

*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 2022 INTERIM REPORT**

### **1. IMPORTANT NOTICE**

- 1.1** This summary is extracted from the full text of the 2022 interim report of the Company for the six months ended 30 June 2022. Investors who wish to know more details are advised to read in details the full text of the 2022 interim report which will be published on, among others, the website of SSE (<http://www.sse.com.cn>), and on the website of HKEX (<http://www.hkex.com.hk>) or other websites designated by CSRC.
- 1.2** The Board, the Supervisory Committee and the Directors, supervisors and senior management of the Company collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this summary and confirm that there are no false information, misleading statements or material omissions in this summary.
- 1.3** The Directors were present at the 22th meeting of the eighth session of the Board, among whom, Mr. Yang Jun, vice chairperson, was unable to attend the meeting due to business reason and authorized Ms. Cheng Ning, vice chairperson, to attend and exercise the right to vote; Mr. Wong Hin Wing, an independent non-executive director, attended the meeting by telephone.
- 1.4** After consideration, the Board did not recommend payment of interim dividends for the six months ended 30 June 2022 and did not propose any increase in share capital from the capitalization of capital reserve.
- 1.5** The financial reports of the Group and the Company for the Reporting Period are prepared in accordance with the China Accounting Standards for Business Enterprises, which are unaudited.
- 1.6** All the information required to be contained in the summary of the 2022 interim report of the Company pursuant to paragraphs 46 of Appendix 16 to the Listing Rules of HKEX has been published on the website of HKEX (<http://www.hkex.com.hk>) in due course.
- 1.7** This summary is prepared in both English and Chinese. In the event of discrepancy in interpretation, the Chinese version shall prevail.

## 2. DEFINITIONS

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

Company/the Company/GYBYS	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited
PRC or China	the People's Republic of China
Reporting Period	the six months ended 30 June 2022
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)
WLJ Great Health	Guangzhou WLJ Great Healthy 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)

Guangyao Baiyunshan Hong Kong Company	Guangzhou Pharmaceutical Baiyunshan Hong Kong Company Limited (廣藥白雲山香港有限公司)
Guangzhou Baiyunshan Hospital	Guangzhou Baiyunshan Hospital Co., Ltd. (廣州白雲山醫院有限公司)
Baiyunshan 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)
GZ Chan Tou	Guangzhou Industrial Investment and Capital Operation Holding Group Ltd. (廣州產業投資控股集團有限公司)
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))
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製藥總廠)
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)
Guangyao Fund	Guangzhou Guangyao Equity Fund Investment Partnership (Limited Partnership) (廣州廣藥基金股權投資合夥企業(有限合夥))
GMP	the English abbreviation of Good Manufacturing Practice and it is a set of mandatory standards applicable to the pharmaceutical industry, which requires the pharmaceutical companies to ensure that the quality of medicines in the production process shall conform to the national standards in accordance with the GMP requirements

### 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 Xuezheng	Huang Ruimei
Address	45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC	
Telephone	(020) 6628 1218	(020) 6628 1216
Fax	(020) 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 2021 (unaudited)	Changes as compared with the corresponding period of 2021 (%)
Income from operations <i>(RMB'000)</i>	<b>37,220,451</b>	36,128,577	3.02
Net profit attributable to the shareholders of the Company <i>(RMB'000)</i>	<b>2,589,996</b>	2,502,381	3.50
Net profit attributable to the shareholders of the Company after deducting non-recurring items <i>(RMB'000)</i>	<b>2,300,375</b>	2,495,645	(7.82)
Net cash flow from operating activities <i>(RMB'000)</i>	<b>1,712,214</b>	2,184,410	(21.62)
Net cash flow from operating activities per share <i>(RMB/share)</i>	<b>1.053</b>	1.344	(21.62)
Total profit <i>(RMB'000)</i>	<b>3,332,233</b>	3,189,274	4.48
<b>Principal financial data</b>	<b>As at 30 June 2022 (unaudited)</b>	As at 31 December 2021 (audited)	Changes as compared with 31 December 2021 (%)
Net assets attributable to the shareholders of the Company <i>(RMB'000)</i>	<b>30,540,679</b>	29,062,184	5.09
Total assets <i>(RMB'000)</i>	<b>66,800,574</b>	66,117,790	1.03
Equity attributable to the shareholders of the Company per share <i>(RMB/share)</i>	<b>18.79</b>	17.88	5.09

<b>Principal financial indicators</b>	<b>The Reporting Period (unaudited)</b>	The corresponding period of 2021 (unaudited)	Changes as compared with the corresponding period of 2021 (%)
Basic earnings per share <i>(RMB/share)</i>	<b>1.593</b>	1.539	3.51
Diluted earnings per share <i>(RMB/share)</i>	<b>1.593</b>	1.539	3.51
Basic earnings per share after deducting non-recurring items <i>(RMB/share)</i>	<b>1.415</b>	1.535	(7.82)
Ratio of weighted average return on net assets (%)	<b>8.53</b>	9.13	A decrease of 0.60 percentage point
Ratio of weighted average return on net assets after deducting non- recurring items (%)	<b>7.58</b>	9.11	A decrease of 1.53 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

### **3.3 Movement in share capital**

Applicable     Not Applicable

### **3.4 Change in shares subject to selling restrictions**

Applicable     Not Applicable

### 3.5 The top ten shareholders as at the end of the Reporting Period

Total number of shareholders as at the end of the Reporting Period	84,648
Total number of preferred shareholders whose voting rights were restored as at the end of the Reporting Period	0

#### The top ten shareholders of the Company

Shareholders	Nature of Shareholders	Approximate percentage of the total issued share capita (%)	Number of shares held as at the end of the Reporting Period (share)	Number of shares subject to selling restrictions held (share)	Number of shares subject to pledge, mark or lock-up (share)
GPHL	State-owned legal person	45.04	732,305,103	0	0
HKSCC Nominees Limited	Others	13.52	219,767,290	0	0
GZ Chengfa	Others	4.51	73,313,783	0	0
Hong Kong Securities Clearing Company Limited	Others	3.85	62,613,898	0	0
GZ Chan Tou	State-owned legal person	3.42	55,548,800	0	0
China Securities Finance Corporation Limited	Others	2.91	47,277,962	0	0
China AMC – Agricultural Bank – Huaxia China Securities Financial Asset Management Plan	Others	0.54	8,795,136	0	0
Zhongou AMC – Agricultural Bank – Zhongou China Securities Financial Asset Management Plan	Others	0.53	8,680,636	0	0
Boshi AMC-Agricultural Bank-Boshi China Securities Financial Asset Management Plan	Others	0.53	8,662,836	0	0
Dacheng AMC-Agricultural Bank-Dacheng China Securities Financial Asset Management Plan	Others	0.53	8,657,836	0	0

**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 any connection among the above top ten shareholders, or whether they were persons acting in concert as provided in the “Rules Governing the Disclosure of Changes in Shareholders’ Shareholding in Listed Companies”.

