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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)

2019 FIRST 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 in this regard warrant 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 and collectively and individually accept full responsibility.
- 1.2** The directors of the Company attended the 21st meeting of the seventh session of the Board, among whom, Mr. Chen Mao (an executive director) was unable to attend the meeting and had appointed Ms. Cheng Ning (an executive director) to attend the meeting and vote on his behalf. Ms. Wang Weihong (an independent non-executive director) attended the meeting by telephone.
- 1.3** The financial reports of the Company and its subsidiaries (collectively, the “Group”) and the Company for the first quarter ended 31 March 2019 (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 chief financial officer 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 of discrepancy, the Chinese version shall prevail.

2. BASIC INFORMATION ON THE COMPANY

2.1 Principal financial data

Items	As at the end of the Reporting Period (Unaudited)	As at the end of 2018 (Audited)	Increase/ (Decrease) as compared with the end of 2018 (%)
Total assets (<i>RMB'000</i>)	51,800,877	51,482,184	0.62
Net assets attributable to the shareholders of the Company (<i>RMB'000</i>)	23,092,663	21,684,909	6.49
Equity per share attributable to the shareholders of the Company (<i>RMB</i>)	14.20	13.34	6.49
Items	1 January 2019 – 31 March 2019 (Unaudited)	1 January 2018 – 31 March 2018 (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2018 (%)
Net cash flow from operating activities (<i>RMB'000</i>)	(2,798,689)	802,226	(448.87)
Net cash flow from operating activities per share (<i>RMB</i>)	(1.72)	0.49	(448.87)

Items	1 January 2019 – 31 March 2019 (Unaudited)	1 January 2018 – 31 March 2018 (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2018 (%)
Operating income (<i>RMB'000</i>)	18,055,312	6,909,195	161.32
Net profit attributable to the shareholders of the Company (<i>RMB'000</i>)	1,406,843	905,169	55.42
Net profit attributable to the shareholders of the Company after deducting non-recurring items (<i>RMB'000</i>)	1,372,716	872,357	57.36
Basic earnings per share (<i>RMB</i>)	0.865	0.557	55.42
Diluted earnings per share (<i>RMB</i>)	0.865	0.557	55.42
Ratio of weighted average return on net assets (%)	6.28	4.68	An increase of 1.60 percentage points
Ratio of weighted average return on net assets after deducting non-recurring items (%)	6.13	4.51	An increase of 1.62 percentage points

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

(2) Non-recurring items include:

Items (January 2019 – March 2019)	Amount <i>(RMB'000)</i>	Notes
Gain/(Loss) on disposal of non-current assets	(566)	
Government subsidies recognized as gain/(loss)	26,701	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 and trading financial liabilities	12,416	
Write-off provision for impairment of accounts receivable undergoing independent impairment test	–	
Other non-operating income and expenses excluding the above items	2,786	
Income tax effect	(5,806)	
Effect on minority interest	<u>(1,403)</u>	
Total	<u><u>34,128</u></u>	

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

As at 31 March 2019, the Company had 69,247 shareholders in total, among which, 69,220 shareholders held the Renminbi-denominated ordinary shares listed domestically (A Shares) and 27 shareholders held the overseas listed foreign shares (H Shares).

Full names of 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)		Status of shareholders
				Shares status	Number of shares (share)	
Guangzhou Pharmaceutical Holdings Company (“GPHL”)	732,305,103	45.04	148,338,467	Nil	0	State-owned legal person
HKSCC Nominees Limited	219,735,409	13.52	0	Nil	0	Others
Guangzhou State-owned Asset Development Holdings Limited	87,976,539	5.41	87,976,539	Nil	0	State-owned legal person
Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership)	73,313,783	4.51	73,313,783	Nil	0	Others
China Securities Finance Corporation Limited	47,278,008	2.91	0	Nil	0	Others
Shanghai Yunfeng Xinchuang Equity Investment Center (Limited Partnership)	21,222,410	1.31	21,222,410	Pledged	21,222,410	Others
Central Huijin Investment Limited	15,260,700	0.94	0	Nil	0	Others
HKSCC	10,412,432	0.64	0	Nil	0	Others
China AMC – Agricultural Bank – Huaxia China Securities Financial Asset Management Plan	8,795,136	0.54	0	Nil	0	Others
Zhongou AMC – Agricultural Bank – Zhongou China Securities Financial Asset Management Plan	8,680,636	0.53	0	Nil	0	Others

