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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)

2020 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 7th meeting of the eighth session of the Board, among whom, Ms. Liu Juyan (an executive director) and Mr. Wu Changhai (an executive director and the standing deputy general manager) were unable to attend the meeting due to business, had appointed Mr. Li Hong (an executive director and general manager) and Mr. Cheng Ning (deputy chairperson of the Board) to attend the meeting and vote on their behalf. Mr. Wong Hin Wing (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 of 2020 (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 (an 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 the end of the Reporting Period (Unaudited)	As at the end of 31 December 2019 (Audited)	Increase/ (Decrease) as at the end of the Reporting Period compared with 31 December 2019 (%)
Total assets <i>(RMB'000)</i>	58,049,001	56,893,659	2.03
Net assets attributable to the shareholders of the Company <i>(RMB'000)</i>	25,873,352	24,184,797	6.98
Equity attributable to the shareholders of the Company per share <i>(RMB/Share)</i>	15.91	14.88	6.98
Items	From the beginning of 2020 to the end of the Reporting Period (January – September) (Unaudited)	The corresponding period of 2019 (January – September) (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2019 (%)
Net cash flow from operating activities <i>(RMB'000)</i>	388,583	1,022,445	(61.99)
Net cash flow from operating activities per share <i>(RMB/Share)</i>	0.24	0.63	(61.99)

Items	From the beginning of 2020 to the end of the Reporting Period (January – September) (Unaudited)	The corresponding period of 2019 (January – September) (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2019 (%)
Income from operations (<i>RMB'000</i>)	46,884,612	50,062,373	(6.35)
Net profit attributable to the shareholders of the Company (<i>RMB'000</i>)	2,659,067	3,159,521	(15.84)
Net profit attributable to the shareholders of the Company after deducting non-recurring items (<i>RMB'000</i>)	2,471,699	2,746,084	(9.99)
Basic earnings per share (<i>RMB/Share</i>)	1.636	1.943	(15.84)
Diluted earnings per share (<i>RMB/Share</i>)	1.636	1.943	(15.84)
Ratio of weighted average return on net assets (%)	10.51	13.72	A decrease of 3.21 percentage points
Ratio of weighted average return on net assets after deducting non-recurring items (%)	9.77	11.92	A decrease of 2.15 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 2020 – 30 September 2020 <i>(RMB'000)</i>	1 January 2020 – 30 September 2020 <i>(RMB'000)</i>	Notes
Gain/(Loss) on disposal of non-current assets	3,888	7,005	
Government subsidies included in the profit or loss for the current period except for the government subsidies 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	46,922	268,893	This is the amount of government subsidies received by the Company's subsidiaries which was transferred to non-operating income and other income for the current period.
Except for effective hedging business related to normal business of the Company, profit or loss from change of fair value from financial assets and liabilities held for trading and financial derivative assets and liabilities, and investment income from disposal of financial assets and liabilities held for trading and financial derivative assets and liabilities and other debt investments	13,272	(10,092)	
Write-off provision for impairment of accounts receivable and contract assets undergoing independent test	(89)	89	
Other non-operating income and expenses excluding the above items	5,831	(8,226)	
Other profit and loss items that satisfy the definition of non-recurring gains and losses	(16,557)	(42,202)	
Effect on minority interest (after tax)	4,004	1,525	
Income tax effect	(6,790)	(29,623)	
Total	<u>50,481</u>	<u>187,369</u>	

2.2 The total number of shareholders, the top ten shareholders, the top ten shareholders whose shares are in full circulation (or not subject to selling restrictions) of the Company as at the end of the Reporting Period

As at 30 September 2020, the Company had 105,392 shareholders in total, among which, 105,364 shareholders were holding the Renminbi-denominated ordinary shares (A Shares) and 28 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		Nature of shareholders
				Shares status	Number of shares (share)	
Guangzhou Pharmaceutical Holdings Company	732,305,103	45.04	0	Nil	0	State-owned legal person
HKSCC Nominees Limited	219,753,389	13.52	0	Nil	0	Overseas legal person
Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership)	73,313,783	4.51	0	Nil	0	Others
Guangzhou State-owned Asset Development Holdings Limited	71,720,700	4.41	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	47,278,008	2.91	0	Nil	0	Others
Hong Kong Securities Clearing Company Limited	16,286,404	1.00	0	Nil	0	Others
Central Huijin Investment Limited	15,260,700	0.94	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
Boshi AMC – Agricultural Bank – Boshi China Securities Financial Asset Management Plan	8,662,836	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 of shares	Number of shares (share)
Guangzhou Pharmaceutical Holdings Limited	732,305,103	Domestic shares denominated in RMB	732,305,103
HKSCC Nominees Limited	219,753,389	H shares	219,753,389
Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership)	73,313,783	Domestic shares denominated in RMB	73,313,783
Guangzhou State-owned Asset Development Holdings Limited	71,720,700	Domestic shares denominated in RMB	71,720,700
China Securities Finance Corporation Limited	47,278,008	Domestic shares denominated in RMB	47,278,008
Hong Kong Securities Clearing Company Limited	16,286,404	Domestic shares denominated in RMB	16,286,404
Central Huijin Investment Limited	15,260,700	Domestic shares denominated in RMB	15,260,700
China AMC – Agricultural Bank – Huaxia China Securities Financial Asset Management Plan	8,795,136	Domestic shares denominated in RMB	8,795,136
Zhongou AMC – Agricultural Bank – Zhongou China Securities Financial Asset Management Plan	8,680,636	Domestic shares denominated in RMB	8,680,636
Boshi AMC – Agricultural Bank – Boshi China Securities Financial Asset Management Plan	8,662,836	Domestic shares denominated in RMB	8,662,836
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 “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		