**Explanation on Preferred shareholders with their voting rights restored and the number of shares they hold**

Nil

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

Applicable  Not Applicable

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

Applicable  Not Applicable

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

Applicable  Not Applicable



## 4. DISCUSSION AND ANALYSIS OF OPERATION

### 4.1 Management discussion and analysis

During the Reporting Period, the Group adhered to the general basic principle of “seeking progress while maintaining stability”, continued to strengthen the marketing innovation and market promotion efforts for each business segment, and conscientiously carried out the prevention and control of pandemic and coordinated the development of the enterprise, and strived to overcome the effects brought by such factors as the COVID-19 coronavirus epidemic (“the COVID-19 epidemic”), and achieved stable development in operating results during the Reporting Period.

In the first half of 2022, the Group recorded an income from operation of RMB37,220,451,000, representing an increase of 3.02% year on year; total profit of RMB3,332,233,000, representing an increase of 4.48% year on year; and net profit attributable to shareholders of the Company of RMB2,589,996,000, representing an increase of 3.50% year on year.

During the Reporting Period, major activities actively promoted by the Group include:

- (I) Adhering to in-depth cultivation and consolidating the business of the Greater Southern TCM. During the Reporting Period, the Greater Southern TCM segment seized opportunities to develop the market, actively promoted the transformation of marketing model; vigorously promoted the concept of “Fashionable Chinese medicine” and through methods such as developing star-rated products and tapping the potential of second-tier echelon products, drove the rapid growth of a batch of key products; continued to enhance the brand influence of Baiyunshan by focusing resources, actively promoting the Group’s time-honored brand revitalization project, and constantly enhancing the brand and product awareness.
- (II) Adhering to the principle of “one core with multi-elements” and strengthening and optimizing the businesses of the Great Health. Taking the auspicious culture of Wanglaoji as the starting point, the Great Health segment carried out multi-scenario and multi-field marketing coverage through the development of custom-made cans such as “surname + totem” and “Auspicious National College Entrance Examination”. A new lychee beverage with sea salt “Li Xiao Ji” was launched, forming a lucky combination of three treasures, namely “Wanglaoji”, “Ci Ning Ji”, “Li Xiao Ji”, and increasing the awareness of new products in the market. Meanwhile, in line with the new trend of online consumption, the promotion efforts on major e-commerce platforms such as Tmall were increased. Riding on the breakthrough trend in E-commerce, continuing to carry out marketing for all members, and strengthened the efforts for development of new products and cultivation of markets. During the Reporting Period, Guangyao Wanglaoji Guangdong Lychee (Maoming) Industrial Park, the largest lychee beverage production base in China, was invested and completed, filling the gap in domestic lychee processing technology.

- (III) Accelerating network expansion, deepening and enlivening the business of the Great Commerce. During the Reporting Period, GP Corp., the Company's subsidiary, cooperated with upstream and downstream resources to vigorously expand the distribution network of medical institutions at all levels and develop new customers continuously. Great efforts were used to develop e-commerce business, the Guangzhou City Intelligent Pharmacy went online in B2C business and developed the businesses of prescription for chronic disease and outflow hospital prescription; 10 retail pharmacies have obtained the medical insurance dual-channel qualification; the Baiyun Logistics Park project (Phase I) significantly increased its storage capacity, and the preparation work for the Phase II project was progressing steadily. In the first half of 2022, GP Corp. also successfully won the bid for the procurement qualification of pandemic prevention materials for the International Health Post (Phase I) in 2022.
- (IV) Strengthening business development, expanding and refining the business of the Great Medical. During the Reporting Period, Guangzhou Baiyunshan Hospital continued to strengthen the construction of disciplines and added a number of secondary subjects such as the Department of Orthopedics and Traumatology of Traditional Chinese Medicine, the Department of Cardiovascular Medicine and the Department of Children's Health, so as to enhance the comprehensive strength of the hospital. With the professional support of Guangzhou Baiyunshan Hospital and Southern Medical University Nan Fang Hospital, Runkang Confinement Company quickly established its brand name. Guangzhou Baiyunshan Jianhu Medical Products Company Limited (廣州白雲山健護醫療用品有限公司) has obtained a medical device production license and has the qualification for the production of masks and protective clothings.
- (V) Increasing investment in scientific research, strengthening the construction of scientific research platform, and accelerating the progress of scientific research informatization project. The Ganoderma lucidum scientific research and innovation project of the Company's subsidiary Baiyunshan Han Fang won the International Invention Gold Award in Geneva; the clinical trial of BYS10 tablets independently developed by Baiyunshan General Factory was officially approved by the U.S. Food and Drug Administration (FDA) in U.S.; Zhong Yi obtained the GMP certification from the Australian Therapeutic Goods Administration. During the Reporting Period, one new product of the Group passed the consistency evaluation of quality and efficacy of generic drugs, the Company was recognized by the Enterprise and Technology Centre of Guangdong Province, and the "Post-doctorate Innovative Implementation Base" of Zhong Yi was successfully certified as a scientific research platform of municipal level. In the first half of 2022, the Group's total research and development expenses amounted to RMB441 million, representing a year-on-year increase of 14.36%.

- (VI) Strengthening the establishment of quality system and safety production system, and continuously advancing the establishment of pharmacovigilance system. During the Reporting Period, the Group completed the review of two standardized technological transformation projects to further strengthen product quality management; continued to promote the establishment of the Group's pharmacovigilance system for the prevention and control of drug safety risks; and promoted the application of the Health, Safety and Environment management system (Phase I) within the Group to establish the intelligent system of "safety production big data".
- (VII) Investing in the establishment of an industrial equity investment fund to enhance capital operation capabilities. In the first half of 2022, the Company subscribed for 99.9% of Guangyao Fund with its own capital of RMB999 million. Guangyao Fund completed the filing of private investment fund in July 2022. In addition, both Guangzhou State-owned Assets Mixed Ownership Reform Phase II Equity Investment Fund Partnership (Limited Partnership) (廣州國資混改二期股權投資基金合夥企業(有限合夥)) and Guangzhou Time Honored Revitalization Fund Partnership (Limited Partnership) (廣州老字號振興基金合夥企業(有限合夥)), in which the Company participated in the establishment, completed the filing of private investment funds.
- (VIII) Promoting the initiatives of strengthening enterprise by talents, optimizing the talent structure, continuously deepening the reform of professional managers, and initiating the reform of the second batch of professional managers of enterprises.
- (IX) Constantly strengthening the normalized management of internal control and risk control, launching the integrated and collaborative model of risk review and carrying out a number of special audits for major risks to further enhance the Group's integrated capability in early warning, monitoring, prevention and control of risks.

