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廣州白雲山醫葯集團股份有限公司

GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

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

(H Share Stock Code: 0874)

SUMMARY OF THE 2024 INTERIM REPORT

1. IMPORTANT NOTICE

- 1.1** This summary is extracted from the full text of the 2024 interim report of the Company for the six months ended 30 June 2024. Investors who wish to know more details are advised to read in detail the full text of the 2024 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 (https://www.hkexnews.hk/index_c.htm).
- 1.2** The Board, 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 14th meeting of the ninth session of the Board, at which, independent non-executive Directors Mr. Chen Yajin and Ms. Sun Baoqing attended the meeting by telephone; Mr. Huang Min, an independent non-executive director, was unable to attend the meeting and authorized Mr. Wong Lung Tak Patrick, an independent non-executive director, to attend and exercise the right to vote on his behalf; Mr. Zhang Chunbo, an executive director, was absent from the meeting due to personal reasons.
- 1.4** Profit distribution plan or plan of carrying over reserved funds to equity shares during the Reporting Period as considered by the Board

After considered by the Board, the Company is proposed to distribute profits based on the total share capital registered on the record date of the implementation of equity distribution, and distribute cash dividends of RMB4.00 (inclusive of tax) to all shareholders for every 10 shares. As of 30 June 2024, the total share capital of the Company is 1,625,790,949 shares, which is used to calculate the total proposed cash dividend RMB650,316,379.60 (inclusive of tax) accounting for 25.51% of the consolidated net profit attributable to shareholders of the Company in the first half of 2024. No bonus shares will be given, and no capital reserve will be converted into share capital this time.

The profit distribution plan will be submitted to the general meeting in 2024 for discussion.

- 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 and were unaudited.
- 1.6** All information required to be contained in the summary of the 2024 interim report of the Company pursuant to paragraph 46 of Appendix D2 to the Listing Rules of HKEX shall be published on the website of HKEX (https://www.hkexnews.hk/index_c.htm).
- 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	1 January 2024 to 30 June 2024
After the Reporting Period	From the end of the Reporting Period to the date to the publication of this summary, i.e, from 1 July 2024 to 30 August 2024
Group	the Company and its subsidiaries
Board	the board of directors of the Company
Director(s)	director(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Supervisor(s)	supervisor(s) of the Company
Audit Committee	the audit committee under the Board
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 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)
Baiyunshan Biological	Guangzhou Baiyunshan Biological Products Co., Ltd. (廣州白雲山生物製品股份有限公司)
Guangyao Baiyunshan Hong Kong Company	Guangzhou Pharmaceutical Baiyunshan Hong Kong Company Limited (廣藥白雲山香港有限公司)
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)
HWBYS	Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited (廣州白雲山和記黃埔中藥有限公司)
Chemical Pharmaceutical Factory	Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. Baiyunshan Chemical Pharmaceutical Factory (廣州白雲山醫藥集團股份有限公司白雲山化學製藥廠)
Baiyunshan Hospital	Guangzhou Baiyunshan Hospital Co., Ltd. (廣州白雲山醫院有限公司)
Baiyunshan Chinese Medicine Hospital	Guangzhou Baiyunshan Traditional Chinese Medicine Hospital Co., Ltd (廣州白雲山中醫院有限公司)
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)

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))
WBA GP Fund	WBA GP (Guangzhou) Equity Investment Partnership (Limited Partnership) (沃博聯廣藥(廣州)股權投資合夥企業(有限合夥))
CQ Pharmaceutical	C.Q. Pharmaceutical Holding Co., Ltd. (重藥控股股份有限公司)
Harbin Pharmaceutical	Harbin Pharmaceutical Group Co., Ltd. (哈藥集團股份有限公司)
Charmacy Pharmaceutical	Charmacy Pharmaceutical Co., Ltd. (創美藥業股份有限公司)

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

	Secretary to the Board	Representative of securities affairs
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3.2 Principal financial data and financial indicators

Principal financial data	The Reporting Period (Unaudited)	The corresponding period of 2023 (Unaudited)	Changes as compared with the corresponding period of 2023 (%)
Operating revenue <i>(RMB'000)</i>	41,042,815	39,970,331	2.68
Net profit attributable to the shareholders of the Company <i>(RMB'000)</i>	2,549,565	2,811,248	(9.31)
Net profit attributable to the shareholders of the Company after deducting non-recurring items <i>(RMB'000)</i>	2,340,833	2,598,509	(9.92)
Net cash flow from operating activities <i>(RMB'000)</i>	(2,036,740)	(740,710)	(174.97)
Net cash flow from operating activities per share <i>(RMB)</i>	(1.25)	(0.46)	(174.97)
Total profit <i>(RMB'000)</i>	3,229,403	3,532,692	(8.59)
	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	Changes as compared with 31 December 2023 (%)
Net assets attributable to the shareholders of the Company <i>(RMB'000)</i>	36,263,388	34,919,281	3.85
Total assets <i>(RMB'000)</i>	77,970,661	78,586,878	(0.78)
Equity attributable to the shareholders of the Company per share <i>(RMB/share)</i>	22.31	21.48	3.85

Principal financial indicators	The Reporting Period (Unaudited)	The corresponding period of 2023 (Unaudited)	Changes as compared with the corresponding period of 2023 (%)
Basic earnings per share (<i>RMB/share</i>)	1.568	1.729	(9.31)
Diluted earnings per share (<i>RMB/share</i>)	1.568	1.729	(9.31)
Basic earnings per share after deducting non-recurring items (<i>RMB/share</i>)	1.440	1.598	(9.92)
Ratio of weighted average return on net assets (%)	7.04	8.40	a decrease of 1.36 percentage points
Ratio of weighted average return on net assets after deducting non- recurring items (%)	6.47	7.76	a decrease of 1.29 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

Net cash flow from operating activities decreased year-on-year due to: the cash for purchasing raw materials and drugs paid by the Company's subsidiaries increased year-on-year during the Reporting Period.

3.3 Movement in share capital

Applicable Not Applicable

3.4 Movement in shares subject to selling restrictions

Applicable Not Applicable

3.5 The top ten shareholders of the Company

Total number of shareholders as at the end of the Reporting Period	80,906
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 capital (%)	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	Overseas legal person	13.52	219,767,142	0	0
GZ Chengfa	Others	4.16	67,576,183	0	0
China Securities Finance Corporation Limited	State-owned legal person	2.91	47,277,962	0	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.37	38,482,025	0	0
GZ Chan Tou	State-owned legal person	1.06	17,267,952	0	0
China Construction Bank Corporation – E Fund CSI 300 Medicine and Health Trading Open Index Investment fund	Others	0.65	10,571,357	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

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 “Measures for the Administration of Acquisition of Listed Companies”.

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

Not Applicable

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 of bonds remaining on the approval date of the interim report

Applicable Not Applicable

4. MAJOR EVENTS

4.1 Management discussion and analysis

In the first half of 2024, the Group closely adhered to the development theme of the “digital economy year”, solidly pushed forward various works, actively responded to the changes in economic environment and policies, promoted the integrated development of the digital economy and the pharmaceutical and health industry, cultivated new quality productive forces, thereby propelling the on-going development in earning results.

During the Reporting Period, the Group realized revenue of RMB41,042,815,000, representing a year-on-year increase of 2.68%; total profit of RMB3,229,403,000, representing a year-on-year decrease of 8.59%; and net profit attributable to shareholders of the Company of RMB2,549,565,000, representing a year-on-year decrease of 9.31%.