2.3 The total number of shareholders holding preferred shares, the top ten shareholders holding preferred shares and the top ten shareholders holding 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 the end of the Reporting Period (RMB'000) (Unaudited)	As at 31 December 2019 (RMB'000) (Audited)	Fluctuation (%)	Reasons for fluctuation
Notes receivables	732,339	1,526,082	(52.01)	The amount of notes cashed and endorsed by the Group decreased by more than the amount of notes received.
Other receivables	766,870	1,173,360	(34.64)	(1) During the Reporting Period, the Company received the dividends paid by the joint ventures for 2019; and (2) the purchase discount receivable and outstanding of Guangzhou Pharmaceuticals Company Limited ("GP Corp."), a holding subsidiary of the Company, recorded a year-on-year decrease.
Debt investment	500,456	–	100.00	During the Reporting Period, the Company placed new fixed deposits held to maturity.
Other equity investment	121,207	81,978	47.85	During the Reporting Period, the Company increased its capital contributions to investees.
Construction in progress	1,016,187	667,402	52.26	The Group increased expenses for construction projects.
Development expenditure	7,197	2,011	257.88	Expenditures incurred by the subsidiaries of the Company at the development stage of intangible assets increased.

Items	As at the end of the Reporting Period (RMB'000) (Unaudited)	As at 31 December 2019 (RMB'000) (Audited)	Fluctuation (%)	Reasons for fluctuation
Short-term borrowings	7,856,256	5,869,009	33.86	(1) Bank borrowings by the Group increased due to the material reserve for the epidemic prevention and payment to suppliers for purchase; and (2) the subsidiaries of the Company replaced the internally entrusted borrowings of RMB1.0 billion originally offset at the consolidated statements level with bank borrowings.
Notes payable	2,402,806	3,982,426	(39.66)	The amount of remittance of notes by the subsidiaries of the Company was larger than the amount of payment.
Contract liabilities	961,774	4,675,362	(79.43)	(1) Advances on sales of Guangzhou Wang Lao Ji Great Health Industry Co., Ltd., 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 year, which led to the decrease in the balance of advances on sales; and (2) the balance of advances on sales of other subsidiaries of the Company decreased.
Taxes payable	459,996	248,015	85.47	The Group recorded an increase in both enterprise income tax and value-added tax payable at the end of the Reporting Period as compared to the end of last year.

Items	As at the end of the Reporting Period (RMB'000) (Unaudited)	As at 31 December 2019 (RMB'000) (Audited)	Fluctuation (%)	Reasons for fluctuation
Other current liabilities	96,655	606,815	(84.07)	Taxes to be written off in the advances from customers within one year of the subsidiaries of the Company decreased.
Long-term borrowings	400,000	4,500	8,788.89	The Group replaced the internally entrusted borrowings originally offset at the consolidated statements level with bank borrowings.
Other comprehensive income	(13,061)	(139)	(9,299.28)	(1) Fair value of the financial assets of the subsidiaries of the Company decreased; and (2) difference of conversion on currency exchange by the subsidiaries of the Company decreased.

Items	From the beginning of 2020 to the end of the Reporting Period (RMB'000) 1 January – 30 September 2020 (Unaudited)	The corresponding period of 2019 (RMB'000) 1 January – 30 September 2019 (Unaudited)	Fluctuation (%)	Reasons for fluctuation
Financial expenses	(6,335)	118,426	(105.35)	(1) Interest income of term deposits due of the subsidiaries of the Company increased year on year; and (2) interest rate on the borrowings of GP Corp., a holding subsidiary of the Company, decreased year on year, which resulted in a decrease in interest expense year on year.
Other income	240,150	382,955	(37.29)	The government subsidies received by the Company's subsidiaries decreased year on year.
Investment income	40,607	155,482	(73.88)	(1) Investment income of the long-term equity investment under equity method by the subsidiaries of the Company decreased year on year; (2) difference between the book value of accounts receivable and the consideration for the disposal from January to September 2020 was recognized as investment loss due to the issuance of the asset-backed securitisation (ABS) of accounts receivable by GP Corp., a holding subsidiary of the Company, in December last year, resulting in a decrease in such item on a year-on-year basis; and (3) the Company recognized financial income during the corresponding period of last year while there was no such item from January to September 2020.

Items	From the beginning of 2020 to the end of the Reporting Period (RMB'000) 1 January – 30 September 2020 (Unaudited)	The corresponding period of 2019 (RMB'000) 1 January – 30 September 2019 (Unaudited)	Fluctuation (%)	Reasons for fluctuation
Gains from changes in fair value	(10,092)	29,178	(134.59)	The amount of such item decreased year on year due to the changes in the market prices of the shares held by the Company in Chongqing Pharmaceutical Holding Company Limited, China Everbright Bank Co., Ltd. and other companies.
Impairment losses in respect of credit	(101,600)	(65,014)	(56.27)	The impairment losses in respect of credit of accounts receivable of the subsidiaries of the Company increased year on year.
Impairment losses in respect of assets	(18,626)	(7,298)	(155.22)	Provision for the loss on decline in value of inventories by the subsidiaries of the Company increased year on year.
Gains from disposal of assets	5,178	102	5,001.57	The gains on the sale of assets by the subsidiaries of the Company increased year on year.
Non-operating income	46,721	89,396	(47.74)	(1) Compensation received by the subsidiaries of the Company decreased year on year; (2) government subsidies received by the subsidiaries of the Company decreased year on year; and (3) compensation for relocation recognized by the subsidiaries of the Company decreased.
Non-operating expenses	26,418	6,374	314.49	Public welfare donation expenditure and shutdown loss by the subsidiaries of the Company affected by the epidemic increased year on year.