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 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 2021 (RMB'000)	Increase/ (Decrease) over the corresponding period of 2021 (%)
Revenue	37,220,451	36,128,577	3.02
Include: income from principal operations	37,083,607	36,007,775	2.99
Cost of sales	29,515,379	28,597,774	3.21
Include: cost from principal operations	29,490,095	28,569,535	3.22
Selling and distribution expenses	3,185,948	3,000,359	6.19
General and administrative expenses	1,067,965	970,031	10.10
Financial expenses <sup>(Note 1)</sup>	(129,434)	(73,535)	(76.02)
Research and development expenses	441,319	385,897	14.36
Net cash flow from operating activities	1,712,214	2,184,410	(21.62)
Net cash flow from investing activities <sup>(Note 2)</sup>	(2,630,427)	(278,015)	(846.15)
Net cash flow from financing activities	1,094,509	1,297,153	(15.62)
Other income <sup>(Note 3)</sup>	319,247	78,151	308.50
Investment income <sup>(Note 4)</sup>	55,356	137,598	(59.77)
Gains from changes in fair value <sup>(Note 5)</sup>	(952)	(6,219)	84.69
Impairment losses in respect of credit <sup>(Note 6)</sup>	(20,540)	(36,977)	44.45
Impairment losses in respect of assets <sup>(Note 7)</sup>	(1,339)	(13,152)	89.82
Gains on disposal of assets <sup>(Note 8)</sup>	555	124	347.60
Non-operating expenses <sup>(Note 9)</sup>	9,370	67,697	(86.16)

#### Notes:

- (1) Financial expenses decreased year-on-year due to the year-on-year increase in interest income from deposits of the Company and its subsidiaries.
- (2) Net cash flow generated from investing activities decreased year-on-year due to: ① the increase in purchases of fixed bank deposits and large-denomination certificates of bank deposits during the Reporting Period by the subsidiaries of the Company to increase the revenue from funds; ② less cash dividends were received by the Company and its subsidiaries year-on-year.
- (3) Other income increased year-on-year due to an increase in government grants recognized by the subsidiaries of the Company year-on-year.
- (4) Investment income decreased year-on-year due to: ① a decrease in long-term equity investment income under equity method of the Company and its subsidiaries year-on-year; ② a year-on-year decrease in the amount of this item resulting from an increase in asset-backed securities (“ABS”) business of GP Corp., a holding subsidiary of the Company.

- (5) Gains from changes in fair value increased year-on-year due to the increase in fair value of financial assets held by the Company at the end of the Reporting Period.
- (6) Credit impairment losses increased year-on-year due to the reversal of part of the separate provision for bad debt of account receivables by the subsidiaries of the Company during the Reporting Period.
- (7) Asset impairment losses increased year-on-year due to the decrease in the provision for decline in value of inventories made by the subsidiaries of the Company.
- (8) Gains from disposal of assets increased year-on-year due to the increase in the gains recognized from disposal of assets by the subsidiaries of the Company year-on-year.
- (9) Non-operating expenses decreased year-on-year due to a decrease in non-operating expenses recognized by the subsidiaries of the Company year-on-year.

#### ***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				Profit margin of principal operations	
	Income from principal operations		Cost of principal operations		Profit margin of principal operations	Increase/ (Decrease) over the same period of 2021 (percentage point)
	Income from principal operations	Increase/ (Decrease) over the same period of 2021 (%)	Cost of principal operations	Increase/ (Decrease) over the same period of 2021 (%)		
(RMB'000)	(%)	(RMB'000)	(%)	(%)	(percentage point)	
Great Southern TCM	5,955,016	(1.70)	3,071,546	(8.13)	48.42	An increase of 3.61 percentage points
Great Health	6,521,431	(1.25)	3,552,050	3.85	45.53	A decrease of 2.68 percentage points
Great Commerce	24,355,440	4.96	22,656,979	4.47	6.97	An increase of 0.43 percentage point
Other <sup>(Note)</sup>	251,720	79.32	209,520	78.62	16.76	An increase of 0.32 percentage point
<b>Total</b>	<b>37,083,607</b>	<b>2.99</b>	<b>29,490,095</b>	<b>3.22</b>	<b>20.48</b>	<b>A decrease of 0.18 percentage point</b>

Types of products	Results of principal operations by products					
	Income from principal operations		Cost of principal operations		Profit margin of principal operations	
		Increase/ (Decrease)		Increase/ (Decrease)	Profit margin of principal operations	Increase/ (Decrease)
	Income from principal operations	over the same period of 2021	Cost of principal operations	over the same period of 2021	principal operations	over the same period of 2021
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	(percentage point)
Chinese patent medicine	3,053,294	5.77	1,731,801	6.36	43.28	A decrease of 0.32 percentage point
Chemical medicine	2,901,722	(8.49)	1,339,745	(21.89)	53.83	An increase of 7.92 percentage points
<b>Total of Great Southern TCM</b>	<b>5,955,016</b>	<b>(1.70)</b>	<b>3,071,546</b>	<b>(8.13)</b>	<b>48.42</b>	<b>An increase of 3.61 percentage points</b>

*Note:* The significant increase in the income from and the cost of the other segments was mainly attributable to: the year-on-year increase in the number of outpatient visits at the hospital of the Company and the sales of medical equipments such as epidemic prevention supplies during the Reporting Period.

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

Regions	Income from principal operations	Increase/ (Decrease) over the same period of 2021
	(RMB'000)	(%)
Southern China	28,215,675	3.78
Eastern China	3,139,818	(5.73)
Northern China	1,511,544	(6.03)
North-Eastern China	308,732	0.31
South-Western China	2,858,335	14.97
North-Western China	1,040,918	(3.31)
Exports	8,585	(20.99)
<b>Total</b>	<b>37,083,607</b>	<b>2.99</b>

#### **4.2.4 Others**

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

Applicable  Not Applicable

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

Applicable  Not Applicable

#### **4.4 Analysis on Financial Conditions**

##### **4.4.1 Liquidity**

As at 30 June 2022, the current ratio of the Group was 1.71 (31 December 2021:1.64), and its quick ratio was 1.44 (31 December 2021: 1.31). During the Reporting Period, accounts receivable turnover was 60.94 in days, representing an increase of 0.26 day as compared with the end of 2021; inventory turnover was 57.27 in days, representing a decrease of 8.43 days as compared with the end of 2021.

##### **4.4.2 Financial resources**

As at 30 June 2022, cash and cash equivalents of the Group amounted to RMB21,194,890,000 (31 December 2021: RMB21,013,364,000), of which approximately 99.45% and 0.55% were denominated in Renminbi and foreign currencies such as Hong Kong dollar, respectively.

As at 30 June 2022, the Group had bank borrowings of RMB10,180,555,000 (31 December 2021: RMB9,180,820,000) including short-term borrowings of RMB8,899,263,000 (31 December 2021: RMB8,428,008,000), and long-term borrowings of RMB1,250,620,000 (31 December 2021: RMB752,812,000), non-current liabilities expiring within one year of RMB30,672,000 (31 December 2021: RMB0).

##### **4.4.3 Capital structure**

As at 30 June 2022, the Group's current liabilities amounted to RMB30,677,951,000 (31 December 2021: RMB32,253,851,000), representing a decrease of 4.89% as compared to the beginning of 2022, and its long-term liabilities were RMB3,163,826,000 (31 December 2021: RMB2,537,270,000), with an increase of 24.69% as compared to the beginning of 2022. Shareholders' equity attributable to the shareholders of the Company amounted to RMB30,540,679,000 (31 December 2021: RMB29,062,184,000), with an increase of 5.09% as compared to the beginning of 2022.

