerging vitality, bringing new opportunities for cross-border cooperation between pharmaceutical enterprises and new media industries as well as innovative marketing.

In the second half of 2020, the Group will focus on implementation of the following tasks:

1. We will continue to focus on "Big Products" and promote nurturing projects for the "Diva brands", striving for creation of big products. We will formulate effective plans for time-honored enterprises under the Group to promote differentiated and characteristic development of various time-honored enterprises, thus creating famous brands for famous enterprises in the Chinese medicine industry; we will concentrate resources on strengthening the promotion, pipeline construction and sales of "Diva brands" products, and cultivate more Diva brands; we will seize new opportunities for epidemic prevention and control to promote anti-epidemic and epidemic prevention brands and actively develop sleep category to enrich product series development; we will continue to strengthen cooperation with top 100 domestic drugstore chains to increase product sales.
2. We will continue to focus on "one core with multi-elements" and adhere to WLJ's strategy of single product diversification and category diversification. Efforts will be made on strengthening sales in summer peak season and the dual festival period of Mid-Autumn Festival and National Day, concentrating resources to strengthen marketing of catering channels and ready-to-drink markets and shops, to vigorously develop the new channels for the Wang Lao Ji Herbal Tea, and to increase the proportion of e-commerce and other new channels; we will expand the market share of new products such as Ci Ning Ji (刺檸吉) and Ye Rou Coconut Juice (椰柔椰汁), so as to establish the product cluster of the Great Health segment.

3. We will continue to implement the core strategy of “further development + expansion” to accelerate resources upgrading of the Great Commerce segment. GP Corp. will use the spin-off for listing as an opportunity to accelerate the integration of retail terminal resources, and will continue to optimize the construction of logistics distribution networks; Cai Zhi Lin will highlight the advantages of traditional Chinese medicine to promote characteristic development and vigorously develop the edge of the business of TCM decoction-pieces and traditional Chinese medical center.
4. We will continue to use “key projects” as the basis to accelerate the deployment of new business models, and actively promote the investment, merger and acquisition projects in various business segments.
5. We will continue to optimize the scientific and technological innovation platforms, improve the R&D investment mechanism of innovative drugs, biopharmaceuticals and high-end generic drugs, establish and improve scientific and technological innovation systems and mechanisms; and further strengthen quality control and increase product quality and safety inspections.
6. We will continue to enhance internal management, consolidate basic management and strengthen the normalized management of internal risk control.

**4.9 During the Reporting Period, the Company or any of its subsidiaries did not purchase, sell, repurchase or cancel any of the Company’s listed shares.**

#### **4.10 Corporate governance**

During the Reporting Period, the Company complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules of HKEx (“CG Code”) and the code provisions of the CG Code except that (i) Mr. Li Chuyuan (the chairperson of the Board), Mr. Li Hong (an executive director and the general manager), Mr. Chu Xiaoping (independent non-executive director), Mr. Jiang Wenqi (independent non-executive director) and Mr. Wong Hin Wing (an independent non-executive director) were unable to attend the first extraordinary general meeting in 2020, which constituted a deviation from code provision A.6.7; (ii) Ms. Liu Juyan, the executive director of the Company, was unable to attend the 2019 annual general meeting, the first class meeting of the holders of A shares in 2020, and the first class meeting of the holders of H shares in 2020 which constituted a deviation from code provision A.6.7.

The Board will keep monitoring and reviewing the Company’s corporate governance practices to ensure compliance with the provisions of the CG Code.

#### 4.11 Model Code for securities transactions by directors and supervisors

The Company adopted the Model Code and “Measures for the Administration of Trading Shares of the Company by directors, supervisors and senior management” as stipulated by the Company as the codes and criteria for securities transactions by the directors and supervisors of the Company. After making specific inquiry with all the Directors and Supervisors, the Company confirmed that its Directors and Supervisors had fully complied with the standards relating to directors’ and supervisors’ dealing in securities as set out in the above codes and criteria during the Reporting Period.

4.12 The audit committee of the eighth session of the Board comprised four independent non-executive directors and one of them possessed appropriate professional qualification. The audit committee of the Company had reviewed the Group’s accounting principles, accounting standards and method as well as discussed the audit affairs, risk management, internal controls and financial report with the management, including the unaudited interim report for the six months ended 30 June 2020.

