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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)

2018 THIRD QUARTERLY REPORT

1. IMPORTANT NOTICE

- 1.1** The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”) of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (“GYBYS” or the “Company”) and its directors, supervisors and senior management collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this quarterly report and confirm that there are no false information, misleading statements or material omissions in this quarterly report.
- 1.2** The directors of the Company attended the 17th meeting of the seventh session of the Board, among whom, Mr. Chen Mao (an executive director) and Mr. Ni Yidong (an executive director) were unable to attend the meeting due to business reason and had appointed Ms. Cheng Ning (an executive director) and Mr. Li Hong (an executive director and general manager) to attend the meeting and vote on their behalf, respectively. Mr. Wu Changhai (an executive director), Mr. Chu Xiaoping (an independent non-executive director) and Ms. Wang Weihong (an independent non-executive director) attended the meeting by telephones.
- 1.3** The financial reports of the Company and its subsidiaries (collectively, the “Group”) and the Company for the third quarter ended 30 September 2018 (the “Reporting Period”) are prepared in accordance with the China Accounting Standards for Business Enterprises, which are unaudited.
- 1.4** Mr. Li Chuyuan (chairperson of the Board), Mr. Li Hong (an executive director and the general manager) and Ms. Yao Zhizhi (deputy director of finance and the head of the Finance Department) declared that they warranted that the financial reports contained in this quarterly report were true, accurate and complete.
- 1.5** This quarterly report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

2. BASIC INFORMATION ON THE COMPANY

2.1 Principal financial data

Items	As at 30 September 2018 (Unaudited)	As at 31 December 2017 (Audited)	Increase/ (Decrease) as compared with 31 December 2017 (%)
Total assets (<i>RMB'000</i>)	49,593,828	28,310,301	75.18
Net assets attributable to the shareholders of the Company (<i>RMB'000</i>)	21,684,559	18,867,108	14.93
Equity per share attributable to the shareholders of the Company (<i>RMB</i>)	13.34	11.60	14.93
Items	1 January 2018 – 30 September 2018 (Unaudited)	1 January 2017 – 30 September 2017 (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2017 (%)
Net cash flow from operating activities (<i>RMB'000</i>)	3,355,716	1,811,423	85.25
Net cash flow from operating activities per share (<i>RMB</i>)	2.06	1.11	85.25

Items	1 January 2018 – 30 September 2018 (Unaudited)	1 January 2017 – 30 September 2017 (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2017 (%)
Operating income (<i>RMB'000</i>)	29,875,825	15,966,932	87.11
Net profit attributable to the shareholders of the Company (<i>RMB'000</i>)	3,439,293	1,485,651	131.50
Net profit attributable to the shareholders of the Company after deducting non-recurring items (<i>RMB'000</i>)	2,181,834	1,444,976	50.99
Basic earnings per share (<i>RMB</i>)	2.115	0.914	131.50
Diluted earnings per share (<i>RMB</i>)	2.115	0.914	131.50
Ratio of weighted average return on net assets (%)	16.71	8.21	An increase of 8.50 percentage points
Ratio of weighted average return on net assets after deducting non-recurring items (%)	10.60	7.99	An increase of 2.61 percentage points

Notes: (1) The above financial data and indicators are computed based on the consolidated financial statements.

(2) Non-recurring items include:

Items	1 July 2018 – 30 September 2018 (RMB'000)	1 January 2018 – 30 September 2018 (RMB'000)	Notes
Gain/(Loss) on disposal of non-current assets	(490)	(1,239)	
Government subsidies recognized as gain/(loss)	32,927	174,731	This is the amount of government subsidies received by the Company's subsidiaries which was transferred to non-operating income and other income in the Reporting Period.
Gain/(Loss) on changes in fair value arising from trading financial assets and trading financial liabilities held (excluding the valid hedging business related to normal operating activities of the Company), as well as investment gains received from disposal of trading financial assets, trading financial liabilities and financial assets available for sale	–	254,927	
Write-off provision for impairment of accounts receivable undergoing independent test	702	3,033	
Other non-operating income and expenses excluding the above items	(15,096)	(128,075)	
Investment income from long-term equity investment measured at fair value	170,884	996,659	
Income tax effect	(9,356)	(42,505)	
Effect on minority interest	(116)	(72)	
Total	<u>179,455</u>	<u>1,257,459</u>	

2.2 The total number of shareholders and the top ten shareholders of the Company as at the end of the Reporting Period

As at 30 September 2018, the Company had 61,498 shareholders in total, among which, 61,473 shareholders held the Renminbi-denominated ordinary shares (A Shares) and 25 shareholders held the overseas listed foreign shares (H Shares).

Shareholders	Number of shares held as at the end of the Reporting Period (share)	Approximate percentage of the total issued share capital (%)	Number of shares subject to selling restrictions (share)	Number of shares pledged or locked (share)		Class of shares
				Shares status	Number of shares (share)	
Guangzhou Pharmaceutical Holdings Company (“GPHL”)	732,305,103	45.04	148,338,467	Nil	0	Domestic shares
HKSCC Nominees Limited	219,691,469	13.51	0	Nil	0	H shares
Guangzhou State-owned Asset Development Holdings Limited	87,976,539	5.41	87,976,539	Nil	0	Domestic shares
Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership)	73,313,783	4.51	73,313,783	Nil	0	Domestic shares
China Securities Finance Corporation Limited	47,198,008	2.90	0	Nil	0	Domestic shares
Shanghai Yunfeng Xinchuang Equity Investment Center (Limited Partnership)	21,222,410	1.31	21,222,410	Pledged	21,222,410	Domestic shares
Central Huijin Investment Limited	15,260,700	0.94	0	Nil	0	Domestic shares
The National Social Security Fund – One Zero Five Combination	10,326,823	0.64	0	Nil	0	Domestic shares
China AMC – Agricultural Bank – Huaxia China Securities Financial Asset Management Plan	8,795,136	0.54	0	Nil	0	Domestic shares
Zhongou AMC – Agricultural Bank – Zhongou China Securities Financial Asset Management Plan	8,680,636	0.53	0	Nil	0	Domestic shares