#### 4.4.4 Capital expenditure

The Group expects the capital expenditure for 2022 to be approximately RMB2.218 billion among which the expenditure in the first half of 2022 amounted to RMB0.62 billion (in the first half of 2021: RMB0.483 billion), which would be mainly applied to the construction of production bases, upgrade of equipment and set-up of information system, etc.. The Group will raise funds to meet the capital requirements of capital expenditure by resorting to its internal funds, bank loans, etc..

#### 4.4.5 Description of assets and liabilities

Items	As at 30 June 2022 (RMB'000)	% of the total assets (%)	As at 31 December 2021 (RMB'000)	% of the total assets (%)	Increase/ (Decrease) as compared to 31 December 2021 (%)	Reasons for changes
Financial assets held for trading	50,669	0.08	–	0.00	100.00	During the Reporting Period, the contingent consideration related to performance pledge between GP Corp., a holding subsidiary of the Company, and its non-controlling shareholders was changed from “other non-current financial assets” to this item for presentation.
Current portion of non-current assets	109,089	0.16	–	0.00	100.00	During the Reporting Period, large-denomination certificates of deposit held to maturity by subsidiaries of the Company with a maturing period of less than one year were changed from “debt investment” to this item for presentation.
Other current assets	1,499,986	2.25	827,458	1.25	81.28	(1) During the Reporting Period, the purchase of large-denomination certificates of deposit held to maturity by subsidiaries of the Company with a maturing period of less than one year; (2) a decrease in deductible input tax for WLJ Great Health, a wholly-owned subsidiary of the Company.
Other non-current financial assets	1,008,790	1.51	574,278	0.87	75.66	(1) During the Reporting Period, the purchase of large-denomination certificates of deposit held for resale by subsidiaries of the Company with maturity of more than one year; (2) the contingent consideration related to performance pledge between GP Corp., a holding subsidiary of the Company, and its non-controlling shareholders was changed from this item to “financial assets held for trading” for presentation.



Items	As at 30 June 2022 (RMB'000)	% of the total assets (%)	As at 31 December 2021 (RMB'000)	% of the total assets (%)	Increase/ (Decrease) as compared to 31 December 2021 (%)	Reasons for changes
Development expenditure	15,331	0.02	10,567	0.02	45.07	There was an increase in expenses for the development stage of intangible assets incurred by the Company and its subsidiaries.
Contract liabilities	1,186,803	1.78	2,740,338	4.14	(56.69)	(1) There was an increase in advanced payments for sale of goods received by WLJ Great Health, a wholly-owned subsidiary of the Company, at the end of 2021 in preparation for Spring Festival. The goods were delivered and realized sales during the Reporting Period and resulted in a decrease in the balances of advanced payments for sale of goods; (2) there was a decrease in advanced payments for sale of goods in other subsidiaries of the Company when compared with the end of last year.
Taxes payables	538,123	0.81	233,497	0.35	130.46	There was an increase in the amount of outstanding payable corporate income tax and value-added tax of subsidiaries of the Company when compared with the end of last year.
Other current liabilities	740,224	1.11	346,060	0.52	113.90	(1) GP Corp., a holding subsidiary of the Company, issued RMB600 million of super short-term commercial paper; (2) there was a decrease in the taxes to be written off in the advance payments to be received from customers within one year of the subsidiaries of the Company.
Long-term borrowing	1,250,620	1.87	752,812	1.14	66.13	There was an increase in bank borrowings by subsidiaries of the Company.
Other comprehensive income	(12,111)	(0.02)	(17,476)	(0.03)	30.70	There was an increase in the amount of exchange rate differences arising from translation of foreign currencies by subsidiaries of the Company.

#### ***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 2022, the Group had no material contingent liabilities.

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

As at 30 June 2022, Guangyao Baiyunshan Hong Kong Company, a subsidiary of the Company, acquired the 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 HKD350,000 and USD166,000 from Bank of China (Hong Kong) Co., Ltd., secured by fixed assets and buildings with an original value amounting to HKD8,893,000 and net value amounting to HKD3,683,000 and investment properties with an original value amounting to HKD6,843,000 and net value amounting to HKD3,496,000.

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

As at 30 June 2022, the bank loans of the Group amounted to RMB10,180,555,000 (31 December 2021: RMB9,180,820,000), with an increase of RMB999,735,000 as compared to the beginning of 2022. The above bank loans included short-term borrowings of RMB8,899,263,000, long-term borrowings of RMB1,250,620,000 and non-current liabilities expiring within one year of RMB30,672,000.

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

As at 30 June 2022, the Group's gearing ratio (total liabilities/total assets  $\times$  100%) was 50.66% (31 December 2021: 52.62%).

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

As at 30 June 2022, the Group had no other major investment.

## 4.5 Analysis of investment situation

Overall analysis on foreign equity investment

Applicable    Not Applicable

As at the end of the Reporting Period, the external equity investment of the Group amounted to RMB1,628,037,000, with a growth of RMB65,158,000 as compared to 31 December 2021, mainly due to the Group's recognition of the investment income of the joint ventures and associates under equity method, which led to the increase in long-term equity investment.

### (1) *Significant equity investment*

Applicable    Not Applicable

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

Applicable    Not Applicable

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

Applicable    Not Applicable

#### ① *Financial assets held for trading*

<b>Item</b>	<b>As at 30 June 2022 (RMB'000)</b>	<b>As at 31 December 2021 (RMB'000)</b>
Classification of financial assets which are measured at fair value and changes of which are included in the current profit and loss	<b>50,669</b>	–
Including: Equity instrument investments	–	–
Others	<b>50,669</b>	–
<b>Total</b>	<b><u>50,669</u></b>	<b><u>–</u></b>

② *Other equity instrument investments*

<b>Item</b>	<b>As at 30 June 2022 (RMB'000)</b>	<b>As at 31 December 2021 (RMB'000)</b>
Sino-Israel Bio-industry Investment Fund	<b>107,334</b>	105,295
South China Center for Innovative Pharmaceuticals Co., Ltd.	<b>10,000</b>	10,000
Guangzhou Nanxin Pharmaceutical Co., Ltd.	<b>7,678</b>	7,678
Yilin Bio-industry Co., Ltd	<b>464</b>	449
<b>Total</b>	<b><u>125,476</u></b>	<b><u>123,422</u></b>

③ *Other Non-Current Financial Assets*

<b>Item</b>	<b>As at 30 June 2022 (RMB'000)</b>	<b>As at 31 December 2021 (RMB'000)</b>
Classification of financial assets which are measured at fair value and whose changes of which are included in the current profit and loss	<b>1,008,790</b>	574,278
Including: Investment in debt instruments	<b>504,000</b>	4,000
Equity instrument investment	<b>504,790</b>	506,810
Others	<b>–</b>	63,468
<b>Total</b>	<b><u>1,008,790</u></b>	<b><u>574,278</u></b>