#### 4.13 Changes in directors, supervisors and senior management of the Company during the Reporting Period

Applicable    Not applicable

<b>Name</b>	<b>Position</b>	<b>Circumstances for the Changes</b>
Yang Jun	Executive director	Election
Yang Jun	Vice chairperson of the Board	Election
Chu Xiaoping	Independent non-executive director	Retirement
Jiang Wenqi	Independent non-executive director	Retirement
Chen Yajin	Independent non-executive director	Election
Huang Min	Independent non-executive director	Election
Cheng Jinyuan	Supervisor representing the shareholders	Election
Cai Ruiyu	Chairperson of the Supervisory Committee	Election

## *Explanation on changes in directors, supervisors and senior management of the Company*

✓ Applicable    □ Not applicable

At the first extraordinary general meeting in 2020 held on 13 January 2020, Mr. Yang Jun was elected as the executive director of the seventh session of the Board and Mr. Cheng Jinyuan was elected as a supervisor representing the shareholders of the seventh session of the Supervisor Committee. At the 21st meeting of the 7th session of the Supervisory Committee of the Company held on the same date, Mr. Cai Ruiyu was elected as the chairperson of the seventh session of the Supervisory Committee.

At the 2019 annual general meeting held on 29 June 2020, Mr. Yang Jun was elected as the executive director of the eighth session of the Board; Mr. Chen Yajin and Mr. Huang Min were elected as the independent non-executive directors of the eighth session of the Board and their term of office commenced from the date of appointment up to the date on which members of the new session of the Board are elected. On the same date, Mr. Chu Xiaoping and Mr. Jiang Wenqi retired upon expiry of their terms of office since they had been acted as independent non-executive directors in two consecutive sessions of the Board.

At the first meeting of the eighth session of the Board held on 29 June 2020, Mr. Yang Jun was elected as the vice chairman of the eighth session of the Board. His term of office commenced from the date of appointment up to the date on which members of the new session of the Board are elected.

In accordance with Rule 13.51(B)(1) of the Listing Rules of HKEx, the details of the changes in information of Directors and Supervisors after the publication of the annual report for the year ended 31 December 2019 are set out below:

### **Name of Directors/ Supervisors**

### **Details of the changes**

Li Chuyuan

Ceased to act as the Secretary of the Communist Party of HWBYS in June 2020.

Yang Jun

Elected as the executive director of the seventh session of the Board on 13 January 2020 and elected as the executive director and the vice chairperson of the eighth session of the Board on 29 June 2020.

Cheng Ning

Appointed as the chairperson of the board of Guangyao (Zhuhai Hengqin) and Guangyao International (Zhuhai Hengqin) in September 2019.

Liu Juyan	Appointed as the director of the board of Guangyao (Zhuhai Hengqin) and Guangyao International (Zhuhai Hengqin) in September 2019.
Li Hong	Appointed as the general manager of the board of Guangyao (Zhuhai Hengqin) and Guangyao International (Zhuhai Hengqin) in September 2019.
Zhang Chunbo	Appointed as secretary of the Party Committee of Zhong Yi and Qi Xing on in April 2019
Wong Hin Wing	Retired as an independent non-executive director of AEON Credit Service (Asia) Co., Ltd. (a public company listed on the HKEx) on 23 June 2020, retired as a member of the Nursing Council of Hong Kong in February 2020 and retired as a responsible officer and Managing Director of Silk Road International Capital Limited in May 2020. Appointed as a managing partner and a responsible officer of Hermitage Capital HK Limited (a licensed corporation registered under the SFO) in March 2020
Cai Ruiyu	Elected as the chairperson of the seventh session of the Supervisory Committee on 13 January 2020.
Cheng Jinyuan	Elected as the supervisor representing the shareholders of the seventh session of the Supervisory Committee on 13 January 2020.

**4.14** As at the end of the Reporting Period, the number of employees on the payroll register of the Group was 24,753. The total salary payment of the Group for the first half of 2020 was approximately RMB1,682 million.



#### 4.15 Others

1. In accordance with 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 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 Stock Exchange of Hong Kong Limited" was considered and approved. The Board authorized the management of the Company to initiate the preliminary preparation works for the spin-off and overseas listing of GP Corp. on the HKEx. For details, please refer to the announcement of the Company dated 10 September 2019 published in Shanghai Securities News (上海證券報), Securities Times (證券時報), China Securities Journal (中國證券報), Securities Daily (證券日報) and on the websites of the SSE and the HKEx, respectively.

On 29 April 2020, GP Corp. completed the business registration for the change in ownership and became a company limited by shares. The preliminary preparation works for the spin-off and overseas listing of GP Corp. is advancing in an orderly manner.

