

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



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 2021 INTERIM REPORT**

### **1. IMPORTANT NOTICE**

- 1.1 This summary is extracted from the full text of the 2021 interim report of the Company for the six months ended 30 June 2021. Investors who wish to know more details are advised to read in details the full text of the 2021 interim report which will be published on, among others, the website of SSE (<http://www.sse.com.cn>) or other websites designated by CSRC, and on the website of HKEX (<http://www.hkex.com.hk>).
- 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 15th meeting of the eighth session of the Board, among whom, Mr. Wong Hing 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 and are unaudited.
- 1.5 All information required to be contained in the summary of the 2021 interim report of the Company pursuant to paragraph 46 of Appendix 16 to the Listing Rules of HKEX shall be published on the website of HKEX (<http://www.hkex.com.hk>).
- 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 meanings 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 2021
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
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)
Zhong Yi	Guangzhou Baiyunshan Zhong Yi Pharmaceutical Company Limited (廣州白雲山中一藥業有限公司)
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)
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 (廣州醫藥股份有限公司)
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)
Baiyunshan General Factory	Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. Baiyunshan Pharmaceutical General Factory (廣州白雲山醫藥集團股份有限公司白雲山制藥總廠)
Xing Zhu	Guangzhou Baiyunshan Xing Zhu Pharmaceutical Co., Ltd. (廣州白雲山星珠藥業有限公司)
Baiyunshan Yihu Company	Guangzhou Baiyunshan Yihu Health and Technology Company Limited (廣州白雲山壹護健康科技有限公司)
Baiyunshan Jianhu Company	Guangzhou Baiyunshan Jianhu Medical Products Company Limited (廣州白雲山健護醫療用品有限公司)
Guangzhou Baiyunshan Hospital	Guangzhou Baiyunshan Hospital Co., Ltd. (廣州白雲山醫院有限公司)
Runkang Confinement Company	Guangzhou Baiyunshan Runkang Confinement Service Center Co., Ltd. (廣州白雲山潤康月子會所有限公司)
DTP pharmacy	the English abbreviation of Direct to Patient, and it means pharmacy committed to providing patients with more valuable and professional services directly
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))
C.Q. Pharmaceutical Holding	C.Q. Pharmaceutical Holding Company Limited (重藥控股股份有限公司)
Drug Administration Law	PRC Drug Administration Law (《中華人民共和國藥品管理法》)
Vaccine Administration Law	PRC Vaccine Administration Law (《中華人民共和國疫苗管理法》)

### 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>
Name	Huang Xuezhen	Huang Ruimei
Address	45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC	
Telephone	(8620) 6628 1216	(8620) 6628 1219
Fax	(8620) 6628 1229	
E-mail	huangxz@gybys.com.cn	huangrm@gybys.com.cn
Internet website	<a href="http://www.gybys.com.cn">http://www.gybys.com.cn</a>	
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>Principal financial data</b>	<b>The Reporting Period (Unaudited)</b>	The corresponding period of 2020 (Unaudited)	Changes as compared with the corresponding period of 2020 (%)
Income from operations <i>(RMB'000)</i>	<b>36,128,577</b>	30,469,650	18.57
Net profit attributable to the shareholders of the Company <i>(RMB'000)</i>	<b>2,502,381</b>	1,764,269	41.84
Net profit attributable to the shareholders of the Company after deducting non-recurring items <i>(RMB'000)</i>	<b>2,495,645</b>	1,627,382	53.35
Net cash flow from operating activities <i>(RMB'000)</i>	<b>2,184,410</b>	(2,404,751)	190.84
Net cash flow from operating activities per share <i>(RMB)</i>	<b>1.34</b>	(1.48)	190.84
Total profit <i>(RMB'000)</i>	<b>3,189,274</b>	2,264,734	40.82

<b>Principal financial data</b>	<b>As at 30 June 2021 (Unaudited)</b>	As at 31 December 2020 (Audited)	Changes as compared with 31 December 2020 (%)
Net assets attributable to the shareholders of the Company <i>(RMB'000)</i>	<b>27,768,504</b>	26,144,843	6.21
Total assets <i>(RMB'000)</i>	<b>62,598,928</b>	59,760,063	4.75
Equity attributable to the shareholders of the Company per share <i>(RMB/share)</i>	<b>17.08</b>	16.08	6.21

<b>Principal financial indicators</b>	<b>The Reporting Period (Unaudited)</b>	The corresponding period of 2020 (Unaudited)	Changes as compared with the corresponding period of 2020 (%)
Basic earnings per share (RMB/share)	<b>1.539</b>	1.085	41.84
Diluted earnings per share (RMB/share)	<b>1.539</b>	1.085	41.84
Basic earnings per share after deducting non-recurring items (RMB/share)	<b>1.535</b>	1.001	53.35
Ratio of weighted average return on net assets (%)	<b>9.13</b>	7.04	An increase of 2.09 percentage points
Ratio of weighted average return on net assets after deducting non-recurring items (%)	<b>9.11</b>	6.49	An increase of 2.62 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

The year-on-year increase in total profit and net profit attributable to the shareholders of the Company was attributable to: the decrease in total profit in the corresponding period of 2020 resulting from the sales decline of the subsidiaries of the Company due to the significant decline in market demands under the impacts of the COVID-19 coronavirus epidemic (“the COVID-19 epidemic”). Due to the gradual easing of the COVID-19 epidemic in China during the Reporting Period, the recovery of market demands boosted the growth in sales and profit from principal operations of the subsidiaries of the Company. The Group also enhanced capital management, achieving a year-on-year increase in income from capitals and hence total profit.

The year-on-year increase in net cash flow from operating activities was attributable to: (1) a year-on-year increase in net cash flow from operating activities during the Reporting Period as the receipt of payments for the sale of goods by WLJ Great Health, a wholly-owned subsidiary of the Company, during the 2021 Spring Festival mainly took place in January 2021 while the receipt of payments for the sale of goods during the 2020 Spring Festival mainly took place in the end of 2019 given that the delayed 2021 Spring Festival as compared with the 2020 Spring Festival; and (2) a year-on-year increase in net cash flow from operating activities resulting from the year-on-year increase in the sales receivables received by the subsidiaries of the Company due to the easing of the COVID-19 epidemic in China during the Reporting Period.

### **3.3 Movement in ordinary 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 97,075

The top ten shareholders of the Company as at 30 June 2021 are set out as follows

Name of shareholder	Increase/ (Decrease) during the Reporting Period (share)	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 pledged shares or locked shares (share)	Nature of shares
GPHL	0	732,305,103	45.04	0	0	State-owned legal person
HKSCC Nominees Limited	5,921	219,765,300	13.52	0	–	Others
GZ Chengfa	0	73,313,783	4.51	0	0	Others
GZ SOA Development	(659,500)	60,905,800	3.75	0	0	State-owned legal person
China Securities Finance Corporation Limited	(46)	47,277,962	2.91	0	0	Others
Hong Kong Securities Clearing Company Limited	6,240,826	23,730,612	1.46	0	0	Others
Central Huijin Asset Management Co., Ltd.	(2,685,806)	12,574,894	0.77	0	0	Others
China AMC – Agricultural Bank – Huaxia China Securities Financial Asset Management Plan	0	8,795,136	0.54	0	0	Others
Zhongou AMC – Agricultural Bank – Zhongou China Securities Financial Asset Management Plan	0	8,680,636	0.53	0	0	Others
Boshi AMC-Agricultural Bank-Boshi China Securities Financial Asset Management Plan	0	8,662,836	0.53	0	0	Others

**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 holders of preferred shares and top ten holders 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

## **4. MAJOR EVENTS**

### **4.1 Management discussion and analysis**

During the Reporting Period, the Group adhered to the general principle of “seeking improvement in stability”, strictly controlled risks and improved quality and efficiency. The Group adopted active and effective measures in responding to the impact of the COVID-19 epidemic and further strengthened efforts in the marketing innovation and promotion of all business segments to boost product sales volume, with a view to achieving sustainable and stable development of the Group’s operating results during the Reporting Period.