The top ten shareholders of the Company not subject to selling restrictions

Shareholders	Number of shares without selling restrictions (share)	Class of shares	Number of shares (share)
GPHL	583,966,636	Domestic shares	732,305,103
HKSCC Nominees Limited	219,691,469	H shares	219,691,469
China Securities Finance Corporation Limited	47,198,008	Domestic shares	47,198,008
Central Huijin Investment Limited	15,260,700	Domestic shares	15,260,700
The National Social Security Fund – One Zero Five Combination	10,326,823	Domestic shares	10,326,823
China AMC – Agricultural Bank – Huaxia China Securities Financial Asset Management plan	8,795,136	Domestic shares	8,795,136
Zhongou AMC – Agricultural Bank – Zhongou China Securities Financial Asset Management plan	8,680,636	Domestic shares	8,680,636
Bosera Funds – Agricultural Bank – Bosera China Securities Financial Asset Management plan	8,662,836	Domestic shares	8,662,836
Dacheng Fund – Agricultural Bank – Dacheng China Securities Financial Asset Management plan	8,657,836	Domestic shares	8,657,836
Yinhua Fund – Agricultural Bank – Yinhua China Securities Financial Asset Management plan	8,645,036	Domestic shares	8,645,036
Explanation on the connection or parties acting in concert among the above shareholders	(1)	According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of clients.	
	(2)	The Company was not aware of any connection among the above top ten shareholders, or whether they were parties acting in concert as provided in the “Rules Governing the Disclosure of Change in Shareholders’ Shareholding in Listed Companies”.	
Explanation on shareholder holding preferred shares whose voting rights are restored and the number of shares	Nil		

2.3 The total number of shareholders holding the preferred shares, the top ten shareholders holding preferred shares and the top ten shareholders holding the preferred shares without selling restrictions of the Company as at the end of the Reporting Period

Applicable Not applicable

3. MAJOR EVENTS

3.1 Significant changes in major accounting items and financial indicators of the Company's financial statements and reasons for changes

Applicable Not applicable

Items	As at 30 September 2018 (RMB'000)	As at 31 December 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Cash at bank and on hand	15,615,786	11,697,219	33.50	As at 30 September 2018, the consolidation of the accounts of Guangzhou Pharmaceutical Corporation (the "GP Corp.") and Guangzhou Wang Lao Ji Pharmaceutical Co.,Ltd. (the "Wang Lao Ji") into the Company's accounts led to an increase of RMB2.278 billion and RMB875 million in balance of this statement item, respectively.
Financial assets held for trading	723	0	/	As at 30 September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to a change in balance of this statement item.
Notes receivable and accounts receivable	14,147,502	2,816,424	402.32	As at 30 September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of accounts receivable and notes receivable.

Items	As at 30 September 2018 (RMB'000)	As at 31 December 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Advances to suppliers	712,359	256,572	177.65	As at 30 September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase of RMB466 million in balance of advances to suppliers.
Other receivables	1,066,941	762,257	39.97	As at 30 September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase of RMB752 million in other receivables and a decrease of RMB455 million in balance of dividends receivable.
Inventories	7,579,097	3,700,223	104.83	As at 30 September 2018, (1) the consolidation of GP Corp.'s accounts and Wang Lao Ji's accounts into the Company's accounts led to an increase of RMB3.992 billion and RMB219 million in balance of this statement item, respectively; (2) substantial accumulation of stock by Guangzhou WLJ Great Health Industry Co.,Ltd, a wholly-owned subsidiary of the Company, at the end of 2017 in preparation of peak sales season in the Spring Festival, and the stock has been reduced after digestion.

Items	As at 30 September 2018 (RMB'000)	As at 31 December 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Other non-current financial assets	364,216	975,857	(62.68)	As at 30 September 2018, (1) the Company implemented the new financial instrument recognition and measurement standard for re-categorization of financial assets; (2) the candidate for the board nominated by the Company was elected as a director of Yunnan Hongxiang Yixintang Pharmaceutical (Group) Co., Ltd. (the “Yi Xin Tang”) and the Company has started the joint projects on distribution business with it, which has great impact on it estimated by the Company and therefore the Company’s shareholding in Yi Xin Tang was transferred to “Long-term equity investments” item.
Fixed assets	3,171,052	2,082,245	52.29	As at 30 September 2018, the consolidation of GP Corp.’s accounts and Wang Lao Ji’s accounts into the Company’s accounts led to an increase of RMB852 million and RMB231 million in balance of this statement item, respectively.
Construction in progress	371,187	284,672	30.39	As at 30 September 2018, the consolidation of GP Corp.’s accounts into the Company’s accounts led to an increase in balance of this statement item.
Intangible assets	991,889	728,009	36.25	As at 30 September 2018, the consolidation of GP Corp.’s accounts into the Company’s accounts led to an increase in balance of this statement item.

Items	As at 30 September 2018 (RMB'000)	As at 31 December 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Goodwill	943,849	11,500	8,107.69	As at 30 September 2018, the major asset purchase of further acquisition of 30% equity interest in GP Corp. was completed, resulting in an increase of RMB932 million in goodwill.
Long-term prepaid expenses	77,095	49,067	57.12	As at 30 September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of this statement item.
Short-term borrowings	7,026,820	11,500	61,002.78	As at 30 September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to a great increase in balance of this statement item.
Notes payable and accounts payable	11,350,647	3,054,427	271.61	As at 30 September 2018, the consolidation of GP Corp.'s accounts and Wang Lao Ji's accounts into the Company's accounts led to a great increase in balance of notes payable and accounts payable.
Advances from customers	1,138,716	1,888,892	(39.72)	As at 30 September 2018, advances from customers which had been collected by subsidiaries were recognized in the Reporting Period.