*Including: Stock investments*

Number	Type of Stock	Stock Code	Stock name	The initial	Number of	Book value	% of	Gain/(loss)
				amount of investment (RMB'000)	shares held as at the end of the Reporting Period (share)	as at the end of the Reporting Period (RMB'000)	stock investment as at the end of the Reporting Period	during the Reporting Period (RMB'000)
1	A share of SSE Co., Ltd.	600664	Harbin Pharmaceutical Group	3,705	376,103	1,132	0.86	(203)
2	A share of Shenzhen Exchange	000950	C.Q. Pharmaceutical Holding	150,145	25,992,330	129,962	99.14	(910)
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>153,850</b>	<b>26,368,433</b>	<b>131,094</b>	<b>100.00</b>	<b>(1,113)</b>

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

Name of enterprise	Business nature	Major products or services	Registered capital (RMB'000)	Equity	Income from principal operations (RMB'000)	Profit from principal operations (RMB'000)	Total assets (RMB'000)	Net assets (RMB'000)	Net profit (RMB'000)
				directly held by the Company (%)					
WLJ Great Health	Manufacturing	Production and sales of pre-packaged food, dairy products, etc.	900,000.00	100.00	5,920,257	2,652,699	11,165,907	8,205,459	1,247,337
GP Corp.	Pharmaceutical Business	Retail of medical products and equipment	2,449,305.50	72.74	24,403,623	1,526,809	28,999,239	6,099,816	295,269

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

During the Reporting Period, 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 2022 or any increase in share capital by transfer from capital reserve.

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

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

#### 4.8 Issues and difficulties in operations and plans for the second half of 2022

In the first half of 2022, the global economic growth slowed down significantly. The frequent spread of COVID-19 epidemic in China brought instability to economic operation. Affected by the policy environment of the pharmaceutical industry, the pharmaceutical industry accelerated its transformation and upgrading amidst the changes. On one hand, with the acceleration of centralized volume-based procurement, the normalized adjustment of the medical insurance catalogue, the continuous implementation of a series of regulatory policies by the country such as comprehensive strengthening of the development of drug regulatory capacity, and the impact of COVID-19 epidemic and other social factors, pharmaceutical enterprises were required to further reduce costs and increase efficiency, strengthen research and development and enhance competitiveness, bringing certain challenges to pharmaceutical enterprises. On the other hand, the country promulgated policies to vigorously support the development of the biopharmaceutical and health industry, especially to support and promote the inheritance and innovation of traditional Chinese medicine, at the same time creating important opportunities for the pharmaceutical and health industry.

In the second half of 2022, the Group will focus on advancing the following works:

1. We will promote the solid and all-round development of the Great Southern TCM and lay a solid foundation. We will strive to reduce costs and increase efficiency, deepen the integration of resources such as sales, procurement and production, seize the expansion opportunities of the medical insurance catalogue, and strengthen the support and cultivation of “Diva brands”. We will seize opportunities, actively promote the transformation of marketing model sales. We will strengthen the protection and inheritance of time-honored brands, and further stimulate the innovation and vitality of time-honored enterprises and expand the featured health business.

2. We will expand and optimize the business of the Great Health to achieve innovative development. We will seize the peak sales season, with the spread of “Ji culture” as the core, strongly promote the sales of “Wang Lao Ji”, “Ci Ning Ji”, “Li Xiao Ji” and other products of the Ji series, deepened the deployment of omni-channel and increase the sales volume of products. We will strengthen the market expansion of lozenges, tortoise herb jelly, coconut juice and other potential products, create new growth points.
3. We will deepen and enliven the Great Commerce and promote service transformation. Adhering to the two-wheel drive of wholesale and retail, on one hand, we will improve the B2B platform and actively increase market share, and on the other hand, we will accelerate the development of retail outlets, continue to fill the market space in the province, and constantly strive for the qualification of “dual-channel” pharmacy of medical insurance and special drug pharmacy certification to seize the opportunity of prescription outflow.
4. We will develop the business of the Great Medical Care in terms of both size and professionalism to build its brand influence. We will strive to strengthen the standardized management and informatization construction of Guangzhou Baiyunshan Hospital, build the brand of “Baiyunshan Runkang” confinement service center, and accelerate the construction of Baiyunshan Traditional Chinese Medicine Hospital.
5. We will continue to increase investment, focus on innovation, leverage the Group’s advantages in scientific research, carry out research on key and core technologies in the pharmaceutical process, and actively explore the establishment of innovation consortium to enhance research and development capabilities.
6. We will solidly advance the reform of professional managers in the second batch of enterprises, implement the strategy of strengthening the enterprise by talents, and promote the quality and efficiency of corporate management. We will continue to strengthen fundamental management and risk control, and enhance 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 complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules of HKEX (“CG Code”) except that Ms. Liu Juyan, an executive director, was unable to attend the 2021 annual general meeting which constituted a deviation from code provision C.1.6 in Part 2 of the CG Code.

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

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

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

4.12 The audit committee of the eighth session of the Board comprised four independent non-executive directors and one of them possessed appropriate professional qualification. The audit committee of the Company had reviewed the Group’s accounting principles, accounting standards and method as well as discussed the audit affairs, risk management, internal controls and financial report with the management, including the unaudited interim report for the six months ended 30 June 2022. The audit committee had no disagreements with the accounting treatment adopted by the Company.

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

Applicable    Not Applicable

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

Applicable    Not Applicable

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 2021 are set out below:

<b>Name of Directors</b>	<b>Details of the changes</b>
Cheng Ning	served as the Chairperson of Guangzhou Guangyao Capital Private Fund Management Co., LTD. in January 2022
Li Hong	served as the Director of Guangyao Baiyunshan Hong Kong Company in May 2018; ceased to be a member of the GPHL Committee of GPHL in January 2022

4.14 As at the end of the Reporting Period, the number of employees on the payroll register of the Group was 24,771. The total salary payment of the Group for the first half of 2022 was approximately RMB1,958 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, eventually, one strategic investor and five ordinary investors were solicited for the capital injection and enlargement of GP Corp. 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. On 2 July 2021, GP Corp. received the Approval on the Issuance of Overseas Listed Foreign Invested Shares of Guangzhou Pharmaceuticals Co., Ltd. issued by the CSRC. On 23 June 2022, in view of the expiry of the Approval issued by the CSRC and having considered the changes of capital market of Hong Kong, and in conjunction with the development plan of the Company and GP Corp., the Company and GP Corp. determined to suspend proceeding with the proposed spin-off after due and careful consideration. However, the Company and GP Corp. do not exclude that they may, after taking into account future market circumstances and their business development needs, reconsider proceeding with the proposed spin-off at the appropriate time.

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, 31 March 2021, 4 July 2021 and 23 June 2022 published in Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily and on the websites of the SSE and the HKEX, respectively.

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 (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.

GP Corp. continued to issue Xingye Yuanrong-GP Corp. Phase II Special Asset Support Plan for Accounts Receivable (“Phase 2 Special Plan”) on 10 September 2021, with effective amount of RMB1 billion during the fundraising period. After its establishment, it will be filed in accordance with relevant regulations and requirements of relevant regulatory authorities.