In the first half of 2021, the Group recorded revenue of RMB36,128,577,000, representing an increase of 18.57% year on year; total profit of RMB3,189,274,000, representing an increase of 40.82% year on year; and net profit attributable to shareholders of the Company of RMB2,502,381,000, representing an increase of 41.84% year on year.

During the Reporting Period, the Group proactively worked on the followings:

- (I) Maintaining extensive work and promoting solid and all-round development of the Great Southern TCM segment. During the Reporting Period, the sales volume of the Great Southern TCM segment was boosted by concentrating resources to build core brands, strengthening channel development and maintenance, enhancing terminal promotion and marketing and tapping into the potential of the second-tier products. Meanwhile, the Group continued to advance the revitalization of the Group’s time-honored brands, intensified the marketing of such brands and products and constantly improved the visibility and reputation of such brands and products. During the Reporting Period, sales revenue from Sildenafil Citrate Tablet, Zi Shen Yu Tai Pill, Amoxicillin series, Hua Tuo Zai Zao Pill, Zhuang Yao Jian Shen Pill and other products achieved a significant year-on-year increase.

- (II) Adhering to “one core with multi-elements” and expanding and deepening the business of the Great Health segment. During the Reporting Period, the Group further consolidated the Wang Lao Ji Herbal Tea market in the Great Health segment and introduced family name cans, mystery cans, good luck cans and other innovative and customized products to attract young consumers and promote sales growth of Wang Lao Ji Herbal Tea. Meanwhile, following the new trend of online consumption and with marketing efforts on Tmall and other e-commerce platforms, the Group made breakthroughs on e-commerce, continuously carried out marketing through all personnel and boosted efforts in the development of new products and market cultivation. In the first half of 2021, WLJ Great Health launched the “Leilong” energy flavor beverage and put more efforts in market cultivation for Ci Ning Ji, coconut juice, walnut dew and other new products.
- (III) Maintaining transformation and deepening and enlivening the business of the Great Commerce segment. During the Reporting Period, with respect to GP Corp., a subsidiary of the Company, firstly, it actively responded to the adverse impacts of the COVID-19 epidemic and industrial policies, promoted the linkage and development of wholesales and retails and strengthened cooperation with medical institutions in actively developing O2O business; secondly, it constantly advanced the chain-oriented process in Guangdong Province, accelerated the expansion of retail stores, smoothed the circulation of online follow-up prescriptions of the Internet hospitals of medical institutions, established a closed loop with doctors, medicine, insurance and delivery and explored the new retail model with the integration of diagnosis and treatment; thirdly, it accelerated infrastructure construction. Its Baiyun Logistics Park project (phase I) has completed commissioning and acceptance and has been officially put into operation in mid August; fourthly, it continued to advance its spin-off listing on the Main Board of the HKEX. So far, it has received the approval on the issuance of overseas listed foreign invested shares from the CSRC and the preliminary preparation works for the spin-off and overseas listing are progressing in an orderly manner.
- (IV) Maintaining expansion and innovation and developing the business of the Great Medical Care segment in terms of both size and professionalism. During the Reporting Period, Guangzhou Baiyunshan Hospital successfully introduced expert teams on gynaecology and obstetrics, general surgery, internal medicine and rehabilitation gynaecology to enhance its overall strength. Baiyunshan Traditional Chinese Medicine Hospital (白雲山中醫院) has completed industrial and commercial registration and obtained business license. Baiyunshan Yihu Company and Baiyunshan Jianhu Company developed cultural and creative masks, self-sterilizing and deodorizing masks and other new products. Based on the development of the COVID-19 epidemic in Guangdong in the first half of the year and market demand, they increased the production and supply of masks and protective gowns.

- (V) Strengthening industry-university-research collaboration, strengthening the overall evaluation of scientific research, continuing in enhancing investments in scientific research and promoting coordinated development and the enhancement of innovation. In the first half of 2021, the research and development expenses of the Group reached RMB386 million, representing a year-on-year increase of 43.54%.
- (VI) Accelerating in promoting the construction of industrial bases, continuously advancing the integration of production resources and improving production efficiency and benefits. During the Reporting Period, Cai Zhi Lin sped up in implementing the construction of production bases and putting them into operation and gradually improved the full industrial chain system on TCMs. Cai Zhi Lin's traditional Chinese medicine industrialized production and service base in Meizhou (采芝林梅州中藥產業化生產服務基地) has been awarded the drug manufacturing certificate and officially put into operation. At the same time, the Group further consolidated the integration of internal production resources of the Jiexi production base of Baiyunshan General Factory and the production base of Xing Zhu.
- (VII) Promoting the establishment of industrial equity investment fund and enhancing the capability of capital operations. In the first half of 2021, the Company participated in the establishment of Guangzhou Guangyao Jinzang Equity Investment Partnership (Limited Partnership) (廣州廣藥金藏股權投資合夥企業(有限合夥)), which has completed fundraising and filing procedures. The Company also participated in the establishment of Guangzhou Guangyao Jinshen Equity Investment Partnership (Limited Partnership) (廣州廣藥金申股權投資合夥企業(有限合夥)), which has completed industrial and commercial registration.
- (VIII) Focusing on reform, controlling risks and enhancing corporate management. The Group further improved the corporate governance structure, responsibilities and authorities, consistently enhanced normalized management on internal control and risk control, reinforced the comprehensive capability of the Group on risk alarming, monitoring, prevention and control and coordinated and facilitated the strengthening of comprehensive management.

Significant changes to the operations of the Company during the Reporting Period and matters with significant effects on the operations of the Company incurred during the Reporting Period and expected to have significant effects in the future.

Applicable     Not applicable

## 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 2020 (RMB'000)	Increase/ (Decrease) over the corresponding period of 2020 (%)
Revenue	<b>36,128,577</b>	30,469,650	18.57
Including: income from principal operations	<b>36,007,775</b>	30,375,492	18.54
Cost of sales	<b>28,597,774</b>	24,677,620	15.89
Including: cost from principal operations	<b>28,569,535</b>	24,658,050	15.86
Selling and distribution expenses	<b>3,000,359</b>	2,391,059	25.48
General and administrative expenses	<b>970,031</b>	849,551	14.18
Financial expenses <sup>note (1)</sup>	<b>(73,535)</b>	3,678	(2,099.56)
Research and development expenses <sup>note (2)</sup>	<b>385,897</b>	268,846	43.54
Net cash flow from operating activities <sup>note (3)</sup>	<b>2,184,410</b>	(2,404,751)	190.84
Net cash flow from investing activities	<b>(278,015)</b>	(232,386)	(19.64)
Net cash flow from financing activities <sup>note (4)</sup>	<b>1,297,153</b>	3,138,823	(58.67)
Other income <sup>note (5)</sup>	<b>78,151</b>	202,420	(61.39)
Investment income <sup>note (6)</sup>	<b>137,598</b>	33,821	306.85
Gains from changes in fair value <sup>note (7)</sup>	<b>(6,219)</b>	(23,537)	73.58
Impairment losses in respect of credit <sup>note (8)</sup>	<b>(36,977)</b>	(89,071)	58.49
Gains on disposal of assets <sup>note (9)</sup>	<b>124</b>	3,289	(96.23)
Non-operating income <sup>note (10)</sup>	<b>11,743</b>	26,614	(55.88)
Non-operating expenses <sup>note (11)</sup>	<b>67,697</b>	21,133	220.35
Total profit <sup>note (12)</sup>	<b>3,189,274</b>	2,264,734	40.82
Income tax expenses <sup>note (13)</sup>	<b>539,771</b>	379,657	42.17
Net profit <sup>note (14)</sup>	<b>2,649,503</b>	1,885,077	40.55
Net profit attributable to the parent company's shareholders <sup>note (15)</sup>	<b>2,502,381</b>	1,764,269	41.84