Items	As at 30 September 2018 (RMB'000)	As at 31 December 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Taxes payable	422,702	206,462	104.74	As at 30 September 2018, (1) the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of this statement item; (2) unpaid value-added tax payable and enterprise income tax payable of other subsidiaries of the Company increased.
Other payables	3,928,636	2,445,094	60.67	As at 30 September 2018, (1) the consolidation of GP Corp.'s accounts and Wang Lao Ji's accounts into the Company's accounts led to an increase of RMB492 million and RMB136 million in balance of this statement item, respectively; (2) subsidiaries of the Company made provision for increased relevant expenses for marketing such as sales discount and advertising cost.
Current portion of non-current liabilities	58,030	31,307	85.35	As at 30 September 2018, (1) the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of this statement item; (2) the return of long-term borrowings of subsidiaries of the Company with maturity within a year led to a decrease in balance of this item.

Items	As at 30 September 2018 (RMB'000)	As at 31 December 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Long-term borrowings	664,154	0	/	As at 30 September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of this statement item.
Long-term payables	152,371	35,127	333.78	As at 30 September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of this statement item.
Deferred tax liabilities	350,028	114,788	204.93	As at 30 September 2018, (1) the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of this statement item; (2) adjustment to income tax rates of subsidiaries of the Company led to an increase in the time discrepancy of enterprise income tax.
Other comprehensive income	1,423	(6,819)	120.87	As at 30 September 2018, the change was due to exchange rate differences on conversion of foreign currencies by subsidiaries of the Company.

Items	As at 30 September 2018 (RMB'000)	As at 31 December 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Undistributed profits	9,038,062	6,218,195	45.35	As at 30 September 2018, (1) the consolidation of GP Corp.'s and Wang Lao Ji's accounts into the Company's accounts, resulting in an increase of RMB593 million and RMB201 million upon consolidation of their undistributed profit, respectively; (2) income of RMB985 million from equity mergers of GP Corp. and Wang Lao Ji (of which RMB814 million was attributable to GP Corp. and RMB171 million was attributable to Wang Lao Ji); (3) an increase in net profit realized by the Company and its subsidiaries; (4) gains from changes in fair value of the Company's shareholding in Yi Xin Tang of RMB217 million.
Minority interest	1,459,679	391,633	272.72	As at 30 September 2018, the consolidation of GP Corp.'s and Wang Lao Ji's accounts into the Company's accounts led to an increase in balance of this statement item.

Items	January 2018 – September 2018 (RMB'000)	January 2017 – September 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Operating income	29,875,825	15,966,932	87.11	January-September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase of RMB12.012 billion in balance of this statement item.
Operating costs	22,234,973	10,059,300	121.04	January-September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase of RMB11.183 billion in balance of this statement item.
General and administrative expenses	1,178,275	894,251	31.76	January-September 2018, (1) the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase of RMB110 million in balance of this statement item; (2) other subsidiaries of the Company continues to expand the business and the corresponding expenses increased.
R&D expenses	392,267	244,240	60.61	January-September 2018, this is mainly due to the increase in drug consistency evaluation expenses and expenses on a variety of research projects of the Company's subsidiaries.

Items	January 2018 – September 2018 (RMB'000)	January 2017 – September 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Financial expenses	(52,000)	(112,695)	53.86	January-September 2018, (1) the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase of RMB125 million in balance of this statement item; (2) other subsidiaries of the Company improved the fund management, increased capital efficiency, increased interest income as well as reduced financial costs as a result of the reasonable fund allocation and optimization in types of deposit.
Impairment losses in respect of assets	(1,311)	3,227	(140.64)	January-September 2018, (1) the consolidation of GP Corp.'s accounts into the Company's accounts led to the decrease in impairment losses in respect of assets compared with the corresponding period; (2) subsidiaries of the Company increased provision for valuation allowance for inventory markdown.
Impairment losses in respect of credit	37,202	0	/	January-September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of this statement item.
Other income	136,117	44,436	206.32	January-September 2018, this is mainly due to the increase in government compensation for daily operating activities.

Items	January 2018 – September 2018 (RMB'000)	January 2017 – September 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Investment income	1,190,045	189,254	528.81	January-September 2018, (1) the consolidation of GP Corp.'s accounts and Wang Lao Ji's accounts into the Company's accounts led to increases of RMB814 million and RMB45 million in value of interest in long-term investment held by the Company prior to the acquisition date as determined by fair value as at the acquisition date; (2) this is mainly due to the increase in investment income of joint ventures and wealth management products.
Gains from changes in fair value	252,807	(1,314)	19,338.20	January-September 2018, this is mainly due to the gains from changes in fair value of the Company's shareholding in Yi Xin Tang of RMB255 million.
Gains from disposal of assets	424	0	/	January-September 2018, this is mainly due to the gains from disposal of fixed assets of the subsidiaries of the Company.
Non-operating income	179,518	62,946	185.19	During the Reporting Period, an excess of RMB126 million of the fair value of the identifiable net assets attributable to the Company over the merge cost in respect of its shareholding in Wang Lao Ji recognized therefrom.
Non-operating expenses	6,880	13,559	(49.26)	January-September 2017, the subsidiaries of the Company have paid contract breach penalty while nothing happened in the corresponding period in 2018.

Items	January 2018 – September 2018 (RMB'000)	January 2017 – September 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Total profit	3,980,722	1,799,729	121.18	January-September 2018, the increase in total profit of the Group compared with the corresponding period is mainly due to (1) income of RMB814 million and RMB171 million from equity mergers of GP Corp.'s and Wang Lao Ji, respectively; (2) an increase in profit realized by the Company and its subsidiaries; (3) gains from changes in fair value of the Company's shareholding in Yi Xin Tang of RMB255 million.
Income tax expenses	471,407	270,606	74.20	January-September 2018, (1) the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of this statement item; (2) this is mainly due to the corresponding increase in income taxes resulting from the increase in profit of the subsidiaries of the Company.
Net profit	3,509,315	1,529,123	129.50	January-September 2018, this is mainly due to the great increase in the total profit of the Group.
Minority interest	70,022	43,472	61.07	January-September 2018, the consolidation of GP Corp.'s accounts into the Company's accounts led to an increase in balance of this statement item.