2. At the 26th meeting of the seventh session of the Board held on 10 September 2019, the Board passed the "Resolution on Approving GP Corp. to Conduct Asset-backed Securitisation of Accounts Receivables" and agreed that GP Corp. conducts asset-backed securitisation of accounts receivables and through Industrial Securities Asset Management Co., Ltd., set up the "Accounts Receivable and Asset-backed Special Scheme" to issue asset-backed securities. The above resolution was passed at the second extraordinary general meeting in 2019 held on 12 November 2019. For details, please refer to the announcement of the Company dated 10 September 2019 published in Shanghai Securities News (上海證券報), Securities Times (證券時報), China Securities Journal (中國證券報), Securities Daily (證券日報) and on the websites of the SSE and the HKEx, respectively.

As at 30 June 2020, the aggregate sum of the face value of the accounts receivables sold by GP Corp. was RMB2.86 billion.

## 5 FINANCIAL REPORTS

### 5.1 Financial statements prepared in accordance with the China Accounting Standards for Business Enterprises

(All amounts in Renminbi yuan unless otherwise stated)

#### *Consolidated Balance Sheet*

Item	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
<b>Current assets:</b>			
Cash at bank and on hand		18,485,644,479.36	18,469,618,237.41
Financial assets held for trading		-	-
Derivative financial assets		-	-
Notes receivable		942,659,307.47	1,526,081,541.94
Accounts receivable	5.1.3	12,171,947,520.11	12,555,024,519.58
Accounts receivable financing		1,569,082,593.79	1,515,914,114.01
Advances to suppliers		641,198,134.86	673,352,793.02
Other receivables		935,246,855.18	1,173,360,042.04
Including: Interest receivable		3,147,916.67	1,666,666.70
Dividends receivable		218,287,173.45	316,706,053.45
Inventories		8,655,985,441.25	9,490,040,264.05
Contract assets		-	-
Assets held for sales		-	-
Current portion of non-current assets		-	-
Other current assets		<u>565,955,536.13</u>	<u>578,841,623.65</u>
<b>Total current assets</b>		<b><u>43,967,719,868.15</u></b>	<b><u>45,982,233,135.70</u></b>

<b>Item</b>	<i>Note</i>	<b>30 June 2020</b> <b>(Unaudited)</b>	31 December 2019 <b>(Audited)</b>
<b>Non-current assets:</b>			
Debt investment		–	–
Other debt investment		–	–
Long-term receivables		–	–
Long-term equity investment		<b>1,642,919,144.03</b>	1,599,025,192.41
Other equity instrument investment		<b>83,033,426.64</b>	81,977,960.04
Other non-current financial assets		<b>241,545,710.99</b>	262,469,919.10
Investment properties		<b>213,139,554.28</b>	218,199,149.16
Fixed assets		<b>2,813,294,882.01</b>	2,923,584,939.66
Construction in progress		<b>918,083,895.70</b>	667,402,454.68
Bearer biological assets		<b>3,328,590.00</b>	3,503,295.00
Oil and gas assets		–	–
Right-of-use assets		<b>889,639,350.60</b>	842,077,052.31
Intangible assets		<b>2,459,675,132.59</b>	2,485,288,578.20
Development expenditure		<b>1,300,874.57</b>	2,011,139.26
Goodwill		<b>825,573,066.90</b>	825,573,066.90
Long-term prepaid expenses		<b>107,164,650.69</b>	115,785,234.75
Deferred tax assets		<b>650,461,056.43</b>	594,992,161.76
Other non-current assets		<b><u>289,583,889.11</u></b>	<u>289,535,847.27</u>
<b>Total non-current assets</b>		<b><u>11,138,743,224.54</u></b>	<u>10,911,425,990.50</u>
<b>TOTAL ASSETS</b>		<b><u><u>55,106,463,092.69</u></u></b>	<u><u>56,893,659,126.20</u></u>