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

Names of shareholders	Number of shares not subject to selling restrictions <i>(share)</i>	Class of shares	Number of shares <i>(share)</i>
GPHL	583,966,636	Domestic shares	732,305,103
HKSCC Nominees Limited	219,735,409	H shares	219,735,409
China Securities Finance Corporation Limited	47,278,008	Domestic shares	47,278,008
Central Huijin Investment Limited	15,260,700	Domestic shares	15,260,700
HKSCC	10,412,432	Domestic shares	10,412,432
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 Total number of shareholders holding 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 31 March 2019 (RMB'000)	As at 31 December 2018 (RMB'000) (Restated)	Fluctuation (%)	Reasons for fluctuation
Contract liabilities	1,324,309	3,686,647	(64.08)	The change in balance of such item was mainly due to: as at the end of last year, the Company's wholly-owned subsidiary namely Guangzhou WLJ Great Health Industry Co., Ltd (the "WLJ Great Health") increased the advance payment due to the advance of the Spring Festival and delivered the goods during the Reporting Period, resulting in the decrease of the item.
Other current liabilities	187,575	0	/	The change in balance of such item was mainly due to: the tax on the items to be resold in the advance received by the subordinate enterprises within one year shall be reclassified to this item with the implementation of the new revenue standards by the Company.
Long-term borrowings	219,000	413,554	(47.04)	The change in balance of such item was mainly due to repayment of the bank loans by the subsidiaries of the Company.
Other comprehensive income	433	(477)	190.74	The change in balance of such item was mainly due to the change in exchange rate differences on conversion of foreign currencies by the subsidiaries of the Company.

Items	January 2019- March 2019 (RMB'000)	January 2018- March 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Operating income	18,055,312	6,909,195	161.32	The change of this statement item was mainly due to the consolidation of Guangzhou Pharmaceuticals Corporation (the "GP Corp.") and Guangzhou Wang Lao Ji Pharmaceutical Co., Ltd (the "Wang Lao Ji") into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, which led to an increase of RMB9.402 billion in balance of this statement item.
Operating costs	13,545,146	4,245,624	219.04	The change of this statement item was mainly due to the consolidation of GP Corp. and Wang Lao Ji's accounts into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, which led to an increase of RMB8.607 billion in balance of this statement item.
Taxes and surcharges	109,544	82,253	33.18	The change of this statement item was mainly due to the consolidation of GP Corp. and Wang Lao Ji's accounts into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, which led to an increase of RMB17.33 million in balance of this statement item.

Items	January 2019- March 2019 (RMB'000)	January 2018- March 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Selling and distribution expenses	1,910,835	1,132,949	68.66	The change of this statement item was mainly due to: (1) the consolidation of GP Corp. and Wang Lao Ji's accounts into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, which led to an increase of RMB387 million in balance of this statement item; (2) During the Reporting Period, subsidiaries of the Company strengthened marketing of products and expanded advertising and promotion.
General and administrative expenses	556,761	356,526	56.16	The change of this statement item was mainly due to the consolidation of GP Corp. and Wang Lao Ji's accounts into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, which led to an increase of RMB126 million in balance of this statement item.
Financial expenses	38,529	(57,969)	166.46	The change of this statement item was mainly due to the consolidation of GP Corp. and Wang Lao Ji's accounts into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, which led to an increase of RMB94 million in balance of this statement item.