Items	January 2018 – September 2018 (RMB'000)	January 2017 – September 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Net profit attributable to the parent company's shareholders	3,439,293	1,485,651	131.50	January-September 2018, this is mainly due to the larger increase in total profit of the Group and the slight increase in minority interest as compared with the corresponding period of last year.
Net cash flows from operating activities	3,355,716	1,811,423	85.25	During the Reporting Period, net cash flow from operating activities increased as compared with the same period last year mainly due to growth in income from the Group's principal operations.
Net cash flows from investing activities	1,095,595	(1,537,016)	171.28	During the Reporting Period, net cash flow from investing activities increased as compared with the same period of last year, mainly due to: (1) the fact that not only more structured deposits and wealth management products of the Group matured as compared with the same period of last year, but also there were less purchases of structured deposits and wealth management products as compared with the same period of last year; (2) consolidation of GP Corp.'s and Wang Lao Ji's accounts into the Company's accounts which led to inclusion of excess of cash and cash equivalents over consideration payment into net cash flow from investment activities; (3) the increase of expenditure on purchasing fixed assets and intangible assets of the subsidiaries of the Company during the Reporting Period.

Items	January 2018 – September 2018 (RMB'000)	January 2017 – September 2017 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Net cash flows from financing activities	(1,050,538)	(482,432)	(117.76)	During the Reporting Period, net cash flows from financing activities decreased mainly due to the consolidation of GP Corp.'s accounts into the Company's accounts, which also led to consolidation of such corporation's interest in bank borrowing and dividend, and dividend paid in cash by the Company.

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

Applicable Not applicable

3.3 Performance of the overdue undertakings which has not been fulfilled during the Reporting Period

Applicable Not applicable

3.4 Warning and explanation for negative impact on profit in respect of the beginning of 2018 up to the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2017

Applicable Not applicable

3.5 Explanations on the changes in scope of consolidation as compared with the most recent financial report

Applicable Not applicable

3.5.1 Business combination under different control during the Reporting Period

According to the “Notice of Assistance in Execution” [(2018) Yue 01 Zhi No.985], the registration of change in relation to the 48.0465% equity interest in Wang Lao Ji held by Golden Force Pharmacy Limited representing 98,378,439 shares therein to the Company, has been completed during the Reporting Period. Wang Lao Ji has become a subsidiary of the Company, which it holds 96.0930% equity interest therein and was consolidated into the Company’s accounts.

3.5.2 Changes in scope of consolidation for other reasons

During the Reporting Period, there had been an increase of a company in the scope of consolidation:

In July 2018, Guangzhou Baiyunshan Medical and Healthcare Industry Investment Co., Ltd. (the “Baiyunshan Medical and Healthcare Industry Company”), a subsidiary of the Company, established Guangzhou Baiyunshan Runkang Confinement Service Center Co.,Ltd., the registered capital of which is RMB10 million and the proportion of the capital contributed by Baiyunshan Medical and Healthcare Industry Company represented 51% of the registered capital.

4. APPENDIX

4.1 Financial Report

Consolidated Balance Sheet

As at 30 September 2018

Items	At the end of the Reporting Period (RMB)	At the beginning of 2018 (RMB)
Current assets:		
Cash at bank and on hand	15,615,785,712.93	11,697,218,882.84
Settlement provisions	—	—
Placements	—	—
Financial assets held for trading	723,091.29	—
Financial assets based on fair value to confirm profit or loss	—	—
Derivative financial assets	—	—
Notes receivable and accounts receivable	14,147,501,540.05	2,816,424,481.59
Including: Notes receivable	2,663,620,850.35	1,702,655,475.08
Accounts receivable	11,483,880,689.70	1,113,769,006.51
Advances to suppliers	712,358,974.60	256,571,758.01
Premiums receivable	—	—
Receivables from reinsurers	—	—
Reinsurance contract reserve	—	—
Other receivables	1,066,941,298.37	762,257,361.98
Including: Interest receivable	—	—
Dividends receivable	66,649,733.12	552,938,523.45
Financial assets purchased under resale agreements	—	—
Inventories	7,579,096,844.39	3,700,222,896.01
Classified as assets held for sale	—	—
Current portion of non-current assets	—	—
Other current assets	2,072,194,753.81	2,266,983,406.82
Total current assets	41,194,602,215.44	21,499,678,787.25

Items	At the end of the Reporting Period (RMB)	At the beginning of 2018 (RMB)
Non-currents assets:		
Entrusted loans and advances	-	-
Available-for-sale financial assets	-	-
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investments	1,710,092,204.24	2,008,481,257.05
Other equity instrument investments	61,594,898.17	62,686,231.77
Other non-current financial assets	364,216,313.62	975,856,856.18
Investment properties	216,560,984.63	217,675,779.38
Fixed assets	3,171,052,457.50	2,082,244,551.64
Construction in progress	371,187,401.78	284,672,127.45
Production of biological assets	-	-
Oil and gas assets	-	-
Intangible assets	991,889,348.80	728,009,270.29
Development costs	800,000.00	800,000.00
Goodwill	943,848,566.58	11,499,562.74
Long-term prepaid expenses	77,094,896.57	49,066,645.52
Deferred tax assets	490,888,765.02	389,629,486.02
Other non-current assets	-	-
	<hr/>	<hr/>
Total non-current assets	<u>8,399,225,836.91</u>	<u>6,810,621,768.04</u>
Total assets	<u><u>49,593,828,052.35</u></u>	<u><u>28,310,300,555.29</u></u>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2018 (RMB)
Current liabilities:		
Short-term borrowings	7,026,819,582.70	11,500,000.00
Borrowings from central banks	-	-
Deposits and deposits by banks	-	-
Funds borrowed	-	-
Financial liabilities held for trading	-	-
Financial liabilities at fair value through profit or loss	-	-
Derivative financial liabilities	-	-
Notes payable and accounts payable	11,350,647,103.50	3,054,427,081.10
Advances from customers	1,138,715,554.15	1,888,892,476.97
Financial assets sold under repurchase agreements	-	-
Fees and commissions payable	-	-
Employee benefits payable	754,658,727.75	631,170,810.62
Taxes payable	422,701,666.76	206,462,076.94
Other payables	3,928,636,067.09	2,445,094,461.69
Including: Interest payable	32,766,192.60	253,966.40
Dividends payable	61,503,436.78	45,446,017.79
Payables to reinsurers	-	-
Insurance contract	-	-
Brokerage deposits	-	-
Acting underwriting securities	-	-
Classified as liabilities held for sale	-	-
Current portion of non-current liabilities	58,029,541.97	31,307,337.23
Other current liabilities	-	-
Total current liabilities	<u>24,680,208,243.92</u>	<u>8,268,854,244.55</u>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2018 (RMB)
Non-current liabilities:		
Long-term borrowings	664,153,706.06	—
Debentures payable	—	—
Including: Preferred shares	—	—
Sustainable debts	—	—
Long-term payables	152,371,334.36	35,126,665.12
Long-term employee benefits payable	326,717.89	326,532.02
Provisions	50,247,198.14	55,348,585.32
Deferred income	502,029,080.27	526,890,368.97
Deferred tax liabilities	350,028,467.62	114,788,264.17
Other non-current liabilities	<u>50,225,000.00</u>	<u>50,225,000.00</u>
Total non-current liabilities	<u>1,769,381,504.34</u>	<u>782,705,415.60</u>
Total liabilities	<u>26,449,589,748.26</u>	<u>9,051,559,660.15</u>
Shareholders' equity:		
Share capital	1,625,790,949.00	1,625,790,949.00
Other equity instruments	—	—
Including: Preferred shares	—	—
Sustainable debts	—	—
Capital surplus	9,864,520,717.56	9,875,177,958.43
Less: Treasury shares	—	—
Other comprehensive income	1,422,872.53	(6,818,831.78)
Special reserves	—	—
Surplus reserves	1,154,762,193.41	1,154,762,193.41
General risk reserve	—	—
Undistributed profits	<u>9,038,062,460.52</u>	<u>6,218,195,404.57</u>
Total equity attributable to the Shareholders of the parent Company	<u>21,684,559,193.02</u>	<u>18,867,107,673.63</u>
Minority interest	<u>1,459,679,111.07</u>	<u>391,633,221.51</u>
Total shareholders' equity	<u>23,144,238,304.09</u>	<u>19,258,740,895.14</u>
Total liabilities and shareholders' equity	<u>49,593,828,052.35</u>	<u>28,310,300,555.29</u>