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

- (I) Absorbing resources and optimizing products to consolidate the development foundation for the Great Southern TCM. During the Reporting Period, the Great Southern TCM continued to deeply explore the market and continuously promoted the “1+4” marketing integration to push ahead with the steady development of the terminal market. Leveraging its advantages in brand linkage, the Great Southern TCM ramped up its efforts to promote famous and quality products to enhance its brand influence. The Great Southern TCM boosted the better integration of the digital economy and pharmaceutical and health industry to open up a new marketing path and facilitate the sustainable development of the e-commerce segment. The Great Southern TCM stepped up its efforts in international expansion and accelerated the development of TCM products towards fashion and internationalization. During the Reporting Period, products such She Dan Chuan Bei Pi Pa Gao, Mi Lian Chuan Bei Pi Pa Gao, Feng Yong Jing, Xiao Chai Hu Granule, Zi Shen Yu Tai Pill, Cefuroxime Sodium for Injection, Zhuang Yao Jian Shen Pill, Paracetamol, Qing Kai Ling series, Yang Yin Qing Fei Mixture, and Yang Yin Qing Fei Gao, etc. achieved a relatively rapid year-on-year increase in sales revenue.
- (II) Expanding the market and developing new products to foster new driving forces for the development of the Great Health. In the first half of 2024, the Great Health made every effort to promote restorative growth by focusing on market demand, cultivating diversified new products, comprehensively exploring the ready-to-drink market, continuously delving into e-commerce channels and exploiting international markets, so as to get over the impact caused by macroeconomic fluctuations, rainy weather and fierce competition in the industry. In the first half of 2024, WLJ Great Health launched several new products such as rose flavored herbal tea, freesia flavored herbal tea, houttuynia flavored herbal tea and herbal tea with original flavor, further enriching the product matrix. The release of the English logo of WALOVI has been conducted in an orderly manner, thus expediting the international market layout.

- (III) Seizing opportunities and reinforcing integration to advance the transformation and development of the Great Commerce. During the Reporting Period, the Great Commerce continued to deepen the marketing system commanded by service capabilities by focusing on product exploration, network expansion and terminal access, thereby consolidating the foundation of the main pharmaceutical wholesale business. The Great Commerce integrated and empowered retail resources, and took various measures to improve the operation quality of retail business. The Great Commerce expanded upstream resources, and developed hospital business cooperation and expansion with the help of SPD project (“medical SPD supply chain management”), enhancing the brand awareness of medical equipment. The Great Commerce achieved breakthrough in the import business, with the successful expansion of the import of Rocaltrol from Pharmanovia Company, a British company and completion of the first order of wearable device business from a hospital of Lecheng Pilot Zone, Hainan.
- (IV) Promoting development and building brands to unleash the development potential of the Great Medical Care. In the first half of 2024, Baiyunshan Hospital set up three new internal medicine departments focusing on the diagnosis and treatment of “neurological, respiratory and chronic critical illness rehabilitation”, quickened promotion of the construction of three major centers, including chest pain center, trauma center and stroke center, and comprehensively strengthened the overall construction of hospital’s disciplines, constantly improving its comprehensive strength. The internal medicine ward, TCM gynecology clinic, TCM surgery clinic and TCM orthopedics clinic of Baiyunshan Chinese Medicine Hospital were completed and passed the inspection and acceptance. Runkang Confinement Company continued to enhance its brand influence by increasing its efforts in publicity and marketing and deepening the cooperation between upstream and downstream industries, thus increasing the occupancy rate.
- (V) Intensifying scientific research and promoting innovation to continuously beef up scientific research and development capabilities. In the first half of 2024, the Group recorded R&D expenses amounting to a total of RMB391 million, and obtained 12 product approvals for Tadalafil Tablets, Gliclazide Tablets and Ke Gan Li Yan Oral Liquid, etc., among which 6 approvals for chemical raw materials and preparations, 4 approvals for supplementary application for consistency evaluation and 2 clinical approvals. Cai Zhi Lin Gansu Company and Baiyunshan Biological passed the provincial qualification certification. The Company and its joint ventures won a total of 7 international awards and national association awards, among them, the project of “Integrated Innovation and Support System Creation and Application of Traditional Chinese Medicine Quality Testing Technology” by HWBYS won the second prize of National Science and Technology Progress Award, anti-viral soft capsules, the Baiyunshan General Factory’s famous proprietary Chinese patent medicine for treating viral respiratory infections was awarded the gold medal at the 49th International Invention Exhibition in Geneva.

- (VI) Continuing to enhance capital operation to impel the construction of industrial funds. In the first half of 2024, quotation on the NEEQ (National Equities Exchange and Quotations) of GP Corp. has been progressing steadily. On 17 June 2024, GP Corp. obtained an “Acceptance Notice” in relation to the application for quotation on the NEEQ issued by the National Equities Exchange and Quotations Co., Ltd. (全國中小企業股份轉讓系統有限責任公司 (“NEEQ Co., Ltd.”)). WBA GP Fund acquired a new limited partner, Guangzhou Nansha Science and Technology Venture Capital Fund Co., Ltd. (廣州南沙區科工創業投資基金有限公司), which resulted in the size of the WBA GP Fund enlarged to RMB1 billion.
- (VII) Promoting the integration of digitalization and economy to nurture new drivers for digital economy. In the first half of 2024, the Group pushed forward digital and intelligent transformation, and empowered the construction of production management system with digitalization to propel industrial upgrading, built a unified data platform, and empowered corporate management with digital technology, improving the digital management. Zhong Yi was selected into the industrial Internet pilot demonstration list of the Ministry of Industry and Information Technology for the project of “Innovative Application for Networked and Intelligent Integration of Traditional Chinese Medicines Based on Industrial Internet”, becoming the only pharmaceutical company in Guangzhou included in the list. The project of “Digital Platform for Policy Research and Application” of the Company was awarded as the “2023 Outstanding Digital and Intelligent Operation Analysis and Digital and Intelligent Operation Case” and “2024 Excellent Solution for Digital Innovation” in Guangdong Province.
- (VIII) Insisting on lean management to create new edges for steady development. During the Reporting Period, firstly, the Group reduced costs and increased efficiency by carrying out direct sales via e-commerce platforms, optimizing processes, and upgrading equipment and packaging, thereby attaining benefits from efficiency. Secondly, the Group ensured quality control and continued to improve quality management, thereby attaining benefits from safety. Thirdly, the Group actively implemented the reform of state-owned enterprise, and further strengthened the basic management and risk control, thereby attaining benefits from reform.

Significant changes to the operation of the Company during the Reporting Period and matters incurred during the Reporting Period that have had a significant impact on the operations of the Company and are expected to have a significant impact in the future

Applicable Not Applicable

4.2 Analysis of principal operations

4.2.1 Analysis of changes in financial statement related subjects

Items	The Reporting Period (RMB'000)	The corresponding period of 2023 (RMB'000)	Increase/ (Decrease) over the corresponding period of 2023 (%)
Operating revenue	41,042,815	39,970,331	2.68
Include: income from principal operations	40,939,647	39,832,674	2.78
Cost of sales	33,244,056	31,645,497	5.05
Include: cost from principal operations	33,206,752	31,621,173	5.01
Selling and distribution expenses	3,119,415	3,263,110	(4.40)
General and administrative expenses	1,212,873	1,199,468	1.12
Financial expenses ^(Note 1)	(59,669)	(39,682)	(50.37)
Research and development expenses	391,145	400,574	(2.35)
Net cash flow from operating activities ^(Note 2)	(2,036,740)	(740,710)	(174.97)
Net cash flow from investing activities ^(Note 3)	(3,914,679)	(955,178)	(309.84)
Net cash flow from financing activities	595,082	674,988	(11.84)
Other income ^(Note 4)	184,412	81,324	126.76
Gains from changes in fair value ^(Note 5)	446	44,054	(98.99)
Impairment losses in respect of assets ^(Note 6)	(1,316)	4,021	(132.73)
Gains on disposal of assets ^(Note 7)	293	440	(33.40)
Non-operating income ^(Note 8)	15,606	9,161	70.34

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 from operating activities decreased year-on-year due to: the year-on-year increase in the cash for purchasing raw materials and drugs paid by the subsidiaries of the Company during the Reporting Period.
- (3) Net cash flows from investing activities decreased year-on-year due to: the year-on-year increase in the purchased time deposits and large-denomination certificates of deposit by the subsidiaries of the Company.
- (4) Other income increased year-on-year due to: ①the year-on-year increase in government subsidies recognized by the subsidiaries of the Company; ②the year-on-year increase in VAT incremental deduction of advanced manufacturing enterprises confirmed according to Announcement No. 43 of 2023 issued by the Ministry of Finance and the State Taxation Administration during the Reporting Period.
- (5) Gains from changes in fair value decreased year-on-year due to: the year-on-year decrease in fair value of financial assets held by the Company at the end of the Reporting Period.