<b>Item</b>	<i>Note</i>	<b>30 June 2020</b> <b>(Unaudited)</b>	31 December 2019 <b>(Audited)</b>
<b>Current liabilities:</b>			
Short-term borrowings		<b>8,061,330,481.66</b>	5,869,008,916.96
Financial liabilities held for trading		-	-
Derivative financial liabilities		-	-
Notes payable		<b>1,894,841,370.44</b>	3,982,425,654.37
Accounts payable	5.1.4	<b>9,282,041,239.72</b>	9,698,952,240.46
Advances from customers		-	-
Contract liabilities		<b>1,231,196,483.40</b>	4,675,361,799.46
Employee benefits payable		<b>798,002,025.60</b>	839,640,308.29
Taxes payable		<b>289,406,405.00</b>	248,014,970.03
Other payables		<b>4,665,456,703.98</b>	3,227,385,632.70
Including: Interest payable		<b>21,717,468.45</b>	34,840,834.22
Dividends payable		<b>1,005,510,334.03</b>	47,933,025.07
Liabilities held for sales		-	-
Current portion of non-current liabilities		<b>234,516,401.34</b>	229,361,467.97
Other current liabilities		<b>133,921,018.08</b>	606,814,819.73
<b>Total current liabilities</b>		<b><u>26,590,712,129.22</u></b>	<u>29,376,965,809.97</u>
<b>Non-current liabilities:</b>			
Long-term borrowings		-	4,500,000.00
Bonds payable		-	-
Including: Preferred stock		-	-
Perpetual bond		-	-
Lease liabilities		<b>575,530,125.11</b>	546,994,554.21
Long-term payables		<b>25,229,042.00</b>	25,229,042.00
Long-term employee benefits payable		<b>328,548.47</b>	329,428.98
Provisions		<b>52,835,563.53</b>	53,205,872.32
Deferred income		<b>627,960,617.44</b>	575,837,179.25
Deferred tax liabilities		<b>277,196,770.63</b>	266,908,733.88
Other non-current liabilities		<b>54,045,319.53</b>	54,201,557.40
<b>Total non-current liabilities</b>		<b><u>1,613,125,986.71</u></b>	<u>1,527,206,368.04</u>
<b>Total liabilities</b>		<b><u>28,203,838,115.93</u></b>	<u>30,904,172,178.01</u>

<b>Item</b>	<i>Note</i>	<b>30 June 2020</b> <b>(Unaudited)</b>	31 December 2019 (Audited)
<b>Shareholders' equity:</b>			
Share capital		<b>1,625,790,949.00</b>	1,625,790,949.00
Other equity instrument		-	-
Including: Preferred stock		-	-
Perpetual bond		-	-
Capital surplus		<b>9,865,084,049.39</b>	9,865,084,049.39
Less: Treasury shares		-	-
Other comprehensive income		<b>(93,052.54)</b>	(138,960.56)
Special reserve		-	-
Surplus reserve		<b>1,526,241,180.49</b>	1,526,241,180.49
Undistributed profits		<b><u>11,974,497,933.38</u></b>	<u>11,167,819,445.53</u>
Total equity attributable to shareholders of the parent company		<b>24,991,521,059.72</b>	24,184,796,663.85
Minority interest		<b><u>1,911,103,917.04</u></b>	<u>1,804,690,284.34</u>
<b>Total shareholders' equity</b>		<b><u>26,902,624,976.76</u></b>	<u>25,989,486,948.19</u>
<b>Total liabilities &amp; shareholders' equity</b>		<b><u><u>55,106,463,092.69</u></u></b>	<u><u>56,893,659,126.20</u></u>

## Consolidated Income Statement

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
<b>1. Operating income</b>	5.1.5	<b>30,469,650,474.76</b>	33,340,827,754.37
Less: Operating costs	5.1.5	<b>24,442,436,608.00</b>	25,893,938,576.96
Taxes and surcharges		<b>133,656,485.66</b>	163,205,528.11
Selling and distribution expenses		<b>2,626,242,044.11</b>	3,181,214,811.53
General and administrative expenses		<b>849,551,134.83</b>	986,091,286.20
R&D expenses		<b>268,845,605.31</b>	276,819,755.65
Financial expenses		<b>3,677,545.25</b>	79,873,426.15
Including: Interest expenses		<b>176,506,155.48</b>	195,416,581.75
Interest income		<b>192,423,212.75</b>	140,283,685.29
Add: Other income		<b>202,419,575.46</b>	356,510,384.29
Investment income		<b>33,820,619.43</b>	117,959,938.64
Including: Income from investments in associates and joint ventures		<b>59,105,772.40</b>	81,252,582.98
Gains on termination of financial assets measured at amortized cost		-	-
Gains on hedging of net exposure		-	-
Gains from changes in fair value		<b>(23,536,542.83)</b>	10,825,875.00
Impairment losses in respect of credit		<b>(89,070,664.55)</b>	(60,985,163.92)
Impairment losses in respect of assets		<b>(12,909,650.23)</b>	(7,142,028.16)
Gains on disposal of assets		<b>3,288,794.32</b>	(41,511.02)
<b>2. Operating profit</b>		<b>2,259,253,183.20</b>	3,176,811,864.60
Add: Non-operating income		<b>26,613,711.92</b>	38,597,028.40
Less: Non-operating expenses		<b>21,132,544.16</b>	3,646,935.75
<b>3. Total profit</b>		<b>2,264,734,350.96</b>	3,211,761,957.25
Less: Income tax expenses	5.1.6	<b>379,657,449.08</b>	533,950,783.49
<b>4. Net profit</b>		<b>1,885,076,901.88</b>	2,677,811,173.76
(1) Classified by the continuity of operations			
A. Net profit from continuing operations		<b>1,885,076,901.88</b>	2,677,811,173.76
B. Net profit from discontinued operations		-	-
(2) Classified by ownership of the equity			
A. Net profit attributable to the parent company's shareholders		<b>1,764,269,356.81</b>	2,547,561,346.51
B. Minority interest		<b>120,807,545.07</b>	130,249,827.25