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Parent Company Balance Sheet
As at 30 September 2018

Items	At the end of the Reporting Period (RMB)	At the beginning of 2018 (RMB)
Current assets:		
Cash at bank and on hand	6,477,708,927.56	6,148,845,583.90
Financial assets based on fair value to confirm profit or loss	—	—
Derivative financial assets	—	—
Notes receivable and accounts receivable	993,321,555.89	944,740,489.99
Including: Notes receivable	750,356,393.58	679,046,805.63
Accounts receivable	242,965,162.31	265,693,684.36
Advances to suppliers	33,790,351.12	8,408,955.59
Other receivables	2,060,250,141.50	2,183,912,954.36
Including: Interest receivable	—	—
Dividends receivable	556,535,744.75	656,897,700.00
Inventories	654,221,261.25	579,702,447.36
Classified as assets held for sale	—	—
Current portion of non-current assets	—	—
Other current assets	<u>1,502,016,677.73</u>	<u>1,503,465,702.19</u>
Total current assets	<u>11,721,308,915.05</u>	<u>11,369,076,133.39</u>
Non-currents assets:		
Available-for-sale financial assets	—	—
Held-to-maturity investments	—	—
Long-term receivables	—	—
Long-term equity investments	8,309,573,172.18	4,764,674,279.23
Other equity instrument investments	61,594,898.17	57,494,587.03
Other non-current financial assets	360,583,623.20	977,369,820.71
Investment properties	202,378,413.11	208,498,363.23
Fixed assets	491,833,949.59	483,033,235.07
Construction in progress	26,602,507.00	37,984,793.35
Production of biological assets	—	—
Oil and gas assets	—	—
Intangible assets	369,316,037.28	370,192,435.37
Development costs	—	—
Goodwill	—	—
Long-term prepaid expenses	1,929,944.09	2,384,650.49
Deferred tax assets	80,757,835.94	109,147,594.90
Other non-current assets	—	—
Total non-current assets	<u>9,904,570,380.56</u>	<u>7,010,779,759.38</u>
Total assets	<u>21,625,879,295.61</u>	<u>18,379,855,892.77</u>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2018 (RMB)
Current liabilities:		
Short-term borrowings	1,104,431,644.92	154,431,644.92
Financial liabilities based on fair value to confirm profit or loss	-	-
Derivative financial liabilities	-	-
Notes payable and accounts payable	288,490,638.09	332,648,649.94
Advances from customers	134,962,718.27	116,889,039.40
Employee benefits payable	101,138,033.54	78,032,160.23
Taxes payable	149,623,234.75	124,918,499.55
Other payables	2,209,372,306.05	1,123,393,572.36
Including: Interest payable	-	-
Dividends payable	567,433.79	477,452.11
Classified as liabilities held for sale	-	-
Current portion of non-current liabilities	-	-
Other current liabilities	-	-
Total current liabilities	<u>3,988,018,575.62</u>	<u>1,930,313,566.40</u>
Non-current liabilities:		
Long-term borrowings	-	-
Debentures payable	-	-
Including: Preferred shares	-	-
Sustainable debts	-	-
Long-term payables	7,876,324.33	7,802,224.39
Long-term employee benefits payable	-	-
Provisions	236,729,539.19	170,214,675.19
Deferred income	83,403,627.04	69,548,966.56
Deferred tax liabilities	28,277,354.74	18,591,820.19
Other non-current liabilities	-	-
Total non-current liabilities	<u>356,286,845.30</u>	<u>266,157,686.33</u>
Total liabilities	<u><u>4,344,305,420.92</u></u>	<u><u>2,196,471,252.73</u></u>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2018 (RMB)
Shareholders' equity:		
Share capital	1,625,790,949.00	1,625,790,949.00
Other equity instruments	-	-
Including: Preferred shares	-	-
Sustainable debts	-	-
Capital surplus	9,820,175,495.89	9,820,175,495.89
Less: Treasury shares	-	-
Other comprehensive income	(925,977.38)	216,926.54
Special reserves	-	-
Surplus reserves	782,153,758.81	782,153,758.81
Undistributed profits	<u>5,054,379,648.37</u>	<u>3,955,047,509.80</u>
Total shareholders' equity	<u>17,281,573,874.69</u>	<u>16,183,384,640.04</u>
Total liabilities and shareholders' equity	<u><u>21,625,879,295.61</u></u>	<u><u>18,379,855,892.77</u></u>