Items	From the beginning of 2020 to the end of the Reporting Period (RMB'000) 1 January – 30 September 2020 (Unaudited)	The corresponding period of 2019 (RMB'000) 1 January – 30 September 2019 (Unaudited)	Fluctuation (%)	Reasons for fluctuation
Net cash flows from operating activities	388,583	1,022,445	(61.99)	(1) Affected by the outbreak of epidemic, the payments received by the Company's subsidiaries for sales decreased year on year; and (2) GP Corp., a holding subsidiary of the Company, received revolving fund for epidemic prevention materials and pharmaceutical reserve fund.
Net cash flows from investment activities	(809,864)	(478,357)	(69.30)	(1) The income of the structured deposits and wealth management products of the Company upon maturity decreased by RMB1.5 billion year on year; (2) during the reporting period the Company placed new term deposits of RMB500 million held to maturity; and (3) the Company paid the consideration of RMB1.472 billion (including value-added tax) for the purchase of the "Wang Lao Ji (王老吉)" series of trademarks in the same period last year, while there was no such item from January to September 2020.
Net cash flows from financing activities	1,668,052	(578,733)	388.22	The bank borrowings of the Group increased.

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

✓ Applicable Not applicable

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 Stock Exchange of Hong Kong Limited ("HKEx"). On 29 April 2020, GP Corp. completed the business registration for the change in ownership and became a company limited by shares. For details, please refer to the announcement of the Company dated 10 September 2019 and 29 April 2020 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 Shanghai Stock Exchange ("SSE") and the HKEx, respectively.

At the 3rd meeting of the eighth session of the Board held on 5 August 2020, the Board passed the resolution to increase the equity of GP Corp. At the 6th meeting of the eighth session of the Board held on 30 September 2020, the Board passed the "Resolution on Initial Public Offering of Overseas Listed Foreign shares (H shares) Regarding and the Proposal in relation to the Overseas Listing of GP Corp.", etc. The preliminary preparation works for the spin-off and overseas listing of GP Corp. advanced 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 September 2020, the aggregate sum of the face value of the accounts receivables sold by GP Corp. was RMB3.473 billion.

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 2020 up to the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2019

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, the details of the addition of 2 companies and decrease of 2 companies in scope of consolidation of the Group are as follows:

1. In March 2020, Guangzhou Baiyunshan Han Fang Contemporary Pharmaceutical Co., Ltd., a wholly-owned subsidiary of the Company, established Guangyao Han Fang (Zhuhai Hengqin) Pharmaceutical Co., Ltd. with a registered capital of RMB2,000,000, and made capital contribution to this company in July of this year, of which the capital contribution actually paid by Guangzhou Baiyunshan Han Fang Contemporary Pharmaceutical Co., Ltd. accounts for 100% of the registered capital.
2. In August 2020, Guangzhou Baiyunshan Yi Hu Health Technology Co., Ltd., an indirect holding subsidiary of the Company, established Guangzhou Baiyunshan Jian Hu Medical Supplies Co., Ltd. with a registered capital of RMB2,000,000, of which the capital contribution actually paid by Guangzhou Baiyunshan Yi Hu Health Technology Co., Ltd. accounts for 51% of the registered capital.
3. In August 2020, GP Corp., a holding subsidiary of the Company, transferred its entire equity in its subsidiary Hubei Guangyao Ji Da Pharmaceutical Co., Ltd. with original shareholding percentage of 70%, and from the date of such transfer, Hubei Guangyao Ji Da Pharmaceutical Co., Ltd. was excluded from the consolidation scope of the Company.
4. In June 2020, Guangzhou Pharmaceutical Nanpi Pharmacy Co., Ltd., an indirect holding subsidiary of the Company, was de-registered, and from August, Guangzhou Pharmaceutical Nanpi Pharmacy Co., Ltd. was excluded from the consolidation scope of the Company.

4. APPENDIX

4.1 Financial Report

Consolidated Balance Sheet

As at 30 September 2020

Items	30 September 2020 (RMB)	31 December 2019 (RMB)
Current assets:		
Cash at bank and on hand	19,477,778,390.00	18,469,618,237.41
Settlement provisions	—	—
Funds lent	—	—
Financial assets held for trading	—	—
Derivative financial assets	—	—
Notes receivable	732,338,692.98	1,526,081,541.94
Accounts receivable	13,054,633,530.77	12,555,024,519.58
Accounts receivable financing	1,887,559,547.79	1,515,914,114.01
Advances to suppliers	710,673,780.88	673,352,793.02
Premiums receivable	—	—
Cession insurance premiums receivable	—	—
Provision for insurance contracts	—	—
Other receivables	766,869,625.95	1,173,360,042.04
Including: Interest receivable	3,799,166.67	1,666,666.70
Dividend receivable	39,459,544.83	316,706,053.45
Financial assets purchased under resale agreements	—	—
Inventories	9,172,140,030.35	9,490,040,264.05
Contract assets	—	—
Classified as assets held for sale	—	—
Current portion of non-current assets	—	—
Other current assets	439,435,681.17	578,841,623.65
Total current assets	46,241,429,279.89	45,982,233,135.70