- (6) Impairment losses in respect of assets decreased year-on-year due to: the year-on-year increase in provision for decline in value of inventories accrued by the subsidiaries of the Company.
- (7) Gains on disposal of assets decreased year-on-year due to: the year-on-year decrease in gains recognized from disposal of assets by the subsidiaries of the Company.
- (8) Non-operating income increased year-on-year due to: the year-on-year increase in litigation compensations received by the subsidiaries of the Company.

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

Operations	Results of principal operations by industry				Gross profit margin of principal operations	
	Income from principal operations		Cost of principal operations		Gross profit margin of principal operations	Increase/(Decrease) over the corresponding period of 2023
	Income from principal operations	Increase/(Decrease) over the corresponding period of 2023	Cost of principal operations	Increase/(Decrease) over the corresponding period of 2023		
(RMB'000)	(%)	(RMB'000)	(%)	(%)	(percentage point)	
Great Southern TCM	6,182,517	(2.04)	3,108,093	0.70	49.73	a decrease of 1.37 percentage points
Great Health	6,537,826	(7.24)	3,727,629	(4.61)	42.98	a decrease of 1.57 percentage points
Great Commerce	27,819,359	6.12	26,040,535	6.68	6.39	a decrease of 0.49 percentage points
Other	399,945	54.55	330,495	52.60	17.36	an increase of 1.05 percentage points
Total	40,939,647	2.78	33,206,752	5.01	18.89	a decrease of 1.72 percentage points

Types of product	Results of principal operations by product				Gross profit margin of principal operations	
	Income from principal operations		Cost of principal operations		Gross profit margin of principal operations	Increase/(Decrease) over the corresponding period of 2023
	Income from principal operations	Increase/(Decrease) over the corresponding period of 2023	Cost of principal operations	Increase/(Decrease) over the corresponding period of 2023		
(RMB'000)	(%)	(RMB'000)	(%)	(%)	(percentage point)	
Chinese patent medicine	4,064,166	8.18	2,304,217	7.66	43.30	an increase of 0.27 percentage points
Chemical medicine	2,118,351	(17.08)	803,876	(15.02)	62.05	a decrease of 0.92 percentage points
Total of Great Southern TCM	6,182,517	(2.04)	3,108,093	0.70	49.73	a decrease of 1.37 percentage points

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

Regions	Income from principal operations (RMB'000)	Increase/ (Decrease) over the corresponding period of 2023 (%)
Southern China	29,742,588	1.94
Eastern China	3,600,750	4.12
Northern China	1,995,182	1.75
North-Eastern China	1,022,661	40.26
South-Western China	3,281,409	4.77
North-Western China	1,157,071	(4.49)
Exports	139,986	(14.82)
Total	40,939,647	2.78

4.2.4 Others

Detailed description of the significant changes in business type, the composition and sources of the Company's profits.

Applicable Not Applicable

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

Applicable Not Applicable

4.4 Analysis of financial conditions

4.4.1 Liquidity of funds

As at 30 June 2024, the current ratio of the Group was 1.52 (31 December 2023: 1.55), and its quick ratio was 1.20 (31 December 2023: 1.23). During the Reporting Period, accounts receivable turnover was 64.59 in days, representing a decrease of 1.41 days as compared with the end of 2023; inventory turnover was 60.74 in days, representing a decrease of 4.86 days as compared with the end of 2023.

4.4.2 Financial resources

As at 30 June 2024, cash and cash equivalents of the Group amounted to RMB14,471,487,000 (31 December 2023: RMB19,823,544,000), of which approximately 99.69% and 0.31% were denominated in Renminbi and foreign currencies including Hong Kong dollar, respectively.

As at 30 June 2024, the Group had bank borrowings of RMB13,137,334,000 (31 December 2023: RMB11,159,204,000) including short-term borrowings of RMB9,242,344,000 (31 December 2023: RMB7,799,036,000), and long-term borrowings of RMB3,255,043,000 (31 December 2023: RMB3,323,718,000), non-current liabilities expiring within one year of RMB639,947,000 (31 December 2023: RMB36,451,000).

4.4.3 Capital structure

As at 30 June 2024, the Group's current liabilities amounted to RMB34,251,472,000 (31 December 2023: RMB36,235,291,000), representing a decrease of 5.47% as compared to the beginning of 2024, and its long-term liabilities amounted to RMB5,603,382,000 (31 December 2023: RMB5,673,763,000), representing a decrease of 1.24% as compared to the beginning of 2024. Shareholders' equity attributable to the shareholders of the Company amounted to RMB36,263,388,000 (31 December 2023: RMB34,919,281,000), representing an increase of 3.85% as compared to the beginning of 2024.

4.4.4 Capital expenditure

The Group expects the capital expenditure in 2024 to be approximately RMB2.096 billion among which the expenditure in the first half of 2024 amounted to RMB0.636 billion (in the first half of 2023: RMB0.867 billion), which would be mainly applied in the construction of production bases, upgrading of equipment and set-up of information system, etc. The Group will raise funds to meet the capital requirements of capital expenditure through its internal funds, bank borrowings, etc.

4.4.5 Description of assets and liabilities

Items	As at	Percentage	As at	Percentage	Increase/	Reasons for changes
	30 June 2024 (RMB'000)	of the total assets (%)	31 December 2023 (RMB'000)	of the total assets (%)	(Decrease) as compared to 31 December 2023 (%)	
Dividends receivable	1,500	0.00	61,264	0.08	(97.55)	During the Reporting Period, the Company received dividends receivable, resulting in a year-on-year decrease in the amount of this item.
Current portion of non-current assets	254,950	0.33	159,360	0.20	59.98	During the Reporting Period, large-denomination certificates of deposit held to maturity of the Company and its subsidiaries with a term of less than one year were reclassified from “debt investment” to this item.
Debt investments	9,525,159	12.22	6,536,372	8.32	45.73	During the Reporting Period, the time deposits and large-denomination certificates of deposit held to maturity of the Company and its subsidiaries increased year-on-year.
Other non-current assets	210,455	0.27	86,446	0.11	143.45	During the Reporting Period, the prepaid project payment of the Company and its subsidiaries based on the contract increased year-on-year.
Advances from customers	5,961	0.01	0	0.00	–	During the Reporting Period, the Company’s subsidiaries newly added lease receipts in advance.
Contract liabilities	1,449,634	1.86	5,429,885	6.91	(73.30)	The outstanding balance of prepayments received by the subsidiaries of the Company at the end of last year decreased due to shipments and sales during the Reporting Period.
Dividends payable	213,877	0.27	62,206	0.08	243.82	The balance of H shares dividends to be distributed by the Company for 2023 amounted to RMB164 million.
Current portion of non-current liabilities	849,642	1.09	249,829	0.32	240.09	During the Reporting Period, long-term borrowings of the subsidiaries of the Company with a term of less than one year were reclassified from “long-term borrowings” to this item, resulting in a year-on-year increase in the amount of this item.
Other current liabilities	153,790	0.20	695,880	0.89	(77.90)	During the Reporting Period, the pending output VAT in advances from customers within one year of the subsidiaries of the Company decreased.

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 of exposure to fluctuations in exchange rates. Changes in exchange rates will affect the value of assets, liabilities, and overseas investment entities denominated in foreign currencies, and indirectly cause changes in the Group's earnings or cash flows for a certain period of time. During the Reporting Period, changes in foreign exchange had no significant impact on the Group's operating results and cash flows. The Group will continue to monitor potential foreign exchange risks in the process of foreign exchange settlement.