*Notes:*

- (1) The year-on-year decrease in financial expenses was attributable to: a year-on-year increase in interest income from deposits of the Company and its subsidiaries during the Reporting Period.
- (2) The year-on-year increase in research and development expenses was attributable to: a year-on-year increase in investment of special research and development expenses by the subsidiaries of the Company during the Reporting Period.
- (3) The year-on-year increase in net cash flow from operating activities was attributable to: ① a year-on-year increase in net cash flow from operating activities during the Reporting Period as the receipt of payments for the sale of goods by WLJ Great Health, a wholly-owned subsidiary of the Company, during the 2021 Spring Festival mainly took place in January 2021 to the delayed 2021 Spring Festival as compared with the 2020 Spring Festival while the receipt of payments for the sale of goods during the 2020 Spring Festival mainly took place in the end of 2019 given that the delayed 2021 Spring Festival as compared with the 2020 Spring Festival; and ② a year-on-year increase in net cash flow from operating activities resulting from the year-on-year increase in the sales receivables received by subsidiaries of the Company due to the easing of the COVID-19 epidemic in China during the Reporting Period.
- (4) The year-on-year decrease in net cash flow from financing activities was attributable to: ① a year-on-year decrease in net bank borrowings loans of the subsidiaries of the Company; and ② a year-on-year increase in cash dividends distributed by the Company.
- (5) The year-on-year decrease in other income was attributable to: a year-on-year decrease in government subsidies recognized by the subsidiaries of the Company.
- (6) The year-on-year increase in investment income was attributable to: ① a year-on-year increase in investment income from long-term equity investments of the Company and its subsidiaries accounted under the equity method; ② a year-on-year increase in investment income owing to a downward adjustment of the discount rate for trade receivables during the Reporting Period arising from investment losses recognized for the difference between the carrying amount and selling price of trade receivables sold during the Reporting Period due to the issuance of asset-backed securities (ABS) on trade receivables by GP Corp., a holding subsidiary of the Company, combined with the comprehensive financing cost, asset quality and terms and other factors; and ③ the interest income from held-to-maturity time deposits recognized by the Company during the Reporting Period while no such income was recognized in the corresponding period of last year.
- (7) The year-on-year increase in gains from changes in fair value was attributable to: a year-on-year decrease in the decline of the fair value of shares of C.Q. Pharmaceutical Holding and China Everbright Bank Company Limited (中國光大銀行股份有限公司) etc. held by the Company.
- (8) The year-on-year increase in impairment losses in respect of credit was attributable to: the year-on-year decrease in the impairment losses in respect of credit for provision of accounts receivable of the subsidiaries of the Company.

- (9) The year-on-year decrease in gains on disposal of assets was attributable to: the year-on-year decrease in gains on disposal of assets recognized by the subsidiaries of the Company.
- (10) The year-on-year decrease in non-operating income was attributable to: the year-on-year decrease in government compensation for relocation recognized by the subsidiaries of the Company.
- (11) The year-on-year increase in non-operating expenses was attributable to: the provisions for export tax rebates payable and litigation losses made by the subsidiaries of the Company during the Reporting Period.
- (12) The year-on-year increase in total profit was attributable to: the decrease in total profit in the corresponding period of 2020 resulting from the sales decline of the subsidiaries of the Company due to the significant decline in market demands under the impacts of the COVID-19 epidemic. Due to the gradual easing of the COVID-19 epidemic in China during the Reporting Period, the recovery of market demands boosted the growth in sales and profit from principal operations of the subsidiaries of the Company. The Group also enhanced capital management, achieving a year-on-year increase in income from capitals and hence total profit.
- (13) The year-on-year increase in income tax expenses was attributable to: the increase in the profit of the Company and its subsidiaries during the Reporting Period.
- (14) The year-on-year increase in net profit was attributable to: the increase in total profit of the Company and its subsidiaries.
- (15) The year-on-year increase in net profit attributable to the parent company's shareholders was attributable to: the increase in net profit of the Company and its subsidiaries.

#### 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	Increase/ (Decrease) over the corresponding period of 2020	Cost of principal operations	Increase/ (Decrease) over the corresponding period of 2020	Profit margin of principal operations	Increase/(Decrease) over the corresponding period of 2020
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	(percentage point)
Great Southern TCM	6,057,912	8.14	3,343,426	(0.63)	44.81	An increase of 4.87 percentage points
Great Health <sup>note 1</sup>	6,604,147	46.71	3,420,228	45.51	48.21	An increase of 0.43 percentage point
Great Commerce	23,205,337	14.98	21,688,582	14.89	6.54	An increase of 0.07 percentage point
Others <sup>note 2</sup>	140,379	56.80	117,299	77.99	16.44	A decrease of 9.95 percentage points
<b>Total</b>	<b>36,007,775</b>	<b>18.54</b>	<b>28,569,535</b>	<b>15.86</b>	<b>20.66</b>	<b>An increase of 1.84 percentage points</b>

Types of product	Results of principal operations by product					
	Income from principal operations		Cost of principal operations		Profit margin of principal operations	
	Income from principal operations	Increase/ (Decrease) over the corresponding period of 2020	Cost of principal operations	Increase/ (Decrease) over the corresponding period of 2020	Profit margin of principal operations	Increase/(Decrease) over the corresponding period of 2020
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	(percentage point)
Chinese patent medicine	2,886,830	13.35	1,628,193	7.64	43.60	An increase of 2.99 percentage points
Chemical medicine	3,171,082	3.80	1,715,233	(7.38)	45.91	An increase of 6.53 percentage points
<b>Total of Great Southern TCM</b>	<b>6,057,912</b>	<b>8.14</b>	<b>3,343,426</b>	<b>(0.63)</b>	<b>44.81</b>	<b>An increase of 4.87 percentage points</b>

Notes:

1. The significant increase in the income from and the cost of the principal operations of the Great Health segment was mainly because: the market of WLJ Great Health during the 2020 Spring Festival holiday was seriously affected by the COVID-19 epidemic. As the market demand recovered during the Reporting Period, the sales revenue recorded a year-on-year increase and the cost of the principal operations increased correspondingly.
2. The significant increase in the income from and the cost of the other segments was mainly attributable to: ① the year-on-year increase in the number of outpatient visits of Guangzhou Baiyunshan Hospital resulting from the easing of the COVID-19 epidemic during the Reporting Period; and ② the expansion of the brand operation business of Guangzhou Chuangying Guangyao Baiyunshan Intellectual Property Co., Ltd. (廣州創贏廣藥白雲山知識產權有限公司).

**4.2.3 The regional sales of the Group's operations during the Reporting Period are as follows:**

<b>Regions</b>	<b>Income from principal operations (RMB'000)</b>	<b>Increase/ (Decrease) over the corresponding period of 2020 (%)</b>
Southern China	27,187,187	18.24
Eastern China	3,330,610	26.66
Northern China	1,608,498	18.59
North-Eastern China	307,771	22.91
South-Western China	2,486,263	15.99
North-Western China	1,076,579	10.68
Exports	10,867	(64.41)
<b>Total</b>	<b>36,007,775</b>	<b>18.54</b>

**4.2.4 Others**

Detailed description of the major changes in the principal operations, profit composition or profit sources of the Company during the Reporting Period

Applicable     Not applicable



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

Applicable  Not applicable

### 4.4 Analysis on financial conditions

#### 4.4.1 Liquidity

As at 30 June 2021, the current ratio of the Group was 1.66 (31 December 2020: 1.62), and its quick ratio was 1.39 (31 December 2020: 1.29). During the Reporting Period, accounts receivable turnover was 59.19 in days, representing an increase of 5.47 days as compared with 31 December 2020; inventory turnover was 56.92 in days, representing an increase of 11.30 days as compared with 31 December 2020.