Items	30 September 2020 (RMB)	31 December 2019 (RMB)
Non-currents assets:		
Entrusted loans and advances	–	–
Debt investment	500,456,250.00	–
Other debt investment	–	–
Long-term receivables	–	–
Long-term equity investment	1,657,446,822.59	1,599,025,192.41
Other equity instrument investment	121,207,145.24	81,977,960.04
Other non-current financial assets	255,008,649.92	262,469,919.10
Investments properties	210,335,478.76	218,199,149.16
Fixed assets	2,844,000,611.15	2,923,584,939.66
Construction in progress	1,016,187,032.18	667,402,454.68
Bearer biological assets	3,241,237.50	3,503,295.00
Oil and gas assets	–	–
Right-of-use assets	927,581,865.77	842,077,052.31
Intangible assets	2,448,439,334.96	2,485,288,578.20
Development expenditure	7,197,435.42	2,011,139.26
Goodwill	825,573,066.90	825,573,066.90
Long-term prepaid expenses	111,249,763.62	115,785,234.75
Deferred tax assets	632,995,643.27	594,992,161.76
Other non-current assets	246,651,861.04	289,535,847.27
Total non-current assets	<u>11,807,572,198.32</u>	<u>10,911,425,990.50</u>
Total Assets	<u>58,049,001,478.21</u>	<u>56,893,659,126.20</u>

Items	30 September 2020 (RMB)	31 December 2019 (RMB)
Current liabilities:		
Short-term borrowings	7,856,256,123.38	5,869,008,916.96
Borrowings from central banks	-	-
Deposits funds	-	-
Financial liabilities held for trading	-	-
Derivative financial liabilities	-	-
Notes payable	2,402,806,322.68	3,982,425,654.37
Accounts payable	11,296,819,107.17	9,698,952,240.46
Advances from customers	-	-
Contract liabilities	961,773,705.79	4,675,361,799.46
Financial assets sold under repurchase agreements	-	-
Deposits from customers and interbank	-	-
Funds received as agent of stock exchange	-	-
Funds received as stock underwrite	-	-
Employee benefits payable	817,127,534.82	839,640,308.29
Taxes payable	459,996,357.40	248,014,970.03
Other payables	4,066,540,403.67	3,227,385,632.70
Including: Interest payable	13,611,502.04	34,840,834.22
Dividends payable	48,194,632.20	47,933,025.07
Handling charges and commissions payable	-	-
Cession insurance premiums payable	-	-
Liabilities held for sales	-	-
Current portion of non-current liabilities	240,490,614.13	229,361,467.97
Other current liabilities	96,655,269.01	606,814,819.73
Total current liabilities	<u>28,198,465,438.05</u>	<u>29,376,965,809.97</u>
Non-current liabilities:		
Insurance contract reserve	-	-
Long-term borrowings	400,000,000.00	4,500,000.00
Bonds payable	-	-
Including: Preferred stock	-	-
Perpetual bond	-	-
Lease liabilities	608,178,553.73	546,994,554.21
Long-term payables	25,303,141.94	25,229,042.00
Long-term employee benefits payable	316,060.29	329,428.98
Provisions	52,395,144.40	53,205,872.32
Deferred income	619,395,977.78	575,837,179.25
Deferred tax liabilities	281,226,745.77	266,908,733.88
Other non-current liabilities	54,059,034.56	54,201,557.40
Total non-current liabilities	<u>2,040,874,658.47</u>	<u>1,527,206,368.04</u>
Total Liabilities	<u>30,239,340,096.52</u>	<u>30,904,172,178.01</u>

Items	30 September 2020 (RMB)	31 December 2019 (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	(13,061,287.53)	(138,960.56)
Special reserve	-	-
Surplus reserve	1,526,241,180.49	1,526,241,180.49
General risk provision	-	-
Undistributed profits	<u>12,869,297,135.56</u>	<u>11,167,819,445.53</u>
Total equity attributable to the Shareholders of the parent Company	25,873,352,026.91	24,184,796,663.85
Minority interest	<u>1,936,309,354.78</u>	<u>1,804,690,284.34</u>
Total Shareholders' Equity	<u>27,809,661,381.69</u>	<u>25,989,486,948.19</u>
Total Liabilities and Shareholders' Equity	<u>58,049,001,478.21</u>	<u>56,893,659,126.20</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 2020