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
<b>5. Other comprehensive income, net of tax</b>		<b>(904,016.78)</b>	<b>(1,975,836.07)</b>
Other comprehensive income, net of tax attributable to the parent company's shareholders		<b>45,908.02</b>	<b>(1,975,836.07)</b>
(1) Other comprehensive income that will not be reclassified to profit or loss		<b>897,146.62</b>	<b>(1,204,227.78)</b>
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. Change in fair value of other equity instrument investment		<b>897,146.62</b>	<b>(1,204,227.78)</b>
D. Change in fair value of the company's own credit risk		-	-
E. Others		-	-
(2) Other comprehensive income that may be reclassified into profit or loss		<b>(851,238.60)</b>	<b>(771,608.29)</b>
A. Other comprehensive income that may be reclassified to profit or loss under equity method		-	31,704.40
B. Change in fair value of other debt investment		<b>(3,799,699.20)</b>	-
C. The amount of financial assets reclassified into other comprehensive income		-	-
D. Provision for credit loss of other debt investment		-	-
E. Cash flow hedge reserve		-	-
F. Difference arising from the translation of foreign currency financial statements		<b>2,948,460.60</b>	<b>(803,312.69)</b>
G. Others		-	-
Other comprehensive income, net of tax attributable to minority shareholders		<b>(949,924.80)</b>	-
<b>6. Total comprehensive income</b>		<b>1,884,172,885.10</b>	<b>2,675,835,337.69</b>
(1) Total comprehensive income attributable to shareholders of the parent company		<b>1,764,315,264.83</b>	<b>2,545,585,510.44</b>
(2) Total comprehensive income attributable to minority shareholders		<b>119,857,620.27</b>	<b>130,249,827.25</b>
<b>7. Earnings per share (EPS):</b>			
(1) Basic earnings per share	5.1.7	<b>1.085</b>	1.567
(2) Diluted earnings per share	5.1.7	<b>1.085</b>	1.567

### ***5.1.1 Basis of preparation of financial statements***

#### ***(1) Basis of preparation***

The financial statements are prepared, on a going concern basis, to recognize and measure the transactions and events, which have occurred, in accordance with the Accounting Standards for Business Enterprises – Basic Standard (Release of No.33 Order of the Ministry of Finance and Amendment to No.76 Order of the Ministry of Finance), 42 specific accounting standards, the Application Guidance for Accounting Standard for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance on and subsequent to 15 February 2006 (hereinafter collectively referred to as “ASBE”), and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General provisions on Financial Reporting (Revised in 2014) issued by the China Securities Regulatory Commission.

According to relevant provisions of the ASBE, the Group’s accounting is prepared using the accrual basis. The measurement basis of the financial statements is historical cost except for certain financial instruments. According to the ASBE, related provision for impairment shall be accrued if asset is impaired.

#### ***(2) Going concern***

The Group has the ability to continue as a going concern in the next 12 months since the end of the reporting period. There is no material event that may cast significant doubt upon the Group’s ability to continue as a going concern.



### *5.1.2 Information of Segments*

With the strategic management and business development, the Group basically completed the industrial chain layout and internal structure of 4 sectors in 2015, including “Great Southern TCM”, “Great Commerce”, “Great Health”, “Great Medical Care”. According to the requirements of regulatory laws, regulations and company management, four major sectors are identified as operating segments. As the business scale of “Great Medical Care” is lower than 10%, this segment is temporarily listed in “Others” column. Segment information is as follows:

- Great Southern TCM segment: research, development, manufacturing and sales for Chinese and Western medicine, chemical raw medicine, natural drug, biological medicine and intermediates of chemical raw medicine;
- Great Health segment: research, development, manufacturing and sales for the products of Great Health;
- Great Commerce segment: wholesale, retail, import and export for Western medicine, Chinese medicine and medical apparatus and instruments.

Price transfer between segments is carried out in accordance with the price policy of sales to third party.

Assets and liabilities are allocated based on the segment operations, expenses attributable indirectly to each segment are allocated among segments based on the portion of revenue.