#### 4.4.2 Financial resources

As at 30 June 2021, cash and cash equivalents of the Group amounted to RMB20,969,067,000 (31 December 2020: RMB17,765,133,000), of which approximately 99.54% and 0.46% were denominated in Renminbi and foreign currencies such as Hong Kong dollar, respectively.

As at 30 June 2021, the Group had bank borrowings of RMB11,037,588,000 (31 December 2020: RMB8,763,280,000) including short-term borrowings of RMB10,269,717,000 (31 December 2020: RMB8,265,730,000), and long-term borrowings of RMB767,871,000 (31 December 2020: RMB497,550,000).

#### 4.4.3 Capital structure

As at 30 June 2021, the Group's current liabilities amounted to RMB30,059,548,000 (31 December 2020: RMB29,243,232,000), representing an increase of 2.79% as compared to the beginning of 2021, and its long-term liabilities amounted to RMB2,580,624,000 (31 December 2020: RMB2,311,564,000), representing an increase of 11.64% as compared to the beginning of 2021. Shareholders' equity attributable to the shareholders of the Company amounted to RMB27,768,504,000 (31 December 2020: RMB26,144,843,000), representing an increase of 6.21% as compared to the beginning of 2021.

#### 4.4.4 Capital expenditure

The Group expects the capital expenditure for 2021 to be approximately RMB2.115 billion among which the expenditure incurred in the first half of 2021 amounted to RMB0.483 billion (in the first half of 2020: RMB0.355 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 its capital expenditure by resorting to its internal funds, bank loans, etc..

#### 4.4.5 Description of assets and liabilities

Item	As at 30 June 2021 (RMB'000)	% of the total assets (%)	As at 31		Increase/ (Decrease) as compared to 31 December 2020 (%)	Reasons for changes
			December 2020 (RMB'000)	% of the total assets (%)		
Financial assets held for trading	20,000	0.03	4,000	0.01	400.00	The reclassification of wealth management products held by the subsidiaries of the Company from “other current assets” to this item.
Advances to suppliers	629,987	1.01	1,032,533	1.73	(38.99)	The medicines and other materials purchased by the subsidiaries of the Company in 2020 through the prepayment method were delivered during the Reporting Period, resulting in a decrease in the amount of this item.
Other receivables	1,041,323	1.66	765,711	1.28	35.99	(1) The increase in dividends receivable from joint ventures in 2020; and (2) the year-on-year increase in the amount of business transactions of GP Corp., a holding subsidiary of the Company.
Other equity instrument investments	161,467	0.26	116,367	0.19	38.76	The investment in new investment entities by the Company.
Long-term borrowings	767,871	1.23	497,550	0.83	54.33	The increase in bank loans of the subsidiaries of the Company.
Provisions	71,521	0.11	104,528	0.17	(31.58)	(1) The reclassification of export tax rebates payable by the subsidiaries of the Company during the Reporting Period to the item of “other payables”; and (2) the provision made by the subsidiaries of the Company for losses relating to litigations.

#### ***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 2021, the Group had no material contingent liabilities.

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

As at 30 June 2021, Guangyao Baiyunshan Hong Kong Company, a subsidiary of the Company, with buildings of fixed assets with an original value amounting to HKD8,893,000 and net value amounting to HKD6,105,000 and investment properties with an original value amounting to HKD6,843,000 and net value amounting to HKD3,356,000 as security, obtained overdraft amounting to HKD300,000, letter of credit and 90 days credit in the total amount of HKD100,000,000 as well as unexpired letter of credit of RMB3,938,000 and USD467,000 from Bank of China (Hong Kong) Co., Ltd.

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

As at 30 June 2021, the bank loans of the Group amounted to RMB11,037,588,000 (31 December 2020: RMB8,763,280,000), representing an increase of RMB2,274,308,000 as compared to the beginning of 2021. The above bank loans included short-term borrowings of RMB10,269,717,000 and long-term borrowings of RMB767,871,000.

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

As at 30 June 2021, the Group's gearing ratio (total liabilities/total assets×100%) was 52.14% (31 December 2020: 52.80%).

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

As at 30 June 2021, the Group had no other material 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 foreign equity investment of the Group amounted to RMB1,834,661,000, representing a decrease of RMB31,205,000 as compared to 31 December 2020, mainly due to the Group's recognition of the investment income of the joint ventures and associates under the equity method and the recognition of cash dividends declared by the joint ventures and associates, which led to a decrease in long-term equity investment.

#### *4.5.1 Significant equity investment*

Applicable    Not applicable

#### *4.5.2 Significant non-equity investment*

Applicable    Not applicable

#### *4.5.3 Financial assets evaluating at fair value*

Applicable    Not applicable

##### *(a) Financial assets held for trading*

Item	As at 30 June 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Classification of financial assets which are measured at fair value and whose changes of which are included in the current profit and loss	20,000	4,000
Including:		
Equity instrument investments	-	-
Others	20,000	4,000
<b>Total</b>	<b>20,000</b>	<b>4,000</b>

(b) *Other equity instrument investments*

Item	As at 30 June 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Sino-Israel Bio-industry Investment Fund	97,404	98,246
South China Center for Innovative Pharmaceuticals Co., Ltd.	10,000	10,000
Guangzhou Nanxin Pharmaceutical Co., Ltd.	7,678	7,678
Yilin Bio-industry Co., Ltd	427	443
Guangzhou Guangyao Jinzang Equity Investment Partnership (Limited Partnership)	45,958	—
<b>Total</b>	<b>161,467</b>	<b>116,367</b>

(c) *Stock investments*

Number	Type of stock	Stock code	Stock name	Number of shares held		% of stock investment		Gain/(loss) during the Reporting Period (RMB'000)
				The initial amount of investment (RMB'000)	as at the end of the Reporting Period (share)	Book value as at the end of the Reporting Period (RMB'000)	as at the end of the Reporting Period (%)	
1	A share of SSE	600038	AVIC Helicopter Co., Ltd.	1,806	57,810	3,049	1.91	(576)
2	A share of SSE	600664	Harbin Pharmaceutical Group Co., Ltd.	3,705	376,103	1,087	0.68	(90)
3	A share of Shenzhen Stock Exchange	000950	C.Q. Pharmaceutical Holding	150,145	25,992,330	130,741	81.92	(4,419)
4	A share of SSE	601328	Bank of Communications	511	378,734	1,856	1.16	159
5	A share of SSE	601818	Everbright Bank	10,725	6,050,000	22,869	14.33	(1,271)
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>166,892</b>	<b>32,854,977</b>	<b>159,602</b>	<b>100.00</b>	<b>(6,197)</b>

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

Name of Enterprise	Business nature	Major products or services	Registered capital (RMB'000)	Equity directly held by the Company (%)	Income from principal operations (RMB'000)	Profit from principal operations (RMB'000)	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	900,000.00	100.00	6,005,732	2,853,507	9,489,966	6,738,445	1,168,819
GP Corp.	Pharmaceutical business	Wholesale and retail business	2,449,305.50	72.74	23,231,692	1,356,867	26,722,637	5,207,879	303,415

During the Reporting Period, except in relation to WLJ Great Health and GP Corp., 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, 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 2021 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> ) ( <i>inclusive of tax</i> )	/
Number of shares to be transferred into share capital for every ten shares ( <i>shares</i> )	/
Explanation on profit distribution and increase in share capital from capital reserve	/

#### 4.8 Issues and difficulties in operations and plans for the second half of 2021

In the first half of 2021, China's economic development showed a trend of consolidation and improvement while maintaining stability. Meanwhile, driven by policies, the pharmaceutical and health industry is undergoing profound changes. On one hand, the country's attention on the pharmaceutical and health industry, the TCM industry in particular, the deepening of the aging population and other factors created important opportunities for the development of the pharmaceutical and health industry. On the other hand, driven by the new Drug Administration Law, the Vaccine Administration Law, the normalization of centralized volume-based procurement and other policies and under the impacts of the COVID-19 epidemic and other social and public events, a series of regulatory policies has been continuously introduced or revised, resulting in significant changes in the research and development, manufacturing, circulation and other processes of drugs and medical devices and bringing certain challenges to the high-quality development of enterprises.