Items	30 September 2020 <i>(RMB)</i>	31 December 2019 <i>(RMB)</i>
Current assets:		
Cash at bank and on hand	6,306,127,660.69	6,321,162,972.77
Financial assets held for trading	-	-
Derivative financial assets	-	-
Notes receivable	870,586,851.66	508,495,006.80
Accounts receivable	98,166,704.03	129,979,798.36
Accounts receivable financing	350,368,821.17	222,842,858.68
Advances to suppliers	98,800,798.17	6,128,432.10
Other receivables	1,172,565,066.31	1,934,398,668.36
Including: Interest receivable	-	-
Dividends receivable	184,459,175.58	463,226,705.58
Inventories	417,893,068.40	534,931,211.35
Contract assets	-	-
Classified as assets held for sale	-	-
Current portion of non-current assets	-	-
Other current assets	10,185,481.60	38,676,123.76
Total current assets	<u>9,324,694,452.03</u>	<u>9,696,615,072.18</u>
Non-currents assets:		
Debt investment	500,456,250.00	-
Other debt investment	-	-
Long-term receivables	-	-
Long-term equity investment	10,405,774,348.88	10,089,420,785.24
Other equity instrument investment	121,207,145.24	81,977,960.04
Other non-current financial assets	245,330,443.70	255,009,227.54
Investments properties	199,413,602.20	205,859,204.51
Fixed assets	454,610,805.10	481,357,324.46
Construction in progress	186,285,800.14	125,347,198.87
Bearer biological assets	-	-
Oil and gas assets	-	-
Right-of-use assets	16,340,896.48	14,749,483.54
Intangible assets	1,736,551,663.46	1,744,366,663.50
Development costs	-	-
Goodwill	-	-
Long-term prepaid expenses	4,124,750.40	2,100,502.42
Deferred tax assets	161,458,373.45	161,954,721.70
Other non-current assets	97,433,596.00	97,433,596.00
Total non-current assets	<u>14,128,987,675.05</u>	<u>13,259,576,667.82</u>
Total assets	<u><u>23,453,682,127.08</u></u>	<u><u>22,956,191,740.00</u></u>

Items	30 September 2020 (RMB)	31 December 2019 (RMB)
Current liabilities:		
Short-term borrowings	100,000,000.00	854,431,644.92
Financial liabilities held for trading	–	–
Derivative financial liabilities	–	–
Notes payable	–	–
Accounts payable	742,601,576.73	310,400,672.81
Advances from customers	–	–
Contract liabilities	127,357,944.33	283,563,073.97
Employee benefits payable	74,642,882.39	81,797,031.37
Taxes payable	66,775,965.16	55,153,090.24
Other payables	3,209,399,024.91	2,283,912,927.07
Including: Interests payable	–	–
Dividend payable	810,788.53	673,222.20
Classified as liabilities held for sales	–	–
Current portion of non-current liabilities	4,145,347.69	4,276,809.32
Other current liabilities	19,957,938.77	40,378,119.85
Total current liabilities	4,344,880,679.98	3,913,913,369.55
Non-current liabilities:		
Long-term borrowings	200,000,000.00	–
Debentures payable	–	–
Including: Preferred shares	–	–
Sustainable debts	–	–
Lease liabilities	13,111,845.12	10,822,166.98
Long-term payables	7,876,324.33	7,802,224.39
Long-term employee benefits payable	–	–
Provisions	450,347,089.19	355,119,019.19
Deferred income	53,600,287.99	70,543,622.88
Deferred tax liabilities	13,018,104.50	13,624,660.96
Other non-current liabilities	79,200.42	76,575.18
Total non-current liabilities	738,032,851.55	457,988,269.58
Total Liabilities	5,082,913,531.53	4,371,901,639.13

Items	30 September 2020 (RMB)	31 December 2019 (RMB)
Shareholders' equity:		
Share capital	1,625,790,949.00	1,625,790,949.00
Other equity instruments	-	-
Including: Preferred shares	-	-
Sustainable debts	-	-
Capital surplus	9,820,175,495.89	9,820,175,495.89
Less: Treasury shares	-	-
Other comprehensive Income	(3,244,711.98)	(4,905,769.41)
Special reserves	-	-
Surplus reserves	1,153,632,745.89	1,153,632,745.89
Undistributed profits	<u>5,774,414,116.75</u>	<u>5,989,596,679.50</u>
Total shareholders' equity	<u>18,370,768,595.55</u>	<u>18,584,290,100.87</u>
Total liabilities and shareholders' equity	<u><u>23,453,682,127.08</u></u>	<u><u>22,956,191,740.00</u></u>