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

Consolidated Income Statement
1 January – 30 September 2018

Items	1 July – 30 September 2018 (RMB)	1 July – 30 September 2017 (RMB)	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
1. Revenue	15,035,810,958.15	4,851,593,362.61	29,875,824,638.18	15,966,931,822.52
Including: Operating income	15,035,810,958.15	4,851,593,362.61	29,875,824,638.18	15,966,931,822.52
Interest Income	-	-	-	-
Premiums earned	-	-	-	-
Fees and commissions income	-	-	-	-
2. Total cost from operations	14,365,102,561.08	4,516,888,584.18	27,647,133,731.28	14,448,965,375.07
Including: Operating costs	12,184,357,247.59	3,103,855,973.96	22,234,972,583.28	10,059,300,334.93
Interest expenses	-	-	-	-
Fees and commissions expenses	-	-	-	-
Surrenders	-	-	-	-
Net claims paid	-	-	-	-
Net reserves for insurance contracts	-	-	-	-
Policyholder dividends	-	-	-	-
Reinsurance expenses	-	-	-	-
Taxes and surcharges	73,133,062.63	47,048,430.25	213,160,554.37	164,057,108.41
Selling and distribution expenses	1,468,952,315.04	959,776,113.82	3,644,567,702.86	3,196,585,212.79
General and administrative expenses	469,971,055.48	318,219,361.86	1,178,274,918.67	894,250,911.00
R&D expenses	149,980,168.46	110,482,002.37	392,267,278.91	244,240,132.41
Financial expenses	16,121,154.43	(27,636,165.78)	(51,999,705.38)	(112,695,335.57)
Including: Interest expenses	132,657,898.62	809,933.93	161,153,975.75	1,623,480.70
Interest income	111,198,434.48	28,645,258.99	215,928,665.93	116,926,343.12
Impairment losses in respect of assets	(5,390,162.44)	5,142,867.70	(1,311,374.47)	3,227,011.10
Impairment losses in respect of credit	7,977,719.89	-	37,201,773.04	-
Add: Other income	19,266,632.10	14,940,509.46	136,116,801.73	44,436,107.68
Investment income	133,817,724.41	38,319,325.34	1,190,045,306.64	189,253,527.83
Including: Share of profits from associates and jointly controlled entities	88,533,160.22	32,384,706.77	280,895,242.96	179,222,913.73
Gains from changes in fair value	1,530,495.90	(119,088.60)	252,807,397.40	(1,314,090.41)
Gains from disposal of assets	423,978.12	-	423,978.12	-
Exchange gains and losses	-	-	-	-
3. Operating profit	825,747,227.60	387,845,524.63	3,808,084,390.79	1,750,341,992.55

Items	1 July – 30 September 2018 (RMB)	1 July – 30 September 2017 (RMB)	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
Add: Non-operating income	145,641,444.02	14,030,884.90	179,517,712.68	62,946,413.61
Less: Non-operating expenses	1,828,983.97	2,575,149.67	6,879,735.47	13,559,054.93
4. Total profit	969,559,687.65	399,301,259.86	3,980,722,368.00	1,799,729,351.23
Less: Income tax expenses	119,607,997.32	61,147,908.49	471,407,388.99	270,606,331.34
5. Net profit	849,951,690.33	338,153,351.37	3,509,314,979.01	1,529,123,019.89
(1) Classified by the continuity of operations				
A. Net profit from continuing operations	849,951,690.33	338,153,351.37	3,509,314,979.01	1,529,123,019.89
B. Net profit from discontinued operations	–	–	–	–
(2) Classified by ownership of the equity				
A. Net profit attributable to the parent company's shareholders	820,293,681.26	327,511,292.05	3,439,293,407.52	1,485,651,349.34
B. Minority interest	29,658,009.07	10,642,059.32	70,021,571.49	43,471,670.55
6. Other comprehensive net income after tax	5,070,635.13	(1,219,496.02)	8,241,704.31	(2,052,339.34)
Other comprehensive net income after tax attributable to owners of the parent company	5,070,635.13	(1,220,459.16)	8,241,704.31	(2,055,650.08)
(1) Other comprehensive income that cannot be reclassified into profit or loss in the subsequent periods	–	–	(927,633.56)	–
A. Changes arising from the remeasurement of defined benefit plans	–	–	–	–
B. Other comprehensive income that cannot be transferred to profit or loss under equity method	–	–	–	–
C. Change in fair value of other equity instrument investments	–	–	(927,633.56)	–
(2) Other comprehensive income that can be reclassified into profit or loss in the subsequent period	5,070,635.13	(1,220,459.16)	9,169,337.87	(2,055,650.08)
A. Other comprehensive income that can be transferred to profit or loss under equity method	11,784.98	–	(215,270.36)	–
B. Profit or loss arising from changes in fair value of available-for-sale financial assets	–	45,175.98	–	887,896.41
C. Profit or loss arising from reclassification of held to maturity investments as available-for sale financial assets	–	–	–	–

Items	1 July – 30 September 2018 (RMB)	1 July – 30 September 2017 (RMB)	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
D. The effective hedging portion of profit or loss arising from cash flow hedging instruments	-	-	-	-
E. Differences arising from translation of foreign currency financial statements	5,058,850.15	(1,265,635.14)	9,384,608.23	(2,943,546.49)
Other comprehensive net income after tax attributable to minority shareholders	-	963.14	-	3,310.74
7. Total comprehensive income	<u>855,022,325.46</u>	<u>336,933,855.35</u>	<u>3,517,556,683.32</u>	<u>1,527,070,680.55</u>
Total comprehensive income attributable to shareholders of the parent company	825,364,316.39	326,290,832.89	3,447,535,111.83	1,483,595,699.26
Total comprehensive income attributable to minority shareholders' equity	29,658,009.07	10,643,022.46	70,021,571.49	43,474,981.29
8. Earnings per share				
(1) Basic earnings per share	0.51	0.20	2.12	0.91
(2) Diluted earnings per share	0.51	0.20	2.12	0.91

If business combination happened under the same control during the Reporting Period, the combined party recognized the net profit of RMB0 before combination and the corresponding period last year.