In the second half of 2021, the Group will focus on advancing the following work:

1. We will promote the solid and all-round development of the Great Southern TCM segment and lay a solid foundation. We will further reinforce market management, actively promote marketing innovation and create more "Diva brands" in different areas with specific strategies and classifications; boost efforts to promote the revitalization of the sleep category and cultivate potential categories; activate the Group's original resources for raw material pharmaceuticals with high market value, discover potential products and enhance the competitiveness of the business of raw material pharmaceuticals.
2. We will expand and optimise the business of the Great Health segment to achieve innovative development. We will continue to consolidate the business of herbal tea, increase the channel distribution rate of Wang Lao Ji Herbal Tea and focus on strengthening the expansion of catering channels to drive the growth of terminal sales volume and further expand market share in major cities across the country; focus on the new products of the Ci Ning Ji series and the market expansion and cultivation of lozenges, tortoise herb jelly, coconut juice and other potential products, strengthen brand promotion and accelerate the expansion of channel distribution coverage.
3. We will deepen and enliven the Great Commerce segment and promote service transformation. We will advance the overseas spin-off listing of GP Corp. in an orderly manner to enhance the Group's financing capability and optimize its capital structure; accelerate the deployment of retail distribution and vigorously expand pharmacies in the proximities of hospitals and DTP pharmacies. We will improve the service provision ability of pharmacies and enhance the ability of pharmacies to provide innovative value-added services; constantly strengthen the building of the e-commerce system, build an intelligent service platform for the pharmaceutical supply chain, and commit to developing the new business of health care e-commerce.

4. We will develop the business of the Great Medical Care segment in terms of both size and professionalism to build its brand influence. We will continuously advance the introduction of featured professional teams; advance the preparation for the establishment of Baiyunshan Traditional Chinese Medicine Hospital in an orderly manner; accelerate the opening and operations of Runkang Confinement Company; expand the product lines in the field of medical devices, focus on the distribution of specialty products, and create a brand enterprise of health products.
5. We will focus on increasing investment and improving skills, promote scientific research and innovation and speed up the establishment of a high-level scientific research platform and system to establish a high-quality new drug R&D platform and enhance ability of scientific research and innovation and integrated capability of the scientific research system.
6. We will continue to strengthen fundamental management and risk control, build a highly efficient risk management system and strengthen the Group's integrated capability in early warning, monitoring, prevention and control of risks.

**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 fully complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules of HKEX ("CG Code") except that Ms. Liu Junyan, an executive director, was unable to attend the 2020 annual general meeting due to business reasons 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 the 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 accounting 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 2021.

**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>
Jian Huidong	Supervisor	Election

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

Applicable  Not applicable

At the 2020 annual general meeting of the Company held on 3 June 2021, Mr. Jian Huidong was elected as the supervisor representing the shareholders of the eighth session of the Supervisory Committee. His term of office commenced from the date of appointment and will continue up to the date on which members of the new session of the Supervisory Committee are elected. Ms. Gao Yanzhu resigned from her position as Supervisor on the same day.

On 16 August 2021, Mr. Wu Changhai and Mr. Zhang Chunbo resigned from their positions as standing deputy general manger and deputy general manager of the Company respectively due to job transfers. They will continue to serve as Directors after their resignations.

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 2020 are set out below:

<b>Name of Directors/Supervisors</b>	<b>Details of the changes</b>
Li Chuyuan	Appointed as a director of GP Corp. from March 2021.
Zhang Chunbo	Appointed as the deputy general manager of GPHL from August 2021.

Wu Changhai	Appointed as the deputy general manager of GPLH from August 2021.
Li Hong	Appointed as the vice chairperson and ceased to be the general manager of Guangyao Group (Macau) International Development Industry Co., Ltd. from April 2021. Ceased to be the party branch secretary of Guangzhou Haima Pharmaceutical Advertising Co., Ltd. from May 2021.
Wong Hin Wing	Ceased to be an independent non-executive director of Zhaoke Ophthalmology Limited (兆科眼科有限公司) (a public company listed on the HKEX) from April 2021.
Chen Yajin	Ceased to be the officer of the Southern Hospital District Management Committee of Sun Yat-Sen Memorial Hospital of Sun Yat-Sen University from March 2021.
Cheng Jinyuan	Appointed as a supervisor representing the employees of GPLH from January 2021.

**4.14** As at the end of the Reporting Period, the number of employees on the payroll register of the Group was 24,825. The total salary payment of the Group for the first half of 2021 was approximately RMB1,841 million.

#### **4.15 Others**

Applicable    Not applicable

1. According to the overall strategic layout of the Company and 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 resolution on the capital injection and enlargement of GP Corp. was considered and approved at the third meeting of the eighth session of the Board on 6 August 2020. The resolution on the initial public offering of foreign shares (H shares) by GP Corp. by way of overseas listing and a series of resolutions related to the listing proposals were considered and approved at the sixth meeting of the eighth session of the Board on 30 September 2020. GP Corp. solicited qualified investors by way of a public tender process via the Guangzhou Enterprises Mergers and Acquisition Services from 12 October 2020 to 4 December 2020. According to the delisting, comprehensive evaluation and competitive negotiation of the public tender of the Guangzhou Enterprises Mergers and Acquisition Services, the capital injection of GP Corp. eventually solicited one strategic investor and five ordinary investors and its capital increased by 222,305,300 new shares by way of capital injection and enlargement. On 30 December 2020, GP Corp. completed the business registration for the changes relating to the said capital injection and enlargement. On 9 March 2021, GP Corp. submitted the application materials for the initial public offering of overseas listed foreign shares (H shares) and listing on the Main Board of the HKEX to the CSRC, which were accepted on 17 March 2021. On 31 March 2021, GP Corp. submitted the Form A1 listing application to the HKEX for the listing and trading of the shares of GP Corp. on the Main Board of the HKEX.

For details, please refer to the announcements of the Company dated 29 April 2020, 6 August 2020, 30 September 2020, 31 December 2020, 18 March 2021 and 31 March 2021 published in Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily and on the websites of the SSE and the HKEX, respectively.

Currently, GP Corp. has received the Approval on the Issuance of Overseas Listed Foreign Invested Shares of Guangzhou Pharmaceuticals Co., Ltd. from the CSRC, and the preliminary preparation works for the spin-off and overseas listing are progressing in an orderly manner.

2. The Company held the 26th meeting of the seventh session of the Board on 10 September 2019, at which the Resolution on Approving GP Corp., a subsidiary of the Company, to Conduct Asset backed Securitization was considered and approved, pursuant to which the conduct of asset backed securitization of accounts receivable by GP Corp. and the establishment of the “Accounts Receivable Asset-backed Special Scheme” by Industrial Securities Asset Management Co., Ltd. (the “Industrial Securities Asset Management”) were approved. The above-mentioned resolution was considered and approved at the second extraordinary general meeting in 2019 held by the Company on 12 November 2019. For details, please refer to the announcement of the Company dated 10 September 2019 published in Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily and on the websites of the SSE and the HKEX, respectively.