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

Consolidated Income Statement
1 January – 30 September 2020

Items	1 July – 30 September 2020 (RMB)	1 July – 30 September 2019 (RMB)	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
1. Total operating income	16,414,961,398.33	16,721,545,370.68	46,884,611,873.09	50,062,373,125.05
Including: Operating income	16,414,961,398.33	16,721,545,370.68	46,884,611,873.09	50,062,373,125.05
Interest Income	–	–	–	–
Premiums earned	–	–	–	–
Fees and commissions income	–	–	–	–
2. Total operating costs	15,260,283,777.74	16,008,666,365.63	43,584,693,200.90	46,589,809,750.23
Including: Operating cost	13,326,479,651.97	13,293,100,106.72	37,768,916,259.97	39,187,038,683.68
Interest expense	–	–	–	–
Fees and commissions expense	–	–	–	–
Surrenders	–	–	–	–
Net claims paid	–	–	–	–
Net reserves for insurance contracts	–	–	–	–
Policyholder dividends	–	–	–	–
Reinsurance expenses	–	–	–	–
Taxes and surcharges	72,008,639.55	68,035,949.48	205,665,125.21	231,241,477.59
Selling and distribution expenses	1,268,191,943.60	1,961,346,895.97	3,894,433,987.71	5,142,561,707.50
General and administrative expenses	469,368,492.38	460,675,085.49	1,318,919,627.21	1,446,766,371.69
R&D expenses	134,247,551.83	186,955,334.22	403,093,157.14	463,775,089.87
Financial expenses	(10,012,501.59)	38,552,993.75	(6,334,956.34)	118,426,419.90
Including: Interest expense	70,545,955.72	109,392,487.43	247,052,111.20	304,809,069.18
Interest income	90,954,057.40	79,911,209.96	283,377,270.15	220,194,895.25
Add: Other income	37,730,106.96	26,445,064.14	240,149,682.42	382,955,448.43
Investment income (“–” for loss)	6,786,011.96	37,522,538.30	40,606,631.39	155,482,476.94
Including: Income from investments in associates and joint ventures	16,375,529.97	26,357,503.71	75,481,302.37	107,610,086.69
Gains on termination of financial assets measured at amortized cost (“–” for loss)	–	–	–	–
Exchange gains and losses (“–” for loss)	–	–	–	–
Gains on hedging of net exposure (“–” for loss)	–	–	–	–
Gains from changes in fair value (“–” for loss)	13,444,938.93	18,352,593.02	(10,091,603.90)	29,178,468.02
Impairment losses in respect of credit (“–” for loss)	(12,529,593.46)	(4,029,048.24)	(101,600,258.01)	(65,014,212.16)
Impairment losses in respect of assets (“–” for loss)	(5,715,973.77)	(155,899.00)	(18,625,624.00)	(7,297,927.16)
Gains from disposal of assets (“–” for loss)	1,889,687.90	143,018.59	5,178,482.22	101,507.57

Items	1 July – 30 September 2020 (RMB)	1 July – 30 September 2019 (RMB)	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
3. Operating profit (“–” for loss)	1,196,282,799.11	791,157,271.86	3,455,535,982.31	3,967,969,136.46
Add: Non-operating income	20,107,232.09	50,798,671.21	46,720,944.01	89,395,699.61
Less: Non-operating expenses	5,285,094.15	2,726,632.64	26,417,638.31	6,373,568.39
4. Total profit (“–” for loss)	1,211,104,937.05	839,229,310.43	3,475,839,288.01	4,050,991,267.68
Less: Income tax expenses	262,513,998.48	136,921,542.55	642,171,447.56	670,872,326.04
5. Net profit (“–” for loss)	948,590,938.57	702,307,767.88	2,833,667,840.45	3,380,118,941.64
(1) Classified by the continuity of operations				
A. Net profit from continuing operations (“–” for loss)	948,590,938.57	702,307,767.88	2,833,667,840.45	3,380,118,941.64
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)	894,797,992.85	611,959,655.33	2,659,067,349.66	3,159,521,001.84
B. Minority interest (“–” for loss)	53,792,945.72	90,348,112.55	174,600,490.79	220,597,939.80
6. Other comprehensive income, net of tax	(11,138,851.20)	3,471,096.01	(15,842,567.18)	1,495,259.94
Other comprehensive income, net of tax attributable to the parent company’s shareholders	(9,168,535.79)	3,471,096.01	(12,922,326.97)	1,495,259.94
(1) Other comprehensive income that will not be reclassified to profit or loss	763,910.81	(212,510.78)	1,661,057.43	(1,416,738.56)
A. Changes arising from the remeasurement of 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	763,910.81	(212,510.78)	1,661,057.43	(1,416,738.56)
D. Change in fair value of the company’s own credit risk	–	–	–	–

Items	1 July – 30 September 2020 (RMB)	1 July – 30 September 2019 (RMB)	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
(2) Other comprehensive income that may be reclassified into profit or loss	(9,932,446.60)	3,683,606.79	(14,583,384.40)	2,911,998.50
A. Other comprehensive income that may be reclassified to profit or loss under equity method	–	43,809.63	–	75,514.03
B. Change in fair value of other debt investments	(7,881,261.64)	–	(11,680,960.84)	–
C. Gains and losses arising from changes in fair value of available-for-sale financial assets	–	–	–	–
D. Provision for credit loss of other debt investments	3,799,699.20	–	–	–
E. Cash flow hedge reserve	–	–	–	–
F. Difference arising from the translation of foreign currency financial statements	(5,850,884.16)	3,639,797.16	(2,902,423.56)	2,836,484.47
G. Others	–	–	–	–
Other comprehensive income, net of tax attributable to minority shareholders	(1,970,315.41)	–	(2,920,240.21)	–
7. Total comprehensive income	933,652,388.17	705,778,863.89	2,817,825,273.27	3,381,614,201.58
Total comprehensive income attributable to shareholders of the parent company	881,829,757.86	615,430,751.34	2,646,145,022.69	3,161,016,261.78
Total comprehensive income attributable to minority shareholders	51,822,630.31	90,348,112.55	171,680,250.58	220,597,939.80
8. Earnings per share				
(1) Basic earnings per share	0.551	0.385	1.636	1.943
(2) Diluted earnings per share	0.551	0.385	1.636	1.943

If business combination happened under the same control during the Reporting Period, 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 2020