- (1) The segment information for the six months ended 30 June 2020 and as of 30 June 2020 is as follows:

	Great Southern TCM	Great Health	Great Commerce	Other	Offset between segments	Total
External revenue	5,643,353,466.16	4,505,252,152.95	20,229,730,414.00	91,314,441.65	-	30,469,650,474.76
Inter-segment revenue	177,261,835.89	1,415,590.76	65,739,126.45	-	(244,416,553.10)	-
Interest income	(52,326,716.20)	(94,593,099.29)	(18,439,885.08)	(27,066,166.23)	2,654.05	(192,423,212.75)
Interest expenses	13,081,861.42	1,050,380.83	203,199,970.76	11,508,777.26	(42,011,866.68)	186,829,123.59
Income from investments in associates and joint ventures	(10,367,854.32)	-	(673,513.02)	66,949,946.50	3,197,193.24	59,105,772.40
Impairment losses in respect of credit	(1,550,244.55)	(97,678.34)	(82,955,378.14)	(1,301,199.55)	(3,166,163.97)	(89,070,664.55)
Impairment losses in respect of assets	(9,539,759.27)	-	(104,861.07)	-	(3,265,029.89)	(12,909,650.23)
Depreciation and amortization expenses	134,722,434.79	22,689,178.54	161,236,093.87	17,281,906.78	(7,619,508.58)	328,310,105.40
Total profit	779,638,458.40	1,179,613,819.38	248,228,476.26	15,216,895.57	42,036,701.35	2,264,734,350.96
Total assets	13,953,136,726.99	8,641,264,538.59	27,099,391,757.84	21,263,197,970.29	(15,850,527,901.02)	55,106,463,092.69
Total liabilities	7,041,524,185.98	2,585,004,825.28	21,564,918,504.49	3,747,117,014.49	(6,734,726,414.31)	28,203,838,115.93
Long-term equity investment in associates and joint ventures	290,678,408.55	-	64,445,689.43	1,287,795,046.05	-	1,642,919,144.03
Increase in other non-current assets excluding long-term equity investment	133,115,309.44	18,584,419.60	302,324,066.47	56,169,995.02	-	510,193,790.53

- (2) The segment information for the six months ended 30 June 2019 and as of 31 December 2019 is as follows:

	Great Southern TCM	Great Health	Great Commerce	Other	Offset between segments	Total
External revenue	6,835,993,139.17	5,858,769,064.10	20,585,983,072.27	60,082,478.83	-	33,340,827,754.37
Inter-segment revenue	120,949,889.51	46,568,320.87	3,309,307,055.88	194,061,855.04	(3,670,887,121.30)	-
Interest income	(30,020,651.25)	(65,711,511.68)	(11,999,938.98)	(33,331,300.36)	779,716.98	(140,283,685.29)
Interest expenses	13,505,366.49	1,144,468.72	232,363,378.93	18,083,623.24	(57,273,379.09)	207,823,458.29
Income from investments in associates and joint ventures	21,348,676.14	-	2,321,230.47	56,935,095.90	647,580.47	81,252,582.98
Impairment losses in respect of credit	2,289,904.72	(108,941.70)	(60,208,585.46)	(14,413.50)	(2,943,127.98)	(60,985,163.92)
Impairment losses in respect of assets	(2,344,692.87)	-	(4,797,335.29)	-	-	(7,142,028.16)
Depreciation and amortization expenses	127,941,408.95	19,991,480.71	182,950,934.77	17,137,019.02	(6,141,028.68)	341,879,814.77
Total profit	1,250,387,678.34	1,425,456,934.16	242,596,385.82	167,342,023.50	125,978,935.43	3,211,761,957.25
Total assets	13,617,263,984.14	11,559,245,317.93	27,909,137,809.70	20,859,483,056.03	(17,051,471,041.60)	56,893,659,126.20
Total liabilities	7,357,860,154.04	6,434,061,417.99	22,593,101,212.71	2,796,378,305.26	(8,277,228,911.99)	30,904,172,178.01
Long-term equity investment in associates and joint ventures	301,068,028.49	-	65,423,790.37	1,232,533,373.55	-	1,599,025,192.41
Increase in other non-current assets excluding long-term equity investment	355,011,321.12	128,949,114.99	503,350,933.97	1,592,142,742.37	-	2,579,454,112.45

The Group's total revenue from external customers in the PRC and other countries/regions, and the total non-current assets other than financial assets and deferred tax assets located in the PRC and other countries/regions are summarized as follows:

	January to June of 2020	January to June of 2019
<b>External revenue</b>		
PRC	<b>30,439,117,916.75</b>	33,313,240,412.17
Other countries/regions	<u>30,532,558.01</u>	<u>27,587,342.20</u>
	<b><u>30,469,650,474.76</u></b>	<b><u>33,340,827,754.37</u></b>
<b>Total non-current assets</b>	<b>30 June 2020</b>	31 December 2019
PRC	<b>10,147,477,542.45</b>	10,135,780,517.31
Other countries/regions	<u>16,225,488.03</u>	<u>16,697,391.35</u>
	<b><u>10,163,703,030.48</u></b>	<b><u>10,152,477,908.66</u></b>

### ***5.1.3 Accounts receivable***

The majority of the Group's sales are transacted with credit terms of 3-6 months granted to customers. The remaining transactions are settled in cash, advance from customers, bank notes, etc.