As at 30 June 2022, the book value of accumulative asset sale of GP Corp.’s Phase 2 Special Plan amounted to RMB3,063 billion, the received purchase value of GP Corp. amounted to RMB3,0004 billion. The income shall be used to supplement the working capital of the GP Corp.. For details, please refer to the announcements of the Company dated 10 September 2021 and dated 28 April 2022 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.

## 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 2022 (Unaudited)	31 December 2021 (Audited)
<b>Current assets:</b>			
Cash at bank and on hand		22,548,728,664.32	22,376,927,861.43
Financial assets held for trading		50,668,596.07	–
Derivative financial assets		–	–
Notes receivable		1,263,229,550.19	1,222,097,099.65
Accounts receivable	5.1.3	14,489,946,568.38	12,816,537,107.40
Accounts receivable financing		2,623,261,032.55	3,171,865,961.20
Advances to suppliers		619,873,224.91	779,239,826.44
Other receivables		1,092,678,151.27	1,178,714,393.77
Including: Interest receivable		–	–
Dividends receivable		343,766,959.00	343,766,959.00
Inventories		8,191,793,952.43	10,437,733,799.99
Contract assets		–	–
Assets held for sales		–	–
Current portion of non-current assets		109,089,166.67	–
Other current assets		1,499,985,593.87	827,458,411.57
<b>Total current assets</b>		<b>52,489,254,500.66</b>	<b>52,810,574,461.45</b>

Item	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Non-current assets:</b>			
Debt investment		811,314,168.68	630,712,084.75
Other debt investment		–	–
Long-term receivables		–	–
Long-term equity investment		1,628,036,876.40	1,562,878,567.36
Other equity instrument investment		125,476,204.59	123,422,079.79
Other non-current financial assets		1,008,789,924.35	574,277,570.93
Investment properties		209,469,045.89	213,975,748.27
Fixed assets		3,488,292,549.13	3,347,591,974.10
Construction in progress		1,683,560,138.83	1,564,091,121.32
Bearer biological assets		2,629,770.00	2,804,475.00
Oil and gas assets		–	–
Right-of-use assets		762,259,047.17	769,839,539.91
Intangible assets		2,559,559,921.90	2,582,390,492.30
Development expenditure		15,330,675.52	10,567,467.71
Goodwill		829,473,066.90	829,473,066.90
Long-term prepaid expenses		140,281,676.63	132,477,737.46
Deferred tax assets		830,876,290.68	794,232,420.03
Other non-current assets		215,970,174.56	168,480,956.67
<b>Total non-current assets</b>		<b>14,311,319,531.23</b>	<b>13,307,215,302.50</b>
<b>TOTAL ASSETS</b>		<b>66,800,574,031.89</b>	<b>66,117,789,763.95</b>
<b>Current liabilities:</b>			
Short-term borrowings		8,899,262,520.46	8,428,008,311.52
Financial liabilities held for trading		–	–
Derivative financial liabilities		–	–
Notes payable		2,559,571,064.43	3,445,815,661.30
Accounts payable	5.1.4	10,831,969,947.79	11,287,152,869.54
Advances from customers		–	–
Contract liabilities		1,186,802,820.03	2,740,338,069.29
Employee benefits payable		947,451,156.34	949,975,749.08
Taxes payable		538,122,907.26	233,496,725.47
Other payables		4,721,453,624.20	4,577,200,581.59
Including: Interest payable		–	460,278.35
Dividends payable		205,380,929.35	55,789,451.94
Liabilities held for sales		–	–
Current portion of non-current liabilities		253,092,825.65	245,802,906.86
Other current liabilities		740,224,480.68	346,060,329.07
<b>Total current liabilities</b>		<b>30,677,951,346.84</b>	<b>32,253,851,203.72</b>

<b>Item</b>	<i>Note</i>	<b>30 June 2022</b> <b>(Unaudited)</b>	31 December 2021 <b>(Audited)</b>
<b>Non-current liabilities:</b>			
Long-term borrowings		<b>1,250,619,536.61</b>	752,812,083.34
Bonds payable		–	–
Lease liabilities		<b>496,995,246.20</b>	497,697,835.96
Long-term payables		<b>20,396,504.60</b>	20,464,502.00
Long-term employee benefits payable		<b>304,655.11</b>	304,247.44
Provisions		<b>44,751,273.29</b>	53,974,538.25
Deferred income		<b>945,807,437.91</b>	826,859,462.22
Deferred tax liabilities		<b>350,954,504.69</b>	331,727,982.44
Other non-current liabilities		<b>53,996,954.48</b>	53,429,349.59
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>3,163,826,112.89</b>	2,537,270,001.24
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>33,841,777,459.73</b>	34,791,121,204.96
		<hr/>	<hr/>
<b>Shareholders' equity:</b>			
Share capital		<b>1,625,790,949.00</b>	1,625,790,949.00
Capital surplus		<b>9,957,004,727.02</b>	9,956,953,383.38
Less: Treasury shares		–	–
Other comprehensive income		<b>(12,111,200.03)</b>	(17,476,356.88)
Surplus reserve		<b>1,908,713,749.53</b>	1,908,713,749.53
Undistributed profits		<b>17,061,280,410.22</b>	15,588,202,733.48
		<hr/>	<hr/>
Total equity attributable to shareholders of the parent company		<b>30,540,678,635.76</b>	29,062,184,458.51
Minority interest		<b>2,418,117,936.40</b>	2,264,484,100.48
		<hr/>	<hr/>
Total shareholders' equity		<b>32,958,796,572.16</b>	31,326,668,558.99
		<hr/>	<hr/>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>66,800,574,031.89</b>	66,117,789,763.95
		<hr/> <hr/>	<hr/> <hr/>

## Consolidated Income Statement

Item	Notes	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
<b>1. Operating income</b>	<i>5.1.5</i>	<b>37,220,450,549.68</b>	36,128,577,150.09
Less: Operating costs	<i>5.1.5</i>	<b>29,515,378,779.95</b>	28,597,774,408.52
Taxes and surcharges		<b>159,605,764.96</b>	162,347,913.50
Selling and distribution expenses		<b>3,185,948,061.06</b>	3,000,359,234.80
General and administrative expenses		<b>1,067,964,512.35</b>	970,031,051.16
R&D expenses		<b>441,319,390.36</b>	385,896,688.40
Financial expenses		<b>(129,433,504.39)</b>	(73,534,603.45)
Including: Interest expenses		<b>207,955,559.92</b>	203,792,083.36
Interest income		<b>354,817,498.21</b>	286,009,185.72
Add: Other income		<b>319,246,813.47</b>	78,151,305.15
Investment income		<b>55,355,804.65</b>	137,598,490.38
Including: Income from investments in associates and joint ventures		<b>66,721,169.39</b>	128,698,641.73
Gains from changes in fair value		<b>(952,231.74)</b>	(6,219,324.42)
Impairment losses in respect of credit		<b>(20,540,257.06)</b>	(36,976,500.79)
Impairment losses in respect of assets		<b>(1,339,343.47)</b>	(13,152,332.97)
Gains on disposal of assets		<b>554,973.05</b>	123,987.72
<b>2. Operating profit</b>		<b>3,331,993,304.29</b>	3,245,228,082.23
Add: Non-operating income		<b>9,609,130.75</b>	11,742,752.28
Less: Non-operating expenses		<b>9,369,794.70</b>	67,697,125.04
<b>3. Total profit</b>		<b>3,332,232,640.34</b>	3,189,273,709.47
Less: Income tax expenses	<i>5.1.6</i>	<b>583,300,834.15</b>	539,770,865.01
<b>4. Net profit</b>		<b>2,748,931,806.19</b>	2,649,502,844.46