Items	1 July – 30 September 2020 (RMB)	1 July – 30 September 2019 (RMB)	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
1. Operating income	882,167,206.95	1,226,970,098.79	3,188,406,909.59	4,500,235,321.01
Less: Operating cost	446,522,697.17	689,220,160.15	1,751,460,454.62	2,336,345,237.85
Taxes and surcharges	9,423,346.13	6,120,596.85	31,795,918.88	36,872,942.13
Selling and distribution expenses	103,522,864.69	119,290,898.43	474,692,058.08	515,883,812.03
General and administrative expenses	80,293,297.53	80,465,778.88	229,061,307.79	338,813,764.64
R&D expenses	42,689,592.56	96,715,389.61	125,012,803.00	205,270,069.48
Financial expenses	(41,472,956.17)	(37,187,289.14)	(81,474,465.28)	(66,648,984.06)
Including: Interest expense	249,011.24	7,408,979.01	11,087,643.12	24,229,613.10
Interest income	41,128,651.83	46,462,720.95	92,089,673.45	93,205,198.04
Add: Other income	5,802,612.25	4,315,699.53	12,412,983.44	8,664,487.21
Investment income (“–” for loss)	119,933,457.02	50,087,217.40	187,316,653.56	143,940,811.42
Including: Income from investments in associates and joint ventures	13,760,528.57	28,995,278.50	44,288,344.32	86,199,258.74
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)	13,668,391.99	18,605,378.88	(9,678,783.84)	29,301,046.77
Impairment losses in respect of credit (“–” for loss)	588,582.12	728,938.98	429,119.55	583,058.53
Impairment losses in respect of assets (“–” for loss)	(4,543,074.87)	3,433,308.61	(4,414,191.48)	3,627,474.42
Gains on disposal of assets (“–” for loss)	–	150,077.96	77,110.18	146,087.66
2. Operating profit (“–” for loss)	376,638,333.55	349,665,185.37	844,001,723.91	1,319,961,444.95
Add: Non-operating income	1,055,117.15	2,328,666.34	1,666,669.67	6,054,009.53
Less: Non-operating expenses	3,376,599.15	149,826.45	3,904,319.71	757,977.51
3. Total profit (“–” for loss)	374,316,851.55	351,844,025.26	841,764,073.87	1,325,257,476.97
Less: Income tax expenses	45,954,590.10	44,263,253.04	99,355,767.66	171,099,691.80
4. Net profit (“–” for loss)	328,362,261.45	307,580,772.22	742,408,306.21	1,154,157,785.17

Items	1 July – 30 September 2020 (RMB)	1 July – 30 September 2019 (RMB)	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
(1) Net profit from continuing operations (“-” for loss)	328,362,261.45	307,580,772.22	742,408,306.21	1,154,157,785.17
(2) Net profit from discontinued operations (“-” for loss)	-	-	-	-
5. Other comprehensive net income, net of tax	763,910.81	(168,701.15)	1,661,057.43	(1,341,224.53)
(1) Other comprehensive income that will not be reclassified to profit or loss	763,910.81	(212,510.78)	1,661,057.43	(1,416,738.56)
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	763,910.81	(212,510.78)	1,661,057.43	(1,416,738.56)
D. Changes in fair value of the company’s own credit risk	-	-	-	-
(2) Other comprehensive income that may be reclassified into profit or loss	-	43,809.63	-	75,514.03
A. Other comprehensive income that can may be reclassified to profit or loss under equity method	-	43,809.63	-	75,514.03
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	-	-	-	-
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>329,126,172.26</u>	<u>307,412,071.07</u>	<u>744,069,363.64</u>	<u>1,152,816,560.64</u>

Items	1 July – 30 September 2020 (RMB)	1 July – 30 September 2019 (RMB)	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
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 Cash Flow Statement

1 January – 30 September 2020

Items	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	42,527,900,412.43	45,702,482,567.52
Customer deposits and interbank net increase in deposits	–	–
Net increase in borrowings from central banks	–	–
Borrowing funds from other financial institutions net increase	–	–
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	–	–
Refund of taxes and surcharges	8,572,593.41	30,664,932.53
Cash received relating to other operating activities	1,551,450,333.56	957,947,264.57
Sub-total of cash inflows	44,087,923,339.40	46,691,094,764.62
Cash paid for goods and services	35,355,262,625.39	36,628,622,672.05
Net increase in loans and advances to customers	–	–
Central banks and interbank deposits Cash	–	–
Pay the original insurance contract paid in cash	–	–
Net increase in loans to banks and other financial institutions	–	–
Payment of interest, fees and commissions	–	–
Commissions on insurance policies paid	–	–
Cash paid to and on behalf of employees	3,449,919,396.80	3,635,250,997.37
Payments of taxes and surcharges	2,008,342,505.09	2,459,757,962.37
Cash paid relating to other operating activities	2,885,815,881.54	2,945,017,850.84
Sub-total of cash outflows	43,699,340,408.82	45,668,649,482.63
Net cash flows from operating activities	388,582,930.58	1,022,445,281.99