Items	January 2019- March 2019 (RMB'000)	January 2018- March 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Impairment losses in respect of assets	1,249	4,062	(69.25)	The change of this statement item was mainly due to a decrease in provision for valuation allowance for inventory markdown by the subsidiaries of the Company as compared with the corresponding period of last year.
Impairment losses in respect of credit	33,488	0	/	The change of this statement item was mainly due to the provision for bad debts from accounts receivable for the Reporting Period was included in this item as a result of the initial implementation of New Financial Instruments Standards.
Investment income	43,557	95,703	(54.49)	The change of this statement item was mainly due to the consolidation of GP Corp. and Wang Lao Ji's accounts into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, whose investment income were recognized by equity method. During the Reporting Period, there is no such occurrence, which led to a decrease in the investment income.
Gains from changes in fair value	12,416	(120)	10,408.55	The change of this statement item was mainly due to the increase in gains from changes in fair value of the Company's shareholding in China Everbright Bank Co., Ltd and C.Q.Pharmaceutical Holding Co.,Ltd, etc.

Items	January 2019- March 2019 (RMB'000)	January 2018- March 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Non-operating income	7,541	17,724	(57.46)	The change of this statement item was mainly due to the decrease in compensation for land requisition and relocation confirmed by the subsidiaries of the Company during the Reporting Period.
Non-operating expenses	3,569	677	427.07	The change of this statement item was mainly due to the increase in cost for land requisition and relocation confirmed by the subsidiaries of the Company during the Reporting Period.
Total profit	1,773,767	1,143,376	55.13	The change of this statement item was mainly due to: (1) a substantial increase in the sales volume and obvious improvements in fee control and price maintenance by WLJ Great Health, a wholly-owned subsidiary of the Company, during the Reporting Period; (2) the consolidation of GP Corp. and Wang Lao Ji's accounts into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, which led to an increase of RMB92 million in balance of this statement item.

Items	January 2019- March 2019 (RMB'000)	January 2018- March 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Income tax expenses	308,601	216,906	42.27	The change of this statement item was mainly due to: (1) during the Reporting Period, the profit of the subsidiaries of the Company has increased and the income tax expenses increased correspondingly; (2) the consolidation of GP Corp. and Wang Lao Ji's accounts into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, which led to an increase of RMB29 million in balance of this statement item.
Minority interest	58,322	21,300	173.81	The change of this statement item was mainly due to the consolidation of GP Corp. and Wang Lao Ji's accounts into the Company's accounts during the Reporting Period while these two companies were joint ventures in the corresponding period of last year, which led to an increase in amount of this statement item.
Net profit attributable to the parent company's shareholders	1,406,843	905,169	55.42	The change of this statement item mainly due to: during the Reporting Period, a substantial increase in the Group's total profit compared with the corresponding period of last year and a slight increase in minority interest.

Items	January 2019- March 2019 (RMB'000)	January 2018- March 2018 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Net cash flows from operating activities	(2,798,689)	802,226	(448.87)	The decrease in net cash flows from operating activities compared with the same period of the last year mainly due to: the consolidation of accounts of the GP Corp. into the Company's accounts during the Reporting Period. Because of the change of the business structure of the GP Corp., the proportion of hospital sales has increased, resulting in increased accounts receivable and increased drug stockpile procurement for GPO preparations.
Net cash flows from investing activities	(158,131)	188,582	(183.85)	The decrease in net cash flows from investing activities compared with the same period of the last year mainly due to:(1) the Group's maturity of structural deposits and financial products decreased compared with the corresponding period of the last year; (2) increase in expenditure on acquisition and construction of fixed assets and intangible assets of the subsidiaries of the Company.
Net cash flows from financing activities	1,964,063	(20,599)	9,634.62	The increase of net cash flows from financing activities mainly due to: the consolidation of accounts of the GP Corp. into the Company's accounts during the Reporting Period, and the incorporation of bank loans into the Company's accounts.