Item	<i>Notes</i>	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
(1) Classified by the continuity of operations			
A. Net profit from continuing operations		2,748,931,806.19	2,649,502,844.46
B. Net profit from discontinued operations		–	–
(2) Classified by ownership of the equity			
A. Net profit attributable to the parent company's shareholders		2,589,996,058.70	2,502,380,845.33
B. Minority interest		158,935,747.49	147,121,999.13
<b>5. Other comprehensive income, net of tax</b>		<b>4,550,379.61</b>	<b>(4,580,485.54)</b>
Other comprehensive income, net of tax attributable to the parent company's shareholders		<b>5,365,156.87</b>	<b>(4,044,073.29)</b>
(1) Other comprehensive income that will not be reclassified to profit or loss		<b>(174,219.35)</b>	<b>(900,555.64)</b>
A. Changes arising from the remeasurement of defined benefit obligation		–	–
B. Other comprehensive income that will not be reclassified to profit or loss under equity method		–	–
C. Change in fair value of other equity instrument investment		<b>(174,219.35)</b>	<b>(900,555.64)</b>
D. Change in fair value of the company's own credit risk		–	–
E. Others		–	–
(2) Other comprehensive income that may be reclassified into profit or loss		<b>5,539,376.22</b>	<b>(3,143,517.65)</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>(2,786,826.92)</b>	<b>(6,305,013.20)</b>

Item	Notes	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
C. Gains and losses arising from changes in fair value of available-for-sale financial assets			
D. The amount of financial assets reclassified into other comprehensive income		-	-
E. Gains and losses arising from reclassification of held-to-maturity investment to available-for-sale financial assets		-	-
F. Provision for credit loss of other debt investment		612,802.38	4,873,734.42
G. Cash flow hedge reserve		-	-
H. Difference arising from the translation of foreign currency financial statements		7,713,400.76	(1,712,238.87)
I. Others		-	-
Other comprehensive income, net of tax attributable to minority shareholders		(814,777.26)	(536,412.25)
<b>6. Total comprehensive income</b>		<b><u>2,753,482,185.80</u></b>	<b><u>2,644,922,358.92</u></b>
(1) Total comprehensive income attributable to shareholders of the parent company		2,595,361,215.57	2,498,336,772.04
(2) Total comprehensive income attributable to minority shareholders		158,120,970.23	146,585,586.88
<b>7. Earnings per share (EPS):</b>			
(1) Basic earnings per share (RMB/Share)	5.1.7	1.593	1.539
(2) Diluted earnings per share (RMB/Share)	5.1.7	1.593	1.539



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

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

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

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

#### *(2) Going concern*

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

### ***5.1.2 Information of Segments***

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

- Great Southern TCM segment: research, development, manufacturing and sales for Chinese and Western medicine, chemical raw medicine, natural drug, biological medicine and intermediates of chemical raw medicine;

- Great Health segment: research, development, manufacturing and sales for the products of Great Health;
- Great Commerce segment: wholesale, retail, import and export for Western medicine, Chinese medicine and medical apparatus and instruments.

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

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

(1) The segment information for the 6 months ended 30 June 2022 and as of 30 June 2022 is as follows:

	Great Southern TCM	Great Health	Great Commerce	Other	Offset between segments	Total
External revenue	5,992,779,202.02	6,531,891,316.23	24,443,088,185.38	252,691,846.05	-	37,220,450,549.68
Inter-segment revenue	2,348,866,077.02	42,814,258.07	2,671,336,571.82	210,165,303.22	(5,273,182,210.13)	-
Interest income	(63,432,933.66)	(211,811,539.05)	(19,891,663.98)	(59,681,361.52)	-	(354,817,498.21)
Interest expenses	11,250,612.94	964,644.66	192,692,739.08	8,203,175.25	(5,155,612.01)	207,955,559.92
Income from investments in associates and joint ventures	(13,591,223.80)	-	1,866,373.07	78,286,529.53	159,490.59	66,721,169.39
Impairment losses in respect of credit	(973,192.04)	(4,336.62)	(21,899,244.84)	(2,009,297.20)	4,345,813.64	(20,540,257.06)
Impairment losses in respect of assets	5,390,627.88	-	(2,939,674.97)	(92,941.04)	(3,697,355.35)	(1,339,343.47)
Depreciation and amortization expenses	131,516,897.23	27,347,323.28	202,344,329.83	26,500,663.26	(8,621,072.23)	379,088,141.37
Total profit	1,102,462,461.87	1,573,915,877.04	313,822,120.02	402,506,737.68	(60,474,556.27)	3,332,232,640.34
Total assets	16,274,140,339.12	12,000,608,736.10	32,284,793,084.25	24,846,653,103.91	(18,605,621,231.49)	66,800,574,031.89
Total liabilities	8,224,159,977.38	3,463,768,096.83	25,693,347,406.95	5,343,025,230.51	(8,882,523,251.94)	33,841,777,459.73
Long-term equity investment in associates and joint ventures	198,994,847.78	-	75,025,612.31	1,354,016,416.31	-	1,628,036,876.40
Increase in other non-current assets excluding long-term equity investment	281,205,107.37	68,575,654.44	206,188,515.05	98,917,451.98	-	654,886,728.84

- (2) The segment information for the 6 months ended 30 June 2021 and as of 31 December 2021 is as follows:

	Great				Offset	
	Southern TCM	Great Health	Great Commerce	Other	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	15,723,325,882.46	12,209,356,586.16	31,563,923,715.09	24,083,433,399.71	(17,462,249,819.47)	66,117,789,763.95
Total liabilities	8,331,500,185.25	4,951,146,984.29	25,151,498,689.67	4,327,567,944.03	(7,970,592,598.28)	34,791,121,204.96
Long-term equity investment in associates and joint ventures	212,586,071.58	-	70,849,220.73	1,279,443,275.05	-	1,562,878,567.36
Increase in other non-current assets excluding long-term equity investment	677,986,857.66	158,645,854.55	665,961,953.37	152,988,207.85	-	1,655,582,873.43

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:

<b>External revenue</b>	<b>January to June of 2022</b>	<b>January to June of 2021</b>
PRC	<b>37,211,864,540.49</b>	36,117,710,034.05
Other countries/regions	<b>8,586,009.19</b>	10,867,116.04
	<b><u>37,220,450,549.68</u></b>	<b><u>36,128,577,150.09</u></b>
<b>Total non-current assets</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
PRC	<b>11,522,244,993.75</b>	11,171,339,196.89
Other countries/regions	<b>12,617,949.18</b>	13,231,950.11
	<b><u>11,534,862,942.93</u></b>	<b><u>11,184,571,147.00</u></b>

### 5.1.3 Accounts receivable

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

	<b>30 June 2022</b>	31 December 2021
Within 1 year	<b>13,966,697,587.02</b>	12,495,057,859.86
1 to 2 years	<b>703,795,920.19</b>	506,794,473.92
2 to 3 years	<b>100,799,795.43</b>	79,224,897.37
3 to 4 years	<b>48,756,149.10</b>	40,944,191.41
4 to 5 years	<b>139,281,146.52</b>	144,582,632.69
Over 5 years	<b>78,604,379.28</b>	70,053,170.53
	<hr/>	<hr/>
Less: Provision for bad debts	<b>547,988,409.16</b>	520,120,118.38
	<hr/>	<hr/>
	<b>14,489,946,568.38</b>	12,816,537,107.40
	<hr/> <hr/>	<hr/> <hr/>

### 5.1.4 Accounts payable

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

	<b>30 June 2022</b>	31 December 2021
Within 1 year	<b>10,508,973,410.76</b>	11,003,981,552.80
Over 1 year	<b>322,996,537.03</b>	283,171,316.74
	<hr/>	<hr/>
	<b>10,831,969,947.79</b>	11,287,152,869.54
	<hr/> <hr/>	<hr/> <hr/>

### 5.1.5 Operating income and Operating costs

	<b>For the six months ended 30 June 2022</b>		
	<b>Main businesses</b>	<b>Other businesses</b>	<b>Subtotal</b>
Operating income	<b>37,083,607,401.14</b>	<b>136,843,148.54</b>	<b>37,220,450,549.68</b>
Operating costs	<b>29,490,095,477.77</b>	<b>25,283,302.18</b>	<b>29,515,378,779.95</b>
	<hr/>	<hr/>	<hr/>
Gross profit	<b>7,593,511,923.37</b>	<b>111,559,846.36</b>	<b>7,705,071,769.73</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>For the six months ended 30 June 2021</b>		
	<b>Main businesses</b>	<b>Other businesses</b>	<b>Subtotal</b>
Operating income	36,007,774,756.86	120,802,393.23	36,128,577,150.09
Operating costs	28,569,535,197.67	28,239,210.85	28,597,774,408.52
	<hr/>	<hr/>	<hr/>
Gross profit	7,438,239,559.19	92,563,182.38	7,530,802,741.57
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 5.1.6 Income tax expenses

	<b>For the six months ended 30 June 2022</b>	For the six months ended 30 June 2021
Current income tax expenses	<b>599,691,171.36</b>	536,522,981.12
Deferred income tax expenses	<b>(16,390,337.21)</b>	3,247,883.89
	<b><u>583,300,834.15</u></b>	<b><u>539,770,865.01</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 2022</b>
Total profit	<b><u>3,332,232,640.34</u></b>
Income tax calculated at statutory rate	<b><u>499,834,896.04</u></b>
Tax effect of different rates applicable to subsidiaries in the scope of consolidation	<b>43,941,992.15</b>
Effect of income tax adjustment for prior period	<b>17,591,901.74</b>
Non-taxable and tax relief income	<b>(9,073,511.97)</b>
Non-deductible costs, expenses and losses	<b>2,101,947.89</b>
Effect of using deductible losses of deferred tax assets unrecognized in prior period	-
Effect of deductible temporary differences and deductible losses which are not recognized in current period	<b>49,894,322.99</b>
Tax effect of R&D expenditure deduction	<b><u>(20,990,714.69)</u></b>
Income tax expenses	<b><u>583,300,834.15</u></b>

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

The subsidiaries of the Group, which have obtained the Certificates of High/New Technology Enterprises, can enjoy preferential tax rate of 15% for current period, which including: the Company (No. 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), Baiyunshan Han Fang (No. GR202044003115), Guangzhou Baiyunshan Qi Xing Pharmaceutical Co., Ltd. (NO. GR202044000117), Guangzhou

Baiyunshan Jing Xiu Tang Pharmaceutical Co., Ltd. (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. GR202144001816), Guangzhou Baiyunshan Ming Xing Pharmaceutical Co., Ltd. (No. GR202044000339), Guangxi Baiyunshan Yingkang Pharmaceutical Company Limited (No. GR202145001254), WLJ Great Health (No. GR201944000953), Guangzhou Pharmaceutical Research General Institute (No. GR202144002939).

Hainan Guangyao ChenFei Pharmaceutical Co., Ltd., Guangyao (Zhuhai Hengqin) pharmaceutical Import and Export Co., Ltd., Guangyao (Zhuhai Hengqin) Pharmaceutical Industrial Park Co., Ltd. and Guizhou Wang Lao Ji Ci Ning Ji Industry Development Co., Ltd. enjoy the tax preference of encouraged industries. In 2022, the enterprise income tax will be paid at a reduced rate of 15%.

As a qualified software enterprise, Guangzhou Pharmaceutical Information Technology Co., Ltd. is exempt from enterprise income tax from the first year to the second year from the profit-making year. From the third year to the fifth year, the enterprise income tax is reduced by half at the statutory tax rate of 25%. The current period is the fifth year, and the enterprise income tax is reduced by half.

### **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 2022</b>	For the six months ended 30 June 2021
Net consolidated profit attributable to ordinary shareholders of the parent company	<b>2,589,996,058.70</b>	2,502,380,845.33
The number of weighted average outstanding ordinary shares at the period end	<b>1,625,790,949.00</b>	1,625,790,949.00
Weighted average basic EPS	<b>1.593</b>	1.539

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

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

	<b>For the six months ended 30 June 2022</b>	For the six months ended 30 June 2021
Net consolidated profit attributable to ordinary shareholders of the parent company	<b>2,589,996,058.70</b>	2,502,380,845.33
The number of outstanding ordinary shares as at the period end	<b><u>1,625,790,949.00</u></b>	<u>1,625,790,949.00</u>
EPS based on the number of shares as at the period end	<b><u>1.593</u></b>	<u>1.539</u>

*(b) Diluted EPS*

Diluted EPS is calculated by dividing the portion of net consolidated profit of dilutive potential ordinary shares, which are attributable to the ordinary shareholders of the parent company after adjustment to ordinary shares, by the number of weighted average outstanding ordinary shares. For the period from January to June of year 2022, the Company had no dilutive potential ordinary share (for January to June of year 2021: nil). The diluted EPS is equal to basic EPS.

**5.1.8 Dividends**

According to the resolution of the 2021 annual general meeting held on 26 May 2022, the Company shall pay cash dividends to all shareholders at RMB0.687 per share (tax included), which is RMB1,116,918,381.96 in total, based on the outstanding shares of 1,625,790,949 shares at the year ended of 2021.

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

Guangzhou, the PRC, 19 August 2022

*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.*