Items	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
2. Cash flows from investing activities		
Cash received from disposal of investments	80,400,000.00	1,624,160,614.86
Cash received from returns on investments	217,347,135.40	93,677,351.08
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,897,331.89	1,091,218.39
Net cash received from sales of subsidiaries and other business units	–	–
Cash received from other investing activities	1,397,524.30	44,494.54
Sub-total of cash inflows	<u>305,041,991.59</u>	<u>1,718,973,678.87</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	526,733,133.80	2,064,456,066.59
Cash paid to acquire investments	586,793,000.00	132,874,800.00
Net increase in loans	–	–
Net cash paid for acquire subsidiaries and other business units	–	–
Cash paid relating to other investing activities	1,380,252.29	–
Sub-total of cash outflows	<u>1,114,906,386.09</u>	<u>2,197,330,866.59</u>
Net cash flows from investing activities	<u>(809,864,394.50)</u>	<u>(478,357,187.72)</u>
3. Cash flows from financing activities		
Cash received from capital contributions	13,714,660.39	110,200,000.00
Including: Cash received from capital contributions by minority shareholders to subsidiaries	13,714,660.39	110,200,000.00
Cash received from borrowings	7,745,265,087.63	7,693,098,155.81
Cash received relating to other financing activities	2,219,576,620.72	2,153,541,164.22
Sub-total of cash inflows	<u>9,978,556,368.74</u>	<u>9,956,839,320.03</u>

Items	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
Cash repayments of borrowings	5,059,724,895.63	7,113,103,679.36
Cash payments for interest expenses and distribution of dividends or profits	1,245,655,370.04	1,003,136,998.65
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	39,879,338.22	41,441,486.24
Cash payments relating to other financing activities	2,005,123,842.39	2,419,332,134.03
Sub-total of cash outflows	<u>8,310,504,108.06</u>	<u>10,535,572,812.04</u>
Net cash flows from financing activities	<u>1,668,052,260.68</u>	<u>(578,733,492.01)</u>
4. Effects of foreign exchange rate changes on cash and cash equivalents	<u>(907,402.86)</u>	<u>(12,738.84)</u>
5. Net increase in cash and cash equivalents	1,245,863,393.90	(34,658,136.58)
Add: Cash and cash equivalents at the beginning of the period	<u>16,833,622,508.23</u>	<u>15,071,612,198.38</u>
6. Cash and cash equivalents at the end of the period	<u>18,079,485,902.13</u>	<u>15,036,954,061.80</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 2020

Items	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	2,293,781,912.85	3,785,940,666.44
Refund of taxes and surcharges	19,259.32	–
Cash received relating to other operating activities	304,075,218.79	386,276,255.29
Sub-total of cash inflows	<u>2,597,876,390.96</u>	<u>4,172,216,921.73</u>
Cash paid for goods and services	928,046,908.68	1,770,825,762.17
Cash paid to and on behalf of employees	321,968,271.83	355,332,866.87
Payments of taxes and surcharges	306,027,717.92	430,921,332.65
Cash paid relating to other operating activities	507,422,961.02	830,859,045.93
Sub-total of cash outflows	<u>2,063,465,859.45</u>	<u>3,387,939,007.62</u>
Net cash flows from operating activities	<u>534,410,531.51</u>	<u>784,277,914.11</u>
2. Cash flows from investing activities		
Cash received from disposal of investments	–	1,544,474,800.00
Cash received from returns on investments	1,022,162,552.08	934,915,789.10
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	111,908.00	359,970.87
Net cash received from sales of subsidiaries and other business units	–	–
Cash received from other investing activities	1,059,869,597.25	751,359,434.27
Sub-total of cash inflows	<u>2,082,144,057.33</u>	<u>3,231,109,994.24</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	101,854,516.82	1,608,929,126.13
Cash paid to acquire investments	777,275,000.00	700,151,800.00
Net cash paid for acquire subsidiaries and other business units	–	–
Cash paid relating to other investing activities	534,331,644.92	637,331,644.92
Sub-total of cash outflows	<u>1,413,461,161.74</u>	<u>2,946,412,571.05</u>
Net cash flows from investing activities	<u>668,682,895.59</u>	<u>284,697,423.19</u>

Items	1 January – 30 September 2020 (RMB)	1 January – 30 September 2019 (RMB)
3. Cash flows from financing activities		
Cash received from capital contributions	–	–
Cash received from borrowings	500,000,000.00	854,431,644.92
Cash received relating to other financing activities	–	40,727,906.14
Sub-total of cash inflows	<u>500,000,000.00</u>	<u>895,159,551.06</u>
Cash repayments of borrowings	1,054,431,644.92	954,431,644.92
Cash payments for interest expenses and distribution of dividends or profits	969,372,600.33	710,906,331.89
Cash payments relating to other financing activities	4,324,492.93	29,651,586.96
Sub-total of cash outflows	<u>2,028,128,738.18</u>	<u>1,694,989,563.77</u>
Net cash flows from financing activities	<u>(1,528,128,738.18)</u>	<u>(799,830,012.71)</u>
4. Effects of foreign exchange rate changes on cash and cash equivalents	–	–
5. Net increase in cash and cash equivalents	(325,035,311.08)	269,145,324.59
Add: Cash and cash equivalents at the beginning of the period	<u>6,301,162,971.77</u>	<u>6,759,917,523.78</u>
6. Cash and cash equivalents at the end of the period	<u>5,976,127,660.69</u>	<u>7,029,062,848.37</u>

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

4.2 The adjustments to the relevant items of the financial statements at the beginning of the year upon initial implementation of the new Revenue Standards and new Leases Standards since 2020

Applicable Not applicable

4.3 Explanation on the retrospective adjustments to comparative data of the previous periods upon initial implementation of the new Revenue Standards and new Leases Standards since 2020

Applicable Not applicable

4.4 Audited Report

Applicable Not applicable

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 28 October 2020

As at the date of this report, 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.