As at 30 June 2021, the accumulative asset sale scale of GP Corp.’s asset-backed securitization of accounts receivable amounted to RMB4.798 billion. Currently, the liquidation of Industry Yuanrong - Accounts Receivable Phase I of GP Corp. Asset-backed Special Scheme has been completed.

## 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 2021 (Unaudited)	31 December 2020 (Audited)
<b>Current assets:</b>			
Cash at bank and on hand		22,092,141,389.45	19,470,276,224.53
Financial assets held for trading		20,000,000.00	4,000,000.00
Derivative financial assets		–	–
Notes receivable		1,314,417,249.51	1,134,815,993.39
Accounts receivable	5.1.3	13,413,855,802.70	12,389,655,576.61
Accounts receivable financing		2,747,695,682.36	2,164,978,925.29
Advances to suppliers		629,986,582.67	1,032,533,165.54
Other receivables		1,041,322,784.28	765,711,481.37
Including: Interest receivable		–	4,477,916.67
Dividends receivable		150,000,000.00	37,938,523.45
Inventories		8,161,361,392.72	9,764,531,363.80
Contract assets		–	–
Assets held for sales		–	–
Current portion of non-current assets		–	–
Other current assets		<u>509,072,368.83</u>	<u>670,115,291.06</u>
<b>Total current assets</b>		<u>49,929,853,252.52</u>	<u>47,396,618,021.59</u>

<b>Item</b>	<i>Note</i>	<b>30 June 2021</b> <b>(Unaudited)</b>	31 December 2020 <b>(Audited)</b>
<b>Non-current assets:</b>			
Debt investment		<b>618,878,334.18</b>	505,069,444.73
Other debt investment		–	–
Long-term receivables		–	–
Long-term equity investment		<b>1,834,661,467.63</b>	1,865,866,171.60
Other equity instrument investment		<b>161,466,859.20</b>	116,367,414.84
Other non-current financial assets		<b>247,478,167.48</b>	263,528,067.86
Investment properties		<b>215,467,526.91</b>	213,001,989.80
Fixed assets		<b>2,919,721,274.19</b>	2,912,513,169.84
Construction in progress		<b>1,487,179,536.15</b>	1,276,251,488.95
Bearer biological assets		<b>2,979,180.00</b>	3,153,885.00
Oil and gas assets		–	–
Right-of-use assets		<b>862,490,635.39</b>	909,338,251.24
Intangible assets		<b>2,426,066,551.61</b>	2,443,588,248.17
Development expenditure		<b>7,566,341.72</b>	6,735,587.41
Goodwill		<b>825,573,066.90</b>	825,573,066.90
Long-term prepaid expenses		<b>112,486,480.08</b>	111,306,370.33
Deferred tax assets		<b>764,409,621.76</b>	751,722,372.84
Other non-current assets		<b>182,649,575.34</b>	159,429,328.02
<b>Total non-current assets</b>		<b><u>12,669,074,618.54</u></b>	<u>12,363,444,857.53</u>
<b>TOTAL ASSETS</b>		<b><u><u>62,598,927,871.06</u></u></b>	<u><u>59,760,062,879.12</u></u>

<b>Item</b>	<i>Note</i>	<b>30 June 2021</b> <b>(Unaudited)</b>	31 December 2020 (Audited)
<b>Current liabilities:</b>			
Short-term borrowings		<b>10,269,716,611.47</b>	8,265,729,653.03
Financial liabilities held for trading		-	-
Derivative financial liabilities		-	-
Notes payable		<b>2,496,371,082.29</b>	3,284,549,237.79
Accounts payable	5.1.4	<b>10,341,226,624.26</b>	10,874,808,379.60
Advances from customers		-	-
Contract liabilities		<b>1,333,532,175.22</b>	1,249,255,585.45
Employee benefits payable		<b>860,483,445.32</b>	846,778,208.52
Taxes payable		<b>371,185,218.42</b>	316,109,068.00
Other payables		<b>4,005,210,432.32</b>	4,013,915,065.13
Including: Interest payable		-	17,844,845.53
Dividends payable		<b>174,032,002.76</b>	57,512,041.85
Liabilities held for sales		-	-
Current portion of non-current liabilities		<b>232,961,580.59</b>	236,106,690.45
Other current liabilities		<b>148,860,607.75</b>	155,979,889.85
<b>Total current liabilities</b>		<b><u>30,059,547,777.64</u></b>	<u>29,243,231,777.82</u>

Item	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>Non-current liabilities:</b>			
Long-term borrowings		767,870,599.94	497,550,000.00
Bonds payable		-	-
Including: Preference share		-	-
Perpetual debt		-	-
Lease liabilities		524,773,316.91	561,824,454.28
Long-term payables		22,846,772.00	22,846,772.00
Long-term employee benefits payable		309,635.77	302,723.26
Provisions		71,521,323.27	104,528,196.76
Deferred income		837,622,303.62	784,074,821.24
Deferred tax liabilities		301,638,292.38	286,359,056.86
Other non-current liabilities		<u>54,042,085.51</u>	<u>54,078,462.71</u>
<b>Total non-current liabilities</b>		<u><b>2,580,624,329.40</b></u>	<u>2,311,564,487.11</u>
<b>Total liabilities</b>		<u><b>32,640,172,107.04</b></u>	<u><b>31,554,796,264.93</b></u>
<b>Shareholders' equity:</b>			
Share capital		1,625,790,949.00	1,625,790,949.00
Other equity instruments		-	-
Including: Preference share		-	-
Perpetual debt		-	-
Capital surplus		9,885,011,185.13	9,885,011,185.13
Less: Treasury shares		-	-
Other comprehensive income		(21,717,571.99)	(17,673,498.70)
Special reserve		-	-
Surplus reserve		1,720,302,768.39	1,720,302,768.39
Undistributed profits		<u>14,559,116,879.49</u>	<u>12,931,411,564.72</u>
Total equity attributable to shareholders of the parent company		<u>27,768,504,210.02</u>	26,144,842,968.54
Minority interest		<u>2,190,251,554.00</u>	<u>2,060,423,645.65</u>
<b>Total shareholders' equity</b>		<u><b>29,958,755,764.02</b></u>	<u>28,205,266,614.19</u>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<u><b>62,598,927,871.06</b></u>	<u><b>59,760,062,879.12</b></u>

## Consolidated Income Statement

Item	Notes	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
<b>1. Operating income</b>	5.1.5	<b>36,128,577,150.09</b>	30,469,650,474.76
Less: Operating costs	5.1.5	<b>28,597,774,408.52</b>	24,677,619,889.97
Taxes and surcharges		<b>162,347,913.50</b>	133,656,485.66
Selling and distribution expenses		<b>3,000,359,234.80</b>	2,391,058,762.14
General and administrative expenses		<b>970,031,051.16</b>	849,551,134.83
R&D expenses		<b>385,896,688.40</b>	268,845,605.31
Financial expenses		<b>(73,534,603.45)</b>	3,677,545.25
Including: Interest expenses		<b>203,792,083.36</b>	187,138,690.11
Interest income		<b>286,009,185.72</b>	192,423,212.75
Add: Other income		<b>78,151,305.15</b>	202,419,575.46
Investment income (“-” for loss)		<b>137,598,490.38</b>	33,820,619.43
Including: Income from investments in associates and joint ventures		<b>128,698,641.73</b>	59,105,772.40
Gains from changes in fair value (“-” for loss)		<b>(6,219,324.42)</b>	(23,536,542.83)
Impairment losses in respect of credit (“-” for loss)		<b>(36,976,500.79)</b>	(89,070,664.55)
Impairment losses in respect of assets (“-” for loss)		<b>(13,152,332.97)</b>	(12,909,650.23)
Gains on disposal of assets (“-” for loss)		<b>123,987.72</b>	3,288,794.32
<b>2. Operating profit (“-” for loss)</b>		<b><u>3,245,228,082.23</u></b>	<u>2,259,253,183.20</u>
Add: Non-operating income		<b>11,742,752.28</b>	26,613,711.92
Less: Non-operating expenses		<b>67,697,125.04</b>	21,132,544.16
<b>3. Total profit (“-” for loss)</b>		<b><u>3,189,273,709.47</u></b>	<u>2,264,734,350.96</u>
Less: Income tax expenses	5.1.6	<b>539,770,865.01</b>	379,657,449.08
<b>4. Net profit (“-” for loss)</b>		<b><u><u>2,649,502,844.46</u></u></b>	<u><u>1,885,076,901.88</u></u>
(1) Classified by the continuity of operations			
A. Net profit from continuing operations (“-” for loss)		<b>2,649,502,844.46</b>	1,885,076,901.88
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)		<b>2,502,380,845.33</b>	1,764,269,356.81
B. Minority interest (“-” for loss)		<b>147,121,999.13</b>	120,807,545.07