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

Applicable Not applicable

The Company intended to pay RMB1,389,122,631 (No VAT) for the acquisition of the 420 “Wang Lao Ji” series trademarks (including trademark applications currently made) (hereafter referred to as the “Transaction”), which was approved at the 18th meeting of the seventh session of the Board and the 12th meeting of the seventh session of the supervisory committee of the Company on 27 December 2018. The Transaction constituted connected transaction. The resolution regarding the proposal on purchasing trademarks in cash and the relevant agreements and connected transactions were approved at the 2019 first extraordinary general meeting convened by the Company on 28 March 2019.

For details, please refer to the announcements titled *Disclosure of Information on the Acquisition of “Wang Lao Ji” Series Trademarks from Guangzhou Pharmaceutical Holdings Limited and Connected Transaction of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited* and *Poll Results of the First Extraordinary General Meeting in 2019 of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited* dated 27 December 2018 and 28 March 2019 published on Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily and the website of the Shanghai Stock Exchange and the announcements dated 27 December 2018 and 28 March 2019 published on the website of The Stock Exchange of Hong Kong Limited.

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 2019 up to the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2018

Applicable Not applicable

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

Applicable Not applicable

During the Reporting Period, there had been an increase of two companies in the scope of consolidation:

3.5.1 In January 2019, Guangzhou Cai Zhi Lin Pharmaceutical Company Limited, a wholly-owned subsidiary of the Company, established Longxi Guangyao Cai Zhi Lin Pharmaceutical Company Limited, the registered capital of which is RMB50 million and the proportion of the capital contributed by Guangzhou Cai Zhi Lin Pharmaceutical Company Limited represented 100% thereof.

3.5.2 In January 2019, WLJ Great Health, a wholly-owned subsidiary of the Company, established WLJ Great Health Industry (Lanzhou) Company Limited, the registered capital of which is RMB50 million and the proportion of the capital contributed by WLJ Great Health represented 100% thereof.

4. APPENDIX

4.1 Financial Report

Consolidated Balance Sheet

As at 31 March 2019

Items	31 March 2019 (RMB)	31 December 2018 (RMB)
Current assets:		
Cash at bank and on hand	14,810,933,983.88	16,114,883,673.51
Settlement provisions	-	-
Placements	-	-
Financial assets held for trading	-	-
Financial assets measured at fair value through profit or loss for the current period	-	-
Derivative financial assets	-	-
Notes receivable and accounts receivable	15,993,667,998.37	13,653,056,156.35
Including: Notes receivable	3,326,637,220.05	2,780,597,684.01
Accounts receivable	12,667,030,778.32	10,872,458,472.34
Advances to suppliers	760,066,958.51	837,808,116.68
Premiums receivable	-	-
Receivables from reinsurers	-	-
Reinsurance contract reserve	-	-
Other receivables	1,109,090,345.49	1,056,551,186.68
Including: Interest receivable	-	1,367,876.63
Dividends receivable	39,441,330.52	40,036,044.47
Financial assets purchased under resale agreements	-	-
Inventories	8,079,700,396.26	9,231,739,097.84
Contract assets	-	-
Assets held for sale	-	-
Current portion of non-current assets	-	-
Other current assets	1,796,749,722.15	2,137,248,054.33
Total current assets	42,550,209,404.66	43,031,286,285.39

Items	31 March 2019 (RMB)	31 December 2018 (RMB)
Non-currents assets:		
Entrusted loans and advances	—	—
Debt investments	—	—
Available-for-sale financial assets	—	—
Other debt investments	—	—
Held-to-maturity investments	—	—
Long-term receivables	—	—
Long-term equity investment	1,830,327,201.32	1,759,958,035.39
Other equity instrument investments	84,897,870.89	84,897,870.89
Other non-current financial assets	239,354,854.83	226,938,456.16
Investments properties	229,317,238.57	228,084,499.83
Fixed assets	2,914,443,370.64	3,165,746,536.73
Construction in progress	596,215,794.99	480,305,723.50
Bearer biological assets	—	—
Oil and gas assets	—	—
Right-of-use assets	815,167,150.23	—
Intangible assets	1,052,588,687.09	1,013,353,424.62
Development expenditures	—	—
Goodwill	825,