4.4.7 Contingent liabilities

As at 30 June 2024, the Group had no material contingent liabilities.

4.4.8 Charge on the Group's assets

As at 30 June 2024, Guangyao Baiyunshan Hong Kong Company, a subsidiary of the Company, obtained from Bank of China (Hong Kong) Limited an overdraft facility in the amount of HKD300,000, letters of credit and 90-day credit lines in the total amount of HKD100,000,000 as well as unexpired letter of credit of USD409,000, EUR945,000, using fixed assets and buildings with an original value amounting to HKD8,893,000 and net value amounting to HKD5,883,000 and investment properties with an original value amounting to HKD6,843,000 and net value amounting to HKD3,008,000 as security.

4.4.9 Bank loans, overdrafts and other borrowings

As at 30 June 2024, the the Group's bank loans amounted to RMB13,137,334,000 (31 December 2023: RMB11,159,204,000), representing an increase of RMB1,978,130,000 over the beginning of 2024. The above bank loans included short-term borrowings of RMB9,242,344,000, long-term borrowings of RMB3,255,043,000 and non-current liabilities expiring within one year of RMB639,947,000.

4.4.10 Gearing ratio

As at 30 June 2024, the Group's gearing ratio (total liabilities/total assets \times 100%) was 51.12% (31 December 2023: 53.33%).

4.4.11 Material investment

As at 30 June 2024, except for those disclosed in "4.5 Analysis of investment situation" of "4. MAJOR EVENTS" in this summary, the Group has no other significant investments in progress.

4.5 Analysis of investment situation

Overall analysis on equity investment

Applicable Not Applicable

As at the end of the Reporting Period, the Group's equity investment amounted to RMB1,801,208,000, representing a decrease of RMB4,433,000 since 31 December 2023. The change was mainly attributable to due to the Group recognized the decrease in long-term equity investment as a result of the cash dividends declared by the associates.

(1) Significant equity investment

Applicable Not Applicable

(2) Significant non-equity investment

Applicable Not Applicable

Name of Investment project	Main Investor	Particulars of Investment Project	Amount of Planned Investment (RMB'0000)	Source of capital	Amount invested during the Reporting Period (RMB'0000)	Accumulated investment amount (RMB'0000)	Implementation Progress
GYBYS Biological Medicine and Health R&D Sales Headquarters Project	The Company	Establishment of an R&D platform and R&D center for innovative drugs and medical devices, an international pharmaceutical cooperation and exchange center, a technology incubator and dual-innovation base, etc.	109,985.30	Self-raised funds, Raised funds	3,159.91	83,503.91	The interior decoration and mechanical and electrical equipment installation are in progress.
GYBYS Affordable Rental Housing and Talent Apartment Construction Project	Chemical Pharmaceutical Factory	Apartment, kindergarten, garage, community public service and other supporting facilities.	108,286.03	Self-raised funds	144.50	149.50	Pre-construction preparations are in progress.

(3) Financial assets measured at fair value

Applicable Not Applicable

Classification of assets	Amount at the beginning of the Reporting Period (RMB'000)	Gains and losses from changes in fair value during the Reporting Period (RMB'000)	Accumulate changes in fair value accounted in equity (RMB'000)	Impairment accrued during the Reporting Period (RMB'000)	Amount of assets purchased during the Reporting Period (RMB'000)	Amount of assets disposed of/redeemed during the Reporting Period (RMB'000)	Other changes (RMB'000)	Amount at the end of the Reporting Period (RMB'000)
Financial assets held for trading	4,000	-	-	-	-	-	-	4,000
Other investments in equity instruments	103,812	-	382	-	-	-	-	104,194
Other non-current financial assets	1,005,936	446	-	-	-	-	-	1,006,382

Including: Investment in securities

Applicable Not Applicable

Type of securities	Stock code	Stock abbreviation	The initial amount of investment (RMB'000)	Source of capital	Book value as at the beginning of the Reporting Period (RMB'000)	Current gains and loss on changes in fair value (RMB'000)	Accumulated changes in fair value accounted in equity (RMB'000)	Amount of purchase/additional securities during the Reporting Period (RMB'000)	Amount sold during the Reporting Period (RMB'000)	Gains and losses during the Reporting Period (RMB'000)	Book value as at the end of the Reporting Period (RMB'000)	Accounting item
A Share of SSE	600664	Harbin Pharmaceutical	3,705	Self-raised funds	1,260	(267)	-	-	-	-	993	Other non-current financial assets
A Share of Shenzhen Stock Exchange	000950	CQ Pharmaceutical	150,145	Self-raised funds	129,182	(2,599)	-	-	-	-	126,583	Other non-current financial assets
H Share of HKEX	02289	Charmacy Pharmaceutical	7,568	Self-raised funds	11,733	(3,904)	-	-	-	-	7,829	Other non-current financial assets
Total	/	/	<u>161,418</u>	/	<u>142,175</u>	<u>(6,770)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,405</u>	/

Investment in private equity fund

Applicable Not Applicable

Funds	The initial amount of investment (RMB'000)	Source of capital	Book value as at the beginning of the Reporting Period (RMB'000)	Current gains and loss on changes in fair value (RMB'000)	Accumulated changes in fair value accounted in equity (RMB'000)	Amount of purchase/additional securities during the Reporting Period (RMB'000)	Amount sold during the Reporting Period (RMB'000)	Gains and losses during the Reporting Period (RMB'000)	Book value as at the end of the Reporting Period (RMB'000)	Accounting item
Guangzhou Zhongyi Biotechnology Industry Investment Fund Partnership Enterprise (Limited Partnership) (廣州中以生物產業投資基金合夥企業(有限合夥))	116,622	Self-raised funds	93,124	368	(23,131)	-	-	-	93,492	Other investments in equity instruments
Guangzhou Time honored Brand Revitalization Fund Partnership Enterprise (Limited Partnership) (廣州老字號振興基金合夥企業(有限合夥))	50,000	Self-raised funds	52,348	18	-	-	-	-	52,366	Other non-current financial assets
Guangzhou State owned Assets Mixed ownership Reform Phase II Equity Investment Fund Partnership Enterprise (Limited Partnership) (廣州國資混改二期股權投資基金合夥企業(有限合夥))	89,000	Self-raised funds	91,531	(395)	-	-	-	-	91,136	Other non-current financial assets

Investment in derivative

Applicable Not Applicable

4.6 Analysis of the Group's major subsidiaries and investees

Name of enterprise	Nature of business	Major products or services	Registered capital (RMB'000)	Equity held by the Company (%)	Income from principal operations (RMB'000)	Profit from principal operation (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, etc.	900,000.00	100.00	5,997,041	2,542,504	14,248,329	10,880,214	1,118,007
GP Corp.	Pharmaceutical business	Wholesale and retail business	2,449,305.50	90.92	27,810,104	1,569,683	34,423,113	7,372,401	310,492

During the Reporting Period, except for WLJ Great Health and the GP Corp. 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 had an impact of 10% or more on net profit of the Group.

During the Reporting Period, the Group did not have other operating activities which had a significant impact on net profit.

4.7 Plan for profit distribution and increase of share capital from capital reserve

Half-year profit distribution plan or plan to increase share capital by converting the capital reserve

Any distribution or conversion	Yes
Number of bonus shares to be distributed for every ten shares (<i>share</i>)	/
Amount of dividends to be distributed for every ten shares (RMB inclusive of tax)	4.00
Cash dividend amount (RMB inclusive of tax)	650,316,379.60
Number of shares for every ten shares issued from conversion of capital reserve (<i>share</i>)	/
Explanation on plan of profit distribution and plan of converting capital reserve into share capital	/

Notes:

1. There was no reserved funds to equity shares scheme of the Company for the last three years;
2. The Company will distribute the above dividend before the end of November 2024.