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Income Statement of the Parent Company

1 January – 30 September 2018

Items	1 July – 30 September 2018 (RMB)	1 July – 30 September 2017 (RMB)	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
1. Operating income	1,237,177,694.42	705,705,772.02	3,573,262,412.98	2,307,386,530.70
Less: Operating costs	571,071,152.39	324,377,356.04	1,694,273,126.48	1,011,972,800.84
Taxes and surcharges	13,342,519.04	9,322,978.60	41,133,365.81	34,284,500.92
Selling and distribution expenses	133,503,699.03	114,336,859.83	440,929,211.20	386,004,846.71
General and administrative expenses	150,647,675.99	94,209,309.31	337,131,812.40	239,044,016.60
R&D expenses	86,208,508.32	50,456,217.35	185,736,736.99	82,305,010.23
Financial expenses	(52,890,211.63)	(12,983,328.06)	(79,155,680.93)	(63,906,656.98)
Including: Interest expenses	8,459,836.79	1,068,211.91	11,505,470.87	4,060,294.73
Interest income	65,765,576.47	13,385,677.91	95,223,847.93	67,413,717.69
Impairment losses in respect of assets	58,242.18	(911,173.87)	7,843,643.67	(2,462,250.01)
Impairment losses in respect of credit	451,944.29	–	231,959.33	–
Add: Other income	2,765,122.05	1,219,802.76	5,293,095.48	3,097,337.76
Investment income	494,306,044.92	42,099,614.47	690,632,136.01	165,162,887.10
Including: Share of profits from associates and jointly controlled entities	54,235,840.84	31,985,214.47	219,458,551.76	154,847,139.40
Gains from changes in fair value	1,478,657.49	(119,088.60)	252,975,674.25	(1,314,090.41)
Gains from disposal of assets	–	–	–	–
2. Operating profit	833,333,989.27	170,097,881.45	1,894,039,143.77	787,090,396.84
Add: Non-operating income	2,644,933.01	1,898,716.07	8,194,154.68	5,722,985.24
Less: Non-operating expenses	196,371.51	186,893.90	1,201,241.53	1,448,370.97
3. Total profit	835,782,550.77	171,809,703.62	1,901,032,056.92	791,365,011.11
Less: Income tax expenses	53,387,837.41	20,994,499.67	182,273,566.78	89,016,696.79
4. Net profit	782,394,713.36	150,815,203.95	1,718,758,490.14	702,348,314.32
(1) Net profit from continuing operations	782,394,713.36	150,815,203.95	1,718,758,490.14	702,348,314.32
(2) Net profit from discontinued operations	–	–	–	–
5. Other comprehensive net income after tax	11,784.98	–	(1,142,903.92)	719,950.00
(1) Other comprehensive income that cannot be reclassified into profit or loss in the subsequent periods	–	–	(927,633.56)	–
A. Changes arising from the remeasurement of defined benefit plans	–	–	–	–
B. Other comprehensive income that cannot be transferred to profit or loss under equity method	–	–	–	–

Items	1 July – 30 September 2018 (RMB)	1 July – 30 September 2017 (RMB)	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
C. Change in fair value of other equity instrument investments	-	-	(927,633.56)	-
(2) Other comprehensive income that can be reclassified into profit or loss in the subsequent period	11,784.98	-	(215,270.36)	719,950.00
A. Other comprehensive income that can be transferred to profit or loss under equity method	11,784.98	-	(215,270.36)	(127,050.00)
B. Profit or loss arising from changes in fair value of available-for-sale financial assets	-	-	-	847,000.00
C. Profit or loss arising from reclassification of held to maturity investments as available-for-sale financial assets	-	-	-	-
D. The effective hedging portion of profit or loss arising from cash flow hedging instruments	-	-	-	-
E. Differences arising from translation of foreign currency financial statements	-	-	-	-
6. Total comprehensive income	<u>782,406,498.34</u>	<u>150,815,203.95</u>	<u>1,717,615,586.22</u>	<u>703,068,264.32</u>
7. Earnings per share				
(1) Basic earnings per share	-	-	-	-
(2) Diluted earnings per share	-	-	-	-

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Consolidated Cash Flow Statement

1 January – 30 September 2018

Items	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
1. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	29,305,562,262.04	12,296,202,127.25
Customer deposits and interbank net increase in deposits	–	–
Net increase in borrowings from central banks	–	–
Borrowing funds from other financial institutions net increase	–	–
Receipt of the original insurance contract cash	–	–
Net cash received from reinsurance business	–	–
Net increase in policyholders' deposits and investments	–	–
Net increase of disposal of Financial trading assets based on fair value to confirm profit or loss	–	–
Charge interest, fees and commissions	–	–
Net increase of capital borrowed	–	–
Net increase in repo operations funds	–	–
Refund of taxes and surcharges	5,932,779.31	4,464,593.89
Cash received relating to other operating activities	821,842,663.13	351,459,037.36
Sub-total of cash inflows	<u>30,133,337,704.48</u>	<u>12,652,125,758.50</u>
Cash paid for goods and services	19,099,549,913.51	4,921,722,927.91
Net increase in loans and advances to customers	–	–
Central banks and interbank deposits Cash	–	–
Pay the original insurance contract paid in cash	–	–
Payment of interest, fees and commissions	–	–
Policyholder dividends paid in cash	–	–
Cash paid to and on behalf of employees	2,861,186,474.14	2,449,679,050.70
Payments of taxes and surcharges	1,893,689,073.24	1,626,658,393.17
Cash paid relating to other operating activities	2,923,196,210.63	1,842,642,301.56
Sub-total of cash outflows	<u>26,777,621,671.52</u>	<u>10,840,702,673.34</u>
Net cash flows from operating activities	<u><u>3,355,716,032.96</u></u>	<u><u>1,811,423,085.16</u></u>