Item	Notes	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
<b>5. Other comprehensive income, net of tax</b>		<b>(4,580,485.54)</b>	<b>(904,016.78)</b>
Other comprehensive income, net of tax attributable to the parent company's shareholders		<b>(4,044,073.29)</b>	45,908.02
(1) Other comprehensive income that will not be reclassified to profit or loss		<b>(900,555.64)</b>	897,146.62
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>(900,555.64)</b>	897,146.62
D. Change in fair value of the company's own credit risk		-	-
(2) Other comprehensive income that may be reclassified into profit or loss		<b>(3,143,517.65)</b>	<b>(851,238.60)</b>
A. Other comprehensive income that may be reclassified to profit or loss under equity method		-	-
B. Change in fair value of other debt investment		<b>(6,305,013.20)</b>	<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		<b>4,873,734.42</b>	-
E. Cash flow hedge reserve		-	-
F. Difference arising from the translation of foreign currency financial statements		<b>(1,712,238.87)</b>	2,948,460.60
G. Others		-	-
Other comprehensive income, net of tax attributable to minority shareholders		<b>(536,412.25)</b>	<b>(949,924.80)</b>
<b>6. Total comprehensive income</b>		<b><u>2,644,922,358.92</u></b>	<b><u>1,884,172,885.10</u></b>
(1) Total comprehensive income attributable to shareholders of the parent company		<b>2,498,336,772.04</b>	1,764,315,264.83
(2) Total comprehensive income attributable to minority shareholders		<b>146,585,586.88</b>	119,857,620.27
<b>7. Earnings per share (EPS):</b>			
(1) Basic earnings per share (RMB/Share)	5.1.7	<b>1.539</b>	1.085
(2) Diluted earnings per share (RMB/Share)	5.1.7	<b>1.539</b>	1.085

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

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

The Company prepared the financial statements in accordance with the Accounting Standards for Business Enterprises – Basic Standards and various 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 (hereinafter collectively referred to as “CAS”), as well as the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting* issued by the China Securities Regulatory Commission. The financial statements also comply with the applicable disclosure provisions of the securities listing rules issued by the Stock Exchange of Hong Kong Limited and the applicable disclosure requirements under the Hong Kong Companies Ordinance.

#### **(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, and 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 2021 and as of 30 June 2021 is as follows:

	Great Southern TCM	Great Health	Great Commerce	Other	Offset between segments	Total
External revenue	6,117,496,800.40	6,616,486,472.85	23,253,969,386.17	140,624,490.67	-	36,128,577,150.09
Inter-segment revenue	176,702,979.33	26,116,223.96	3,686,015,041.65	194,570,528.84	(4,083,404,773.78)	-
Interest income	(76,110,714.01)	(148,592,289.63)	(19,777,130.56)	(41,529,051.52)	-	(286,009,185.72)
Interest expenses	11,199,834.85	1,284,838.60	190,052,033.50	8,369,808.38	(7,114,431.97)	203,792,083.36
Income from investments in associates and joint ventures	(3,334,045.94)	-	1,938,843.58	130,015,178.61	78,665.48	128,698,641.73
Impairment losses in respect of credit	(143,584.94)	(18,360.68)	(33,048,021.51)	(2,701,799.50)	(1,064,734.16)	(36,976,500.79)
Impairment losses in respect of assets	(9,252,633.48)	-	(665,759.33)	382.66	(3,234,322.82)	(13,152,332.97)
Depreciation and amortization expenses	134,674,438.81	24,922,779.77	175,331,188.05	19,376,153.39	(8,335,172.90)	345,969,387.12
Total profit	1,114,487,179.77	1,487,882,213.38	354,167,761.95	317,198,593.48	(84,462,039.11)	3,189,273,709.47
Total assets	15,353,595,833.26	10,463,860,258.18	30,680,997,841.89	23,051,248,927.02	(16,950,774,989.29)	62,598,927,871.06
Total liabilities	7,932,382,006.24	3,384,887,847.65	24,636,813,379.00	4,262,906,121.59	(7,576,817,247.44)	32,640,172,107.04
Long-term equity investment in associates and joint ventures	280,012,752.43	-	65,241,994.17	1,489,406,721.03	-	1,834,661,467.63
Increase in other non-current assets excluding long-term equity investment	192,460,450.50	69,655,089.37	234,294,053.58	55,604,727.40	-	552,014,320.85

(2) The segment information for the six months ended 30 June 2020 and as of 31 December 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	14,366,105,641.13	8,957,141,300.07	30,134,283,009.16	21,919,985,866.90	(15,617,452,938.14)	59,760,062,879.12
Total liabilities	7,689,574,328.70	3,032,263,839.23	24,283,858,483.50	3,012,743,433.40	(6,463,643,819.90)	31,554,796,264.93
Long-term equity investment in associates and joint ventures	283,486,206.15		63,131,675.84	1,519,248,289.61		1,865,866,171.60
Increase in other non-current assets excluding long-term equity investment	380,753,483.92	192,715,700.46	739,563,590.80	144,840,082.19		1,457,872,857.37

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 2021	January to June of 2020
<b>External revenue</b>		
PRC	<b>36,117,710,034.05</b>	30,439,117,916.75
Other countries/regions	<u>10,867,116.04</u>	<u>30,532,558.01</u>
	<u><b>36,128,577,150.09</b></u>	<u>30,469,650,474.76</u>
<b>Total non-current assets</b>	<b>30 June 2021</b>	31 December 2020
PRC	<b>11,481,492,108.04</b>	11,217,481,695.33
Other countries/regions	<u>14,227,862.06</u>	<u>14,345,306.66</u>
	<u><b>11,495,719,970.10</b></u>	<u>11,231,827,001.99</u>

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

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

	30 June 2021	31 December 2020
Within 1 year	<b>13,019,817,456.11</b>	12,061,337,011.07
1 to 2 years	<b>461,721,448.11</b>	393,436,764.62
2 to 3 years	<b>79,307,165.97</b>	60,706,620.53
3 to 4 years	<b>145,409,596.84</b>	148,699,324.24
4 to 5 years	<b>15,212,760.24</b>	7,790,540.34
Over 5 years	<u>183,562,897.69</u>	<u>184,115,980.53</u>
Less: Provision for bad debts	<u>491,175,522.26</u>	<u>466,430,664.72</u>
	<u><b>13,413,855,802.70</b></u>	<u>12,389,655,576.61</u>

### 5.1.4 Accounts payable

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

	<b>30 June 2021</b>	31 December 2020
Within 1 year	<b>9,909,298,657.57</b>	10,483,901,955.40
Over 1 year	<b>431,927,966.69</b>	390,906,424.20
	<b><u>10,341,226,624.26</u></b>	<b><u>10,874,808,379.60</u></b>