4.8 Plans for the second half of 2024

In the second half of 2024, the Group will continue to closely adhere to the development theme of the “digital economy year” and focus on promoting the following work:

1. Continuing to consolidate the foundation of the development of the Great Southern TCM. The Group will strengthen the research of and response to policies, continue to actively participate in centralized volume-based procurement of national or inter-provincial pharmaceutical alliances and the application for inclusion in the Essential List and National Medical Insurance Directory, so as to promote the pharmaceutical sales in the medical market. The Group will continue to press model innovation such as the ‘1+4’ marketing integration, continuously optimize the marketing model, boost the growth of the OTC market, terminal, e-commerce and other markets. The Group will vigorously promote the “High-Potential Products”, strengthen the market development of large categories and brand building for large categories to enhance product influence and brand strength, while optimizing specialized active pharmaceutical ingredients (APIs), to push up the development of high margin products.
2. Further stimulating new driving forces for the development of the Great Health. The Group will further improve the channel construction, integrate channel resources, and continue to consolidate its leading position in the herbal tea sector and in terms of product categories. The Group will strengthen the understanding of consumption scenarios and conduct precise marketing for new products to enhance the market recognition of new products of herbal tea, such as Ci Ning Ji and Li Xiao Ji, etc.. The Company will deeply cultivate the Ji Xiang culture, drive brand development with “Ji” culture and brand upgrading. The Group will make efforts in the international market by carrying forward the projects of “Wang Lao Ji” trademark globalization and formula international registration, and energetically promote the international brand of “WALOVI”.
3. Vigorously promoting the development and upgrading of the Great Commerce. Capitalizing on the advantages of the terminal network, the Group will tamp the foundation for the development of pharmaceutical wholesale business, and facilitate the improvement of the market share, market position and comprehensive competitiveness of the pharmaceutical distribution business. Leveraging on the advantages of wholesale resources, the Group will continue to expand the number of dual-channel stores and actively improve the profitability and capability of our retail business. The Group will speed up the development of the medical equipment business and increase the market share of medical equipment and consumables. At the same time, the Group will strongly expand pharmaceutical commercial supply chain services and expand cross-border e-commerce and import and export business.

4. Striving to create development advantages for the Great Medical Care. The Group will strengthen the connotation construction and standardized management of Baiyunshan Hospital, accelerate the construction of advantageous disciplines of Baiyunshan Chinese Medicine Hospital and the brand building of Runkang Confinement Company, push ahead with the layout of medical equipment business, so as to expedite business transformation and upgrading.
5. Keeping self-reliance and self-improvement by vigorously promoting high-level science and technology. The Group will strengthen the construction of the platform system, continue to optimize the R&D platforms of the Group, and propel the construction of the Bio-island R&D Headquarters, striving for the creation of more high-level R&D platforms. The Group will vigorously expand product development pipeline, and continue to carry out the research and development of innovative drugs, the transformation of well-known medical prescriptions, the secondary development of large categories, consistency evaluation of generic drugs and stimulation of the sleep category, so as to accelerate the creation of new quality productive forces and build a scientific research and innovation pattern. The Group will improve the digitalization system for drug quality supervision, pharmacovigilance system, and the traceability system of the TCM industrial chain, and push forward the digitalization of quality supervision methods to create a first-class quality management system.
6. Forging ahead with capital operation in an orderly manner and promoting investment and mergers and acquisitions of the business segments, so as to continuously improve investment and financing capabilities.
7. Greatly promoting the development of digital economy. The Group will explore intelligent application scenarios such as pharmaceutical traceability, intelligent manufacturing and characteristic customization, promote the construction of new industrialization, and build a digital factory. The Group will continue to carry forward the construction of digital projects in respect of the management system to comprehensively improve the digital management.
8. Further intensifying the basic management and risk control management, continuing to improve the working mechanism, and constantly enhancing risk prevention and mitigation, so as to continuedly promote the high-quality development of the Group.

4.9 The Company did not hold any treasury shares (including any treasury shares held or deposited with the Central Clearing and Settlement System) and neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of any treasury shares) during the Reporting Period. The Company did not have material acquisition or disposal of any subsidiaries, associates or joint ventures.

4.10 Corporate governance

During the Reporting Period, the Company complied with the provisions under the Corporate Governance Code as set out in Appendix C1 to the Listing Rules of HKEX (“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 and will provide the Directors more flexible ways to attend the meetings.

4.11 Model Code for securities transactions by directors and supervisors

The Company has adopted the Model Code, “Interim Measures for the Management of Shareholders’ Reduction of Shares in Listed Companies”, (Order No. 224 of the China Securities Regulatory Commission) (《上市公司股東減持股份管理暫行辦法》(中國證券監督管理委員會令第224號)), “Guidelines for Self discipline Supervision of Listed Companies on the Shanghai Stock Exchange No. 15 – Shareholders, Directors, Supervisors, and Senior Management to Reduce Shareholdings” (《上海證券交易所上市公司自律監管指引第15號——股東及董事、監事、高級管理人員減持股份》) and “Measures for the Administration of Trading Shares of the Company by Directors, Supervisors and Senior Management Personnel of the Company” (《董事、監事及高級管理人員買賣公司股份的管理辦法》) as stipulated by the Company as the codes and criteria for securities transactions by the directors and supervisors of the Company. After making specific inquiries to all the current Directors and Supervisors at the end of July 2024, the Company confirmed that its all the current Directors and Supervisors have fully complied with the standards relating to directors’ and supervisors’ dealing in securities as set out in the above code and criteria during the Reporting Period. Mr. Li Chuyuan resigned on 22 July 2024, and as of the date of this announcement, the Company has not been provided with any information regarding whether he complied with the Model Code during the Reporting Period, therefore the Company cannot confirm whether he complied with the Model Code during the Reporting Period.

4.12 The audit committee under the ninth session of the Board comprised four independent non-executive directors and one of them has obtained accounting professional qualifications. The audit committee of the Company had reviewed the Group’s accounting principles, accounting standards and methods as well as had discussed auditing, risk management, internal controls and financial reporting matters with the management, including the unaudited interim report for the six months ended 30 June 2024. 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

(1) During the Reporting Period

At the 8th meeting of ninth session of the Board held on 15 March 2024, Ms. Liu Fei was appointed as the financial officer of the Company with term of office from the date of deliberation and approval by the Board to the expiration of term of office of ninth session of the Board. Except for above, there were no other Directors, Supervisors or senior management appointed by or resigned from the Company during the Reporting Period.

(2) After the Reporting Period

On 22 July 2024, the Board received a written resignation from Mr. Li Chuyuan, tendered his resignation from the positions of chairperson and executive director of the Company, and the chairman of the Strategic Development and Investment Committee of the Board of the Company due to personal reasons. Following his resignation, Mr. Li did not hold any position in the Company.

On the same day, as approved by the 12th meeting of the ninth session of the Board, Mr. Yang Jun, the vice chairperson of the Company, shall perform and discharge the duties of the chairperson of the Company from the date of approval by the Board to the date on which a new chairperson is elected by the Board.

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 2023 are set out below:

Name of Directors	Details of the changes
Huang Min	Appointed as an independent director of Shenzhen Chipscreen Biosciences Co., Ltd. (a company listed on the Science and Technology Innovation Board of the SSE, stock code 688321) since April 2024.
Li Chuyuan	Resigned from the positions of the secretary of the party committee, member of the party committee, chairperson and director of GPHL; secretary of the party committee, member of the party committee, chairperson and executive director, and the chairman of the Strategic Development and Investment Committee of the Board of the Company; non-executive director of GP Corp.; and vice chairperson, director of HWBYS since July 2024.

4.14 As at the end of the Reporting Period, the number of employees on the payroll register of the Group was 28,760. The total salary payment of the Group for the first half of 2024 was approximately RMB2.036 billion.