Items	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
2. Cash flows from investing activities		
Cash received from disposal of investments	1,876,143,118.02	792,520,000.00
Cash received from returns on investments	131,710,015.62	52,218,820.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	233,117.67	137,366.97
Net cash received from sales of subsidiaries and other business units	–	–
Cash received relating to other investing activities	944,009,762.19	645,119.55
Sub-total of cash inflows	<u>2,952,096,013.50</u>	<u>845,521,306.52</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	222,065,799.48	117,616,943.16
Cash paid to acquire investments	1,634,273,877.62	2,264,920,000.00
Net increase in loans	–	–
Net cash paid for acquisitions of subsidiaries and other business units	–	–
Cash paid relating to other investing activities	161,611.03	–
Sub-total of cash outflows	<u>1,856,501,288.13</u>	<u>2,382,536,943.16</u>
Net cash flows from investing activities	<u>1,095,594,725.37</u>	<u>(1,537,015,636.64)</u>
3. Cash flows from financing activities		
Cash received from capital contributions	234,530,000.00	10,320,000.00
Including: Cash received from capital contributions by minority shareholders	234,530,000.00	10,320,000.00
Cash received from borrowings	2,045,796,206.09	22,323,817.22
Cash received from issuance of bonds	–	–
Cash received relating to other financing activities	1,300,000.00	–
Sub-total of cash inflows	<u>2,281,626,206.09</u>	<u>32,643,817.22</u>
Cash repayments of borrowings	2,084,758,288.25	37,669,009.15
Cash payments for interest expenses and distribution of dividends or profits	1,225,121,032.77	477,406,949.06
Including: Cash paid for distribution of dividends or profit to minorities of subsidiaries	9,339,862.25	20,824,902.43
Cash paid relating to other financing activities	22,284,967.53	–
Sub-total of cash outflows	<u>3,332,164,288.55</u>	<u>515,075,958.21</u>
Net cash flows from financing activities	<u>(1,050,538,082.46)</u>	<u>(482,432,140.99)</u>

Items	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
4. Effects of foreign exchange rate changes on cash and cash equivalents	<u>1,262,579.04</u>	<u>431,887.11</u>
5. Net increase in cash and cash equivalents	3,402,035,254.91	(207,592,805.36)
Add: Opening balance of cash and cash equivalents	<u>11,495,535,159.70</u>	<u>12,586,469,786.51</u>
6. Cash and cash equivalents at the end of the period	<u>14,897,570,414.61</u>	<u>12,378,876,981.15</u>

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Cash Flow Statement of the Parent Company
1 January – 30 September 2018

Items	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
1. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	2,905,587,335.29	1,377,823,387.91
Refund of taxes and surcharges	–	–
Cash received relating to other operating activities	307,314,664.61	235,974,289.64
Sub-total of cash inflows	<u>3,212,901,999.90</u>	<u>1,613,797,677.55</u>
Cash paid for goods and services	1,315,221,792.48	221,255,365.04
Cash paid to and on behalf of employees	342,431,340.06	310,696,026.97
Payments of taxes and surcharges	396,232,125.38	322,868,364.20
Cash paid relating to other operating activities	124,702,482.55	138,112,145.24
Sub-total of cash outflows	<u>2,178,587,740.47</u>	<u>992,931,901.45</u>
Net cash flows from operating activities	<u>1,034,314,259.43</u>	<u>620,865,776.10</u>
2. Cash flows from investing activities		
Cash received from disposal of investments	1,500,000,000.00	–
Cash received from returns on investments	1,302,075,371.33	459,219,469.86
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	630.00	65,700.00
Net cash received from sales of subsidiaries and other business units	–	–
Cash received relating to other investing activities	842,873,487.00	787,380,390.72
Sub-total of cash inflows	<u>3,644,949,488.33</u>	<u>1,246,665,560.58</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	27,263,227.43	34,003,072.51
Cash paid to acquire investments	3,966,511,831.81	2,438,000,500.00
Net cash paid for acquisitions of subsidiaries and other business units	–	–
Cash paid relating to other investing activities	706,331,644.92	750,331,644.92
Sub-total of cash outflows	<u>4,700,106,704.16</u>	<u>3,222,335,217.43</u>
Net cash flows from investing activities	<u>(1,055,157,215.83)</u>	<u>(1,975,669,656.85)</u>

Items	1 January – 30 September 2018 (RMB)	1 January – 30 September 2017 (RMB)
3. Cash flows from financing activities		
Cash received from capital contributions	–	–
Cash received from borrowings	1,104,431,644.92	154,431,644.92
Cash received from issuance of bonds	–	–
Cash received relating to other financing activities	–	–
Sub-total of cash inflows	<u>1,104,431,644.92</u>	<u>154,431,644.92</u>
Cash repayments of borrowings	154,431,644.92	184,431,644.92
Cash payments for interest expenses and distribution of dividends or profits	633,065,972.30	457,820,897.76
Cash paid relating to other financing activities	–	–
Sub-total of cash outflows	<u>787,497,617.22</u>	<u>642,252,542.68</u>
Net cash flows from financing activities	<u>316,934,027.70</u>	<u>(487,820,897.76)</u>
4. Effects of foreign exchange rate changes on cash and cash equivalents	<u>–</u>	<u>9.58</u>
5. Net increase in cash and cash equivalents	296,091,071.30	(1,842,624,768.93)
Add: Cash and cash equivalents at the beginning of the period	<u>6,147,937,501.16</u>	<u>8,326,923,391.07</u>
6. Cash and cash equivalents at the end of the period	<u>6,444,028,572.46</u>	<u>6,484,298,622.14</u>

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

4.2 Audited Report

Applicable Not applicable

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 29 October 2018

As at the date of this announcement, the Board comprises Mr. Li Chuyuan, Mr. Chen Mao, Ms. Liu Juyan, Ms. Cheng Ning, Mr. Ni Yidong, Mr. Li Hong and Mr. Wu Changhai as executive directors, and Mr. Chu Xiaoping, Mr. Jiang Wenqi, Mr. Wong Hin Wing and Ms. Wang Weihong as independent non-executive directors.