The aging analysis of accounts receivable based on booking date is as follows:

	30 June 2020	31 December 2019
Within 1 year	<b>11,863,754,447.75</b>	12,279,203,329.97
1 to 2 years	<b>359,347,828.17</b>	281,873,461.22
2 to 3 years	<b>179,818,658.95</b>	165,330,048.12
3 to 4 years	<b>29,429,274.96</b>	12,655,288.53
4 to 5 years	<b>10,464,990.22</b>	15,509,462.78
Over 5 years	<u>190,709,781.15</u>	<u>181,864,903.62</u>
	<b><u>12,633,524,981.20</u></b>	<b><u>12,936,436,494.24</u></b>
Less: Provision for bad debts	<u>461,577,461.09</u>	<u>381,411,974.66</u>
	<b><u>12,171,947,520.11</u></b>	<b><u>12,555,024,519.58</u></b>

### 5.1.4 Accounts payable

The aging analysis of accounts payable based on booking date is as follows:

	30 June 2020	31 December 2019
Within 1 year	8,864,388,099.56	9,293,107,363.52
Over 1 year	<u>417,653,140.16</u>	<u>405,844,876.94</u>
	<u><b>9,282,041,239.72</b></u>	<u><b>9,698,952,240.46</b></u>

### 5.1.5 Operating income and Operating costs

	For the six months ended 30 June 2020		
	Main businesses	Other businesses	Subtotal
Operating income	30,375,492,145.88	94,158,328.88	30,469,650,474.76
Operating costs	24,422,867,151.15	19,569,456.85	24,442,436,608.00
Gross profit	5,952,624,994.73	74,588,872.03	6,027,213,866.76
	For the six months ended 30 June 2019		
	Main businesses	Other businesses	Subtotal
Operating income	33,199,319,702.26	141,508,052.11	33,340,827,754.37
Operating costs	25,858,276,064.59	35,662,512.37	25,893,938,576.96
Gross profit	7,341,043,637.67	105,845,539.74	7,446,889,177.41

### 5.1.6 Income tax expenses

	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Current income tax expenses	423,413,419.30	561,621,493.45
Deferred income tax expenses	<u>(43,755,970.22)</u>	<u>(27,670,709.96)</u>
	<u><b>379,657,449.08</b></u>	<u><b>533,950,783.49</b></u>

Income tax expenses derived from reconciliation of income tax calculated by applicable tax rate based on total profit in the consolidated income statement:

	<b>For the six months ended 30 June 2020</b>
Total profit	2,264,734,350.96
Income tax calculated at statutory/applicable rates	339,710,152.64
Tax effect of different rates applicable to subsidiaries	27,199,924.24
Effect of income tax adjustment for prior period	2,721,574.73
Non-taxable and tax relief income	(6,028,231.86)
Non-deductible costs, expenses and losses	4,059,217.26
Effect of using deductible losses of deferred tax assets unrecognized in prior period	(3,804,067.82)
Effect of deductible temporary differences and deductible losses which are not recognized in current period	30,762,673.58
Tax effect of R&D expenditure deduction	(14,963,793.68)
Effect on opening balance of deferred income tax asset/liability arising from changes in tax rate	—
Income tax expenses	<u>379,657,449.08</u>

According to the state's relevant tax preferential policies for High/New enterprises, qualified High/New enterprises can enjoy preferential corporate income tax policies and pay corporate income tax at a reduced rate of 15%.

The subsidiaries of the Group, which have obtained the Certificates of High/New Technology Enterprises, can enjoy preferential tax rate of 15% for current period, which including: the Company (No. GR201744003162), Xing Qun (No. GR201744011135), Zhong Yi (No. GR201744005343), Chen Li Ji (No. GR201744001501), Guangzhou Han Fang (No. GR201744008646), Jing Xiu Tang (No. GR201744000331), Pan Gao Shou (No. GR201744002878), Wang Lao Ji (No. GR201744001303), Tian Xin (No. GR201744009163), Guang Hua (No. GR201844003890), Ming Xing (No. GR201744002496), Guangxi Ying Kang (No. GR201845000342), Weiling (No. GR201844007959), WLJ Great Health (No. GR201944000953), Guangyao General Institute (No. GR201844005664).