4.15 Others

Applicable Not Applicable

- (I) On 19 December 2023 and 26 January 2024, the Company held the 6th meeting of the ninth session of the Board and the first extraordinary general meeting of shareholders in 2024, at which the “Resolution on application for quotation on the National Equities Exchange and Quotations by the holding subsidiary” was considered and approved, and it agreed quotation on the NEEQ of GP Corp. (the “Quotation”). On 11 May 2024, GP Corp. submitted an application of the Quotation to the NEEQ Co., Ltd., and received the “Acceptance Notice” issued by the NEEQ Co., Ltd. On 17 June 2024. After examination, the application of the quotation on the NEEQ submitted by Gp Corp. accord with the relevant requirements of the “Guidelines for Information Disclosure Content and Format of Non listed Public Companies No. 2 – Application Documents for Public Transfer of Stocks” and are accepted. For details, please refer to the announcements of the Company dated 19 December 2023, 26 January 2024 and 17 June 2024 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.
- (II) On 22 November 2022, the Company held the 24th meeting of the eighth session of the Board, at which the Resolution on Guangzhou Pharmaceuticals Company Limited (廣州醫藥股份有限公司), a controlled subsidiary of the Company, to conduct asset-backed securitization of accounts receivable was considered and approved, and it agreed GP Corp. to conduct asset backed securitization of accounts receivable and approved Industrial Securities Asset Management Co., Ltd. (the “Industrial Securities Asset Management”) to establish the “Accounts Receivable Asset – backed Special Scheme”. The above-mentioned resolution was considered and approved at the first extraordinary general meeting of shareholders in 2022 held by the Company on 16 December 2022. On 15 March 2023, the Company received the Letter of No objection to the Listing Transfer of the Special Asset Support Plan with the support of Phase 3-7 assets of Xingye Yuanrong – GP Corp. Receivables from Industrial Securities Asset Management, which issued by Shanghai Stock Exchange. On 20 March 2023, GP Corp. continued to issue Xingye Yuanrong-GP Corp. phase III Special Asset Support Plan for Accounts receivable (“Phase 3 Special Plan”), with effective amount of RMB1 billion. As at 30 June 2024, the cumulative asset sale scale of the securitization of the accounts receivable assets of GP Corp. was RMB2.270 billion, and the total purchase price received was RMB2.254 billion. For details, please refer to the announcement of the Company dated 22 November 2022, 16 December 2022, 15 March 2023, 30 October 2023 and 30 January 2024 published in Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily 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 2024 (Unaudited)	31 December 2023 (Audited)
Current assets:			
Cash at bank and on hand		16,225,312,104.65	21,308,844,204.44
Financial assets held for trading		4,000,000.00	4,000,000.00
Derivative financial assets		–	–
Notes receivable		689,744,996.56	870,884,277.92
Accounts receivable	5.1.3	16,719,610,403.35	15,112,494,798.69
Accounts receivable financing		3,929,323,925.32	3,614,318,262.22
Advances to suppliers		708,489,026.15	818,359,584.97
Other receivables		1,059,017,904.96	878,488,529.23
Including: Interest receivable		–	–
Dividends receivable		1,500,000.00	61,263,627.92
Inventories		10,751,102,676.63	11,507,099,742.41
Contract assets		–	–
Assets held for sales		–	–
Current portion of non-current assets		254,950,003.63	159,360,467.41
Other current assets		1,598,522,880.96	1,709,863,857.80
Total current assets		51,940,073,922.21	55,983,713,725.09

Item	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Non-current assets:			
Debt investment		9,525,159,269.21	6,536,371,536.43
Other debt investment		–	–
Long-term receivables		–	–
Long-term equity investment		1,801,208,706.70	1,805,641,584.30
Other equity instrument investment		104,194,132.46	103,811,737.94
Other non-current financial assets		1,006,381,920.06	1,005,936,165.09
Investment properties		146,782,364.46	169,774,679.12
Fixed assets		4,424,550,998.08	4,379,797,422.14
Construction in progress		2,690,364,076.29	2,405,171,721.70
Bearer biological assets		1,930,950.00	2,105,655.00
Oil and gas assets		–	–
Right-of-use assets		676,541,564.55	728,902,362.98
Intangible assets		2,856,101,215.34	2,886,413,941.35
Development expenditure		351,784,901.77	309,893,312.45
Goodwill		830,854,604.98	829,473,066.90
Long-term prepaid expenses		184,892,068.16	189,876,764.45
Deferred tax assets		1,219,385,254.12	1,163,548,295.53
Other non-current assets		210,454,868.36	86,445,793.62
Total non-current assets		26,030,586,894.54	22,603,164,039.00
TOTAL ASSETS		77,970,660,816.75	78,586,877,764.09
Current liabilities:			
Short-term borrowings		9,242,343,632.60	7,799,035,643.76
Financial liabilities held for trading		–	–
Derivative financial liabilities		–	–
Notes payable		3,336,181,202.96	3,844,035,975.33
Accounts payable	5.1.4	11,952,437,927.25	11,841,831,852.37
Advances from customers		5,960,836.72	–
Contract liabilities		1,449,634,327.13	5,429,885,396.19
Employee benefits payable		1,038,995,350.57	1,068,998,831.85
Taxes payable		443,407,282.10	386,552,287.00
Other payables		5,779,079,848.44	4,919,241,645.67
Including: Interest payable		–	–
Dividends payable		213,876,683.31	62,206,330.91
Liabilities held for sales		–	–
Current portion of non-current liabilities		849,642,196.54	249,828,503.72
Other current liabilities		153,789,720.49	695,880,365.06
Total current liabilities		34,251,472,324.80	36,235,290,500.95

Item	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Non-current liabilities:			
Long-term borrowings		3,255,043,414.31	3,323,717,917.22
Bonds payable		–	–
Lease liabilities		538,161,660.25	578,192,461.09
Long-term payables		19,666,964.60	19,971,964.60
Long-term employee benefits payable		295,354.75	293,264.21
Provisions		59,394,015.87	55,930,935.37
Deferred income		1,020,651,106.12	1,001,429,861.00
Deferred tax liabilities		655,992,715.75	639,528,919.04
Other non-current liabilities	5	54,176,704.96	54,698,033.81
Total non-current liabilities		<u>5,603,381,936.61</u>	<u>5,673,763,356.34</u>
Total liabilities		<u>39,854,854,261.41</u>	<u>41,909,053,857.29</u>
Shareholders' equity:			
Share capital		1,625,790,949.00	1,625,790,949.00
Capital surplus		10,113,721,706.21	10,105,714,430.90
Less: Treasury shares		–	–
Other comprehensive income		(19,365,524.34)	(24,344,469.59)
Surplus reserve		2,252,061,704.14	2,252,789,227.30
Undistributed profits		22,291,178,690.38	20,959,330,809.10
Total equity attributable to shareholders of the parent company		<u>36,263,387,525.39</u>	<u>34,919,280,946.71</u>
Minority interest		<u>1,852,419,029.95</u>	<u>1,758,542,960.09</u>
Total shareholders' equity		<u>38,115,806,555.34</u>	<u>36,677,823,906.80</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		<u><u>77,970,660,816.75</u></u>	<u><u>78,586,877,764.09</u></u>