### 5.1.5 Operating income and operating costs

	<b>For the six months ended 30 June 2021</b>		
	<b>Main businesses</b>	<b>Other businesses</b>	<b>Subtotal</b>
Operating income	<b>36,007,774,756.86</b>	<b>120,802,393.23</b>	<b>36,128,577,150.09</b>
Operating costs	<b>28,569,535,197.67</b>	<b>28,239,210.85</b>	<b>28,597,774,408.52</b>
Gross profit	<b>7,438,239,559.19</b>	<b>92,563,182.38</b>	<b>7,530,802,741.57</b>

  

	<b>For the six months ended 30 June 2020</b>		
	<b>Main businesses</b>	<b>Other businesses</b>	<b>Subtotal</b>
Operating income	30,375,492,145.88	94,158,328.88	30,469,650,474.76
Operating costs	24,658,050,433.12	19,569,456.85	24,677,619,889.97
Gross profit	5,717,441,712.76	74,588,872.03	5,792,030,584.79

### 5.1.6 Income tax expenses

	<b>For the six months ended 30 June 2021</b>	For the six months ended 30 June 2020
Current income tax expenses	<b>536,522,981.12</b>	423,413,419.30
Deferred income tax expenses	<b>3,247,883.89</b>	(43,755,970.22)
	<b><u>539,770,865.01</u></b>	<b><u>379,657,449.08</u></b>

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 2021</b>
Total profit	<b>3,189,273,709.47</b>
Income tax calculated at statutory rate/applicable rate	<b>478,391,056.42</b>
Tax effect of different rates applicable to subsidiaries	<b>57,454,543.25</b>
Effect of income tax adjustment for prior period	<b>3,072,131.26</b>
Non-taxable and tax relief income	<b>(19,084,725.02)</b>
Non-deductible costs, expenses and losses	<b>20,096,610.84</b>
Effect of using deductible losses of deferred tax assets unrecognized in prior period	<b>(312,621.64)</b>
Effect of deductible temporary differences and deductible losses which are not recognized in current period	<b>18,393,999.33</b>
Tax effect of R&D expenditure deduction	<b>(18,240,129.43)</b>
Income tax expenses	<b><u>539,770,865.01</u></b>

According to the state's relevant tax preferential policies for high and new tech enterprises, qualified high and new tech 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 and New Tech Enterprises can enjoy a preferential tax rate of 15% for the current period, which included: the Company (No. GR202044005583), Guangzhou Baiyunshan Xing Qun Pharmaceutical Co., Ltd. (No. GR202044001705), Zhong Yi (No. GR202044006988), Guangzhou Baiyunshan Chen Li Ji Pharmaceutical Factory Company Limited (No. GR202044002810), Guangzhou Han Fang (No. GR202044003115), Jing Xiu Tang (No. GR202044006124), Guangzhou Baiyunshan Pan Gao Shou Pharmaceutical Co., Ltd. (No. GR202044002092), Guangzhou Wang Lao Ji Pharmaceutical Co., Ltd. (No. GR202044006736), Guangzhou Baiyunshan Tian Xin Pharmaceutical Co., Ltd. (No. GR202044001663), Guangzhou Baiyunshan Guang Hua Pharmaceutical Co., Ltd., (No. GR201844003890), Guangzhou Baiyunshan Ming Xing Pharmaceutical Co., Ltd. (No. GR202044000339), Guangxi Baiyunshan Yingkang Pharmaceutical Company Limited (No. GR201845000342), Baiyuanshan Weiling Pharmaceutical Co., Ltd. (No. GR201844007959), WLJ Great Health (No. GR201944000953), Guangzhou Pharmaceutical Research General Institute (No. GR201844005664), among which, the Certificates of High and New Tech Enterprises for Guangzhou Baiyunshan Guang Hua Pharmaceutical Co., Ltd., (No. GR201844003890), Guangxi Baiyunshan Yingkang Pharmaceutical Company Limited (No. GR201845000342), Baiyuanshan Weiling Pharmaceutical Co., Ltd. (No. GR201844007959), Guangzhou Pharmaceutical Research General Institute (No. GR201844005664) were issued in 2018 with a validity period of 3 years. As their Certificates of High and New Tech Enterprises have expired in 2021, the Certificates of High and New Tech Enterprises of these four enterprises are in the process of being reconfirmed. At present, the 15% preferential tax rate is temporarily applied to declare prepaid enterprise income tax.

According to the Hong Kong Inland Revenue Ordinance, Guangyao Baiyunshan (Hong Kong) Co., Ltd., a subsidiary of the Group incorporated 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) Great Health Industry Co., Ltd., 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 2021</b>	For the six months ended 30 June 2020
Net consolidated profit attributable to ordinary shareholders of the parent company	<b>2,502,380,845.33</b>	1,764,269,356.81
The number of weighted average outstanding ordinary shares at the end of the Reporting Period	<u><b>1,625,790,949</b></u>	<u>1,625,790,949</u>
Weighted average basic EPS	<u><b>1.539</b></u>	<u>1.085</u>

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

EPS based on the number of shares as at the end of the Reporting Period 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 end of the Reporting Period:

	<b>For the six months ended 30 June 2021</b>	For the six months ended 30 June 2020
Net consolidated profit attributable to ordinary shareholders of the parent company	<b>2,502,380,845.33</b>	1,764,269,356.81
The number of outstanding ordinary shares as at the end of the Reporting Period	<u><b>1,625,790,949</b></u>	<u>1,625,790,949</u>
EPS based on the number of shares as at the end of the Reporting Period	<u><b>1.539</b></u>	<u>1.085</u>

(b) *Diluted EPS*

Diluted EPS is calculated by dividing the portion of consolidated net profit attributable to the ordinary shareholders of the parent company after adjustment to dilutive potential ordinary shares, by the adjusted weighted average number of outstanding ordinary shares issued by the Company as at the end of the Reporting Period. For the period from January to June 2021, the Company had no dilutive potential ordinary share (for January to June 2020: nil). The diluted EPS is therefore equal to the basic EPS.

**5.1.8 Dividends**

According to the resolution of the 2020 annual general meeting held on 3 June 2021, the Company shall pay cash dividends to all shareholders at RMB 0.538 per share (tax included), amounting to RMB874,676,000 in total, based on the number of shares of the Company in issue as at the end of 2020 of 1,625,790,949 shares.

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

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

**5.4 No correction for significant accounting errors in the Reporting Period.**

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

***5.5.1 The reasons for the addition of 3 companies in the scope of consolidation as compared to the previous year are as follows:***

- (1) Guangzhou Baiyunshan Hospital, an indirect holding subsidiary of the Company, established Guangzhou Baiyunshan Hospital of Traditional Chinese Medicine Co., Ltd. (廣州白雲山中醫院有限公司) in April 2021 with a registered capital of RMB20 million, of which the capital contribution of Guangzhou Baiyunshan Hospital accounts for 100%.
- (2) Jing Xiu Tang, a holding subsidiary of the Company, established Guangzhou Baiyun Jiuji Gong Health Industry Co., Ltd. (廣州白雲山九吉公健康產業有限公司) in May 2021 with a registered capital of RMB3 million, of which the capital contribution of Jing Xiu Tang accounts for 51%.

- (3) The Company, Zhong Yi and Cai Zhi Lin (being wholly-owned subsidiaries of the Company), Guangzhou Han Fang (being a holding subsidiary of the Company) together established Guangzhou Hanchao Chinese Medical Technology Co., Ltd. (廣東漢潮中藥科技有限公司) by way of capital contribution with a registered capital of RMB30 million in May 2021, of which the capital contributions of the Company, Zhong Yi, Cai Zhi Lin and Guangzhou Han Fang account for 20%, 5%, 45% and 5%, respectively.

**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 Reporting Period.**

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

Guangzhou, the PRC, 18 August 2021

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