According to “Hong Kong Inland Revenue Ordinance”, Guangyao Baiyunshan (Hong Kong) Co., Ltd., a subsidiary of the Group registered in Hong Kong, is subject to corporate profits tax at a rate of 16.5%.

In accordance with the “Notice of the Ministry of Finance and the General Administration of Customs and the State Administration of Taxation on Benefits and Policies Concerning the Deep Implementation of the Western Development Strategy”, WLJ Ya'an Company, a subsidiary of the Group, enjoys a preferential tax rate of 15% this year.

In accordance with “PRC Enterprise Income Tax Law” and “Implementation Rules of PRC Enterprise Income Tax Law”, domestic enterprises of the Group, except for the companies listed above, are subject to enterprise income tax at a rate of 25%.

### 5.1.7 Earnings per share (EPS)

#### (a) Basic EPS

##### (i) Weighted average basic EPS

Weighted average basic EPS is calculated by dividing the portion of net consolidated profit, which is attributable to the ordinary shareholders of the parent company, by the number of weighted average outstanding ordinary shares:

	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019
Net consolidated profit attributable to ordinary shareholders of the parent company	<b>1,764,269,356.81</b>	2,547,561,346.51
The number of weighted average outstanding ordinary shares at the period end	<u><b>1,625,790,949</b></u>	<u>1,625,790,949</u>
Weighted average basic EPS	<u><b>1.085</b></u>	<u>1.567</u>

##### (ii) EPS based on the number of shares as at the period end

EPS based on the number of shares as at the period end is calculated by dividing the portion of net consolidated profit, which is attributable to the ordinary shareholders of the parent company, by the number of outstanding ordinary shares as at the period end:

	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019
Net consolidated profit attributable to ordinary shareholders of the parent company	<b>1,764,269,356.81</b>	2,547,561,346.51
The number of outstanding ordinary shares as at the period end	<u><b>1,625,790,949</b></u>	<u>1,625,790,949</u>
EPS based on the number of shares as at the period end	<u><b>1.085</b></u>	<u>1.567</u>

(b) *Diluted EPS*

Diluted EPS is calculated by dividing the portion of net consolidated profit of dilutive potential ordinary shares, which are attributable to the ordinary shareholders of the parent company after adjustment to ordinary shares, by the number of weighted average outstanding ordinary shares. For the period from January to June of year 2020, the Company had no dilutive potential ordinary share (for January to June of year 2019: nil). The diluted EPS is equal to basic EPS.

**5.1.8 Dividends**

According to the resolution of the 2019 annual general meeting held on 29 June 2020, the Company shall pay cash dividends to all shareholders at RMB0.589 per share (tax included), which is RMB957,591 thousand in total, based on the outstanding shares of 1,625,790,949 shares at the year end of 2019.

**5.2 No change in accounting policies as compared to the previous annual report.**

**5.3 No change in accounting estimates and accounting methods as compared to the previous annual report.**

**5.4 No correction for significant accounting errors in the current reporting period.**

**5.5 Explanation on change in consolidation scope compared to the previous annual report**

***5.5.1 The reasons for the addition of 2 companies and decrease of 1 company in scope of consolidation comparing to the prior period are as follows:***

- (1) In February of this year, Medical Instrument Investment Company, a wholly-owned subsidiary of the Company, established Guangzhou Baiyunshan Yihu Health Technology Co., Ltd. with a registered capital of RMB5 million, of which the capital contribution actually paid by Medical Equipment Investment Company accounts for 60% of the registered capital.
- (2) In April of this year, WLJ Great Health, a wholly-owned subsidiary of the Company, established Guizhou Wanglaoji Ci Ningji Industry Development Co., Ltd. with a registered capital of RMB1 million, of which the capital contribution actually paid 100% by WLJ Great Health.
- (3) In May of this year, CaiZhiLin, a wholly-owned subsidiary of the Company, cancelled its holding subsidiary Jingyu Guangyao Dong'e Chinese Medicinal Materials Development Co., Ltd.

**5.6 There is no explanation from the Board or the Supervisory Committee on audit reports with modified opinion issued by the auditors for the current reporting period.**

The Board of  
**Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited**

Guangzhou, the PRC, 25 August 2020

*As at the date of this announcement, the Board comprises Mr. Li Chuyuan, Mr. Yang Jun, Ms. Cheng Ning, Ms. Liu Juyan, Mr. Li Hong, Mr. Wu Changhai and Mr. Zhang Chunbo as executive directors, and Mr. Wong Hin Wing, Ms. Wang Weihong, Mr. Chen Yajin, and Mr. Huang Min as independent non-executive directors.*