Consolidated Income Statement

Item	Notes	For the twelve months ended 30 June 2024 (Unaudited)	For the twelve months ended 30 June 2023 (Unaudited)
1. Operating income	5.1.5	41,042,815,087.95	39,970,330,587.93
Less: Operating costs	5.1.5	33,244,055,666.85	31,645,497,412.24
Taxes and surcharges		168,053,875.53	173,845,071.46
Selling and distribution expenses		3,119,415,170.54	3,263,109,748.52
General and administrative expenses		1,212,873,491.87	1,199,468,387.87
R&D expenses		391,145,311.41	400,573,995.79
Financial expenses		(59,668,916.74)	(39,681,640.87)
Including: Interest expenses		213,346,142.39	225,453,050.91
Interest income		278,159,615.53	270,967,777.04
Add: Other income		184,412,396.76	81,323,507.16
Investment income		157,448,550.83	176,422,078.39
Including: Income from investments in associates and joint ventures		11,109,142.58	72,049,845.07
Derecognition income of financial assets measured at amortized cos		(7,289,089.90)	(5,870,048.86)
Gains from changes in fair value		445,754.97	44,053,710.42
Impairment losses in respect of credit		(82,128,562.51)	(100,488,916.74)
Impairment losses in respect of assets		(1,316,286.19)	4,021,314.75
Gains on disposal of assets		293,002.28	439,942.15
2. Operating profit		3,226,095,344.63	3,533,289,249.05
Add: Non-operating income		15,605,783.79	9,161,401.77
Less: Non-operating expenses		12,297,751.70	9,759,081.36
3. Total profit		3,229,403,376.72	3,532,691,569.46
Less: Income tax expenses	5.1.6	561,371,344.39	610,948,519.48
4. Net profit		2,668,032,032.33	2,921,743,049.98

Item	Notes	For the twelve months ended 30 June 2024 (Unaudited)	For the twelve months ended 30 June 2023 (Unaudited)
(1) Classified by the continuity of operations			
A. Net profit from continuing operations		2,668,032,032.33	2,921,743,049.98
B. Net profit from discontinued operations		-	-
(2) Classified by ownership of the equity			
A. Net profit attributable to the parent company's shareholders		2,549,565,302.08	2,811,248,056.83
B. Minority interest		118,466,730.25	110,494,993.15
5. Other comprehensive income, net of tax		5,246,550.74	(501,345.28)
Other comprehensive income, net of tax attributable to the parent company's shareholders		4,978,945.25	(390,846.88)
(1) Other comprehensive income that will not be reclassified to profit or loss		325,035.35	(5,280,975.02)
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		325,035.35	(5,280,975.02)
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		4,653,909.90	4,890,128.14
A. Other comprehensive income that may be reclassified to profit or loss under equity method		-	-
B. Change in fair value of other debt investment		(1,383,869.08)	(4,122,818.96)

Item	<i>Notes</i>	For the twelve months ended 30 June 2024 (Unaudited)	For the twelve months ended 30 June 2023 (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		4,064,662.04	3,015,878.54
G. Cash flow hedge reserve		–	–
H. Difference arising from the translation of foreign currency financial statements		1,973,116.94	5,997,068.56
I. Others		–	–
Other comprehensive income, net of tax attributable to minority shareholders		267,605.49	(110,498.40)
6. Total comprehensive income		<u>2,673,278,583.07</u>	<u>2,921,241,704.70</u>
(1) Total comprehensive income attributable to shareholders of the parent company		2,554,544,247.33	2,810,857,209.95
(2) Total comprehensive income attributable to minority shareholders		118,734,335.74	110,384,494.75
7. Earnings per share (EPS):			
(1) Basic earnings per share		1.568	1.729
(2) Diluted earnings per share		1.568	1.729

5.1.1 Basis of preparation of financial statements

(1) Basis of preparation

The financial statements of the Group are prepared in accordance with the “Accounting Standards for Business Enterprises – Basic Standard” issued by the Ministry of Finance, along with various specific accounting standards, application guidelines, interpretations of accounting standards, and other relevant regulations (collectively referred to as “Accounting Standards for Business Enterprises”), as well as the relevant provisions of the China Securities Regulatory Commission’s “Rules for the Preparation of Information Disclosure for Companies Offering Securities to the Public No. 15 – General Provisions for Financial Reporting.”

These 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 relevant 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 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 2024 and as of 30 June 2024 is as follows:

	Great				Offset	Total
	Southern TCM	Great Health	Great Commerce	Other	between segments	
External revenue	6,230,726,779.76	6,544,712,198.86	27,863,107,680.59	404,268,428.74	-	41,042,815,087.95
Inter-segment revenue	181,818,372.29	19,162,126.82	3,826,232,373.33	215,116,338.52	(4,242,329,210.96)	-
Interest income	(45,270,421.71)	(162,681,233.27)	(35,914,342.31)	(34,089,971.71)	(203,646.53)	(278,159,615.53)
Interest expenses	8,106,799.77	4,815,977.07	199,262,647.40	4,072,977.46	(2,912,259.31)	213,346,142.39
Income from investments in associates and joint ventures	(705,677.66)	-	39,070.36	11,275,200.90	500,548.98	11,109,142.58
Impairment losses in respect of credit	(4,264,152.71)	(5,455.75)	(71,666,733.43)	(3,531,951.10)	(2,660,269.52)	(82,128,562.51)
Impairment losses in respect of assets	598,648.21	-	3,041,984.37	19,687.68	(4,976,606.45)	(1,316,286.19)
Depreciation and amortization expenses	161,134,480.00	41,346,425.15	219,454,685.52	36,943,721.03	(166,272.98)	458,713,038.72
Total profit	1,159,446,690.63	1,388,186,444.19	467,840,515.98	312,651,410.87	(98,721,684.95)	3,229,403,376.72
Total assets	19,584,153,306.20	15,140,560,404.87	38,342,375,219.51	28,928,347,894.03	(24,024,776,007.86)	77,970,660,816.75
Total liabilities	9,209,596,282.55	3,919,006,747.56	30,189,863,710.26	7,953,293,198.77	(11,416,905,677.73)	39,854,854,261.41
Long-term equity investment in associates and joint ventures	38,928,914.15	-	16,777,470.51	1,745,502,322.04	-	1,801,208,706.70
Increase in other non-current assets excluding long-term equity investment	440,467,024.01	37,592,807.39	160,943,244.87	122,414,033.44	-	761,417,109.71

(2) The segment information for the 6 months ended 30 June 2023 and as of 31 December 2023 is as follows:

	Great				Offset	
	Southern TCM	Great Health	Great Commerce	Other	between segments	Total
External revenue	6,349,014,552.18	7,053,172,463.96	26,307,441,904.05	260,701,667.74	-	39,970,330,587.93
Inter-segment revenue	91,591,836.40	21,934,035.22	3,805,173,466.40	220,638,386.19	(4,139,337,724.21)	-
Interest income	(44,090,443.99)	(143,052,032.48)	(25,830,411.60)	(57,994,888.97)	-	(270,967,777.04)
Interest expenses	8,166,736.09	9,794,625.51	201,391,240.56	6,986,501.20	(886,052.45)	225,453,050.91
Income from investments in associates and joint ventures	(753,966.18)	-	(140,786.49)	72,833,080.53	111,517.21	72,049,845.07
Impairment losses in respect of credit	(2,909,506.76)	(45,628.63)	(100,606,111.58)	(2,302,466.40)	5,374,796.63	(100,488,916.74)
Impairment losses in respect of assets	8,173,781.25	-	511,160.00	1,057.60	(4,664,684.09)	4,021,314.75
Depreciation and amortization expenses	152,230,749.46	30,317,136.38	240,242,244.12	33,845,196.59	81,106,000.94	537,741,327.49
Total profit	1,145,709,080.52	1,599,453,118.00	415,266,526.80	435,766,436.16	(63,503,592.02)	3,532,691,569.46
Total assets	19,274,927,266.58	18,086,690,870.58	36,144,616,024.10	28,086,119,747.57	(23,005,476,144.74)	78,586,877,764.09
Total liabilities	9,376,786,298.67	8,021,660,800.31	28,321,028,309.71	6,647,036,380.56	(10,457,457,931.96)	41,909,053,857.29
Long-term equity investment in associates and joint ventures	39,634,591.81	-	16,737,190.31	1,749,269,802.18	-	1,805,641,584.30
Increase in other non-current assets excluding long-term equity investment	619,048,887.57	144,051,081.68	244,403,553.58	120,647,783.24	-	1,128,151,306.07

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:

External revenue	January to June of 2024	January to June of 2023
PRC	40,902,828,526.36	39,805,988,606.97
Other countries/regions	139,986,561.59	164,341,980.96
	<u>41,042,815,087.95</u>	<u>39,970,330,587.93</u>
Total non-current assets	30 June 2024	31 December 2023
PRC	14,161,880,923.48	13,779,583,577.94
Other countries/regions	13,585,395.21	13,912,726.07
	<u>14,175,466,318.69</u>	<u>13,793,496,304.01</u>

5.1.3 Accounts receivable

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

	30 June 2024	31 December 2023
Within 1 year	15,340,029,810.64	14,091,285,020.44
1 to 2 years	1,459,429,599.95	1,130,613,239.71
2 to 3 years	292,113,775.90	214,868,845.04
3 to 4 years	95,437,375.35	60,863,494.35
4 to 5 years	24,210,028.38	22,715,935.81
Over 5 years	229,607,111.37	238,247,352.09
	<hr/>	<hr/>
Less: Provision for bad debts	721,217,298.24	646,099,088.75
	<hr/>	<hr/>
	16,719,610,403.35	15,112,494,798.69
	<hr/> <hr/>	<hr/> <hr/>

5.1.4 Accounts payable

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

	30 June 2024	31 December 2023
Within 1 year	11,452,726,854.26	11,344,110,275.40
Over 1 year	499,711,072.99	497,721,576.97
	<hr/>	<hr/>
	11,952,437,927.25	11,841,831,852.37
	<hr/> <hr/>	<hr/> <hr/>

5.1.5 Operating income and Operating costs

	For the 6 months ended 30 June 2024		
	Main businesses	Other businesses	Subtotal
Operating income	40,939,646,545.07	103,168,542.88	41,042,815,087.95
Operating costs	33,206,751,842.75	37,303,824.10	33,244,055,666.85
	<hr/>	<hr/>	<hr/>
Gross profit	7,732,894,702.32	65,864,718.78	7,798,759,421.10
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	For the 6 months ended 30 June 2023		
	Main businesses	Other businesses	Subtotal
Operating income	39,832,673,959.84	137,656,628.09	39,970,330,587.93
Operating costs	31,621,172,922.54	24,324,489.70	31,645,497,412.24
	<hr/>	<hr/>	<hr/>
Gross profit	8,211,501,037.30	113,332,138.39	8,324,833,175.69
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5.1.6 Income tax expenses

	For the 6 months ended 30 June 2024	For the 6 months ended 30 June 2023
Current income tax expenses	601,784,664.91	593,690,602.71
Deferred income tax expenses	<u>(40,413,320.52)</u>	<u>17,257,916.77</u>
	<u><u>561,371,344.39</u></u>	<u><u>610,948,519.48</u></u>

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

	For the 6 months ended 30 June 2024
Total profit	<u>3,229,403,376.72</u>
Income tax calculated at statutory rate	<u>484,410,506.50</u>
Tax effect of different rates applicable to subsidiaries in the scope of consolidation	46,539,010.29
Effect of income tax adjustment for prior period	6,195,473.62
Non-taxable and tax relief income	(9,243,089.42)
Non-deductible costs, expenses and losses	6,469,482.54
Effect of using deductible losses of deferred tax assets unrecognized in prior period	(3,136,771.72)
Effect of deductible temporary differences and deductible losses which are not recognized in current period	50,793,001.63
Tax effect of R&D expenditure deduction	(20,656,269.05)
Changes in the balance of deferred income tax assets/liabilities at the beginning of the year due to tax rate adjustments	<u>_____</u>
Income tax expenses	<u><u>561,371,344.39</u></u>

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

The subsidiaries of the Group, which have obtained the Certificates of High/New Technology Enterprises, can enjoy preferential tax rate of 15% for current period, which including: the Company (No. GR202344004122), Guangzhou Baiyunshan Xing Qun Pharmaceutical Co., Ltd. (No. GR202344002036), Zhong Yi (No. GR202344010147), Guangzhou Baiyunshan Chen Li Ji Pharmaceutical Factory Co., Ltd. (No. GR202344005874), Guangzhou Baiyunshan Han Fang Contemporary Pharmaceutical Co., Ltd. (No. GR202344010098), Guangzhou Baiyunshan Qi Xing Pharmaceutical Co., Ltd. (NO. GR202344004761), Guangzhou Baiyunshan Jing Xiu Tang Pharmaceutical Co., Ltd. (No. GR202344007214), Guangzhou Baiyunshan Pan Gao Shou Pharmaceutical Co., Ltd. (No. GR202344009572), Guangzhou Wang Lao Ji Pharmaceutical Co., Ltd. (No. GR2023344003015), Guangdong Hanchao Traditional Chinese Medicine Technology Co., Ltd (No. GR202344003019), Guangzhou Baiyunshan Tian Xin Pharmaceutical Co., Ltd. (No. GR202344004253), Guangzhou Baiyunshan Guang Hua Pharmacy Co., Ltd. (No. GR202244001816), Guangzhou Baiyunshan Ming Xing Pharmaceutical Co., Ltd. (No. GR202344008105), Guangzhou Pharmaceutical Research General Institute (No. GR202144002939), Guangxi Baiyunshan Yingkang Pharmaceutical Company Limited (No. GR202145001254), Baiyunshan Weiling Pharmaceutical Co., Ltd. (No. GR202244012147), Guangzhou Pharmaceutial Information Technology Co., Ltd. (No. GR202344009159).

Hainan Guangyao Chen Fei Pharmaceutical Co., Ltd., Guangyao (Zhuhai Hengqin) pharmaceutical Import and Export Co., Ltd., WLJ Great Health and Guizhou Wanglaoji Cilinji Industry Development Co., Ltd. enjoy tax incentives for encourage industries, and paid enterprise income tax at a reduced rate of 15% in 2024.

5.1.7 Dividends

According to the resolution of the 2023 annual general meeting held on 30 May 2024, the Company shall pay cash dividends to all shareholders at RMB0.749 per share (tax included), which is RMB1,217,717,420.80 in total, based on the outstanding shares of 1,625,790,949 shares at the year ended of 2023.

5.2 No Changes in accounting policies compared to the most recent 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 current reporting period.

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

5.5.1 Other reasons for changes in the scope of consolidation

Compared to the previous year, during the current period, the consolidated Group experienced an increase of 3 new subsidiaries due to other reasons and a decrease of 1 subsidiaries. The reasons for these changes are as follows:

- 1 In January 2024, the Company's subsidiary, Guangzhou Caizhilin Pharmaceutical Co., Ltd., deregistered its subsidiary Heilongjiang Senge Industrial and Commercial Pharmaceutical Materials Development Co., Ltd.
- 2 In April 2024, the Company's subsidiary, Guangyaol Sichuan Medicine Co., Ltd., acquired Guangyao Pharmaceutical (Ya'an) Medicine Co., Ltd. The registered capital of the acquired company is RMB5 million, with Guangyao Sichuan Medicine Co., Ltd. holding a 100% share of the registered capital.
- 3 In April 2024, the Company's subsidiary, Hainan Guangyao Chenfei Medicine Co., Ltd., established Guangyao (Hainan) Medical Technology Co., Ltd. The registered capital of the new company is RMB20 million, with Hainan Guangyao Chenfei Medicine Co., Ltd. contributing 100% of the registered capital.
- 4 In June 2024, the Company's subsidiary, Guangyao Heilongjiang Medicine Co., Ltd., established Guangyao Jilin Medicine Co., Ltd. The registered capital of the new company is RMB50 million, with Guangyao Heilongjiang Medicine Co., Ltd. holding 100% of the registered capital.

5.6 There is no explanation from the Board or the Supervisory Committee on non-standard audit report issued by the auditors for the current reporting period.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 30 August 2024

As at the date of this announcement, the Board comprises Mr. Yang Jun, Ms. Cheng Ning, Ms. Liu Juyan, Mr. Zhang Chunbo, Mr. Wu Changhai and Mr. Li Hong as executive Directors, and Mr. Chen Yajin, Mr. Huang Min, Mr. Wong Lung Tak Patrick and Ms. Sun Baoqing as independent non-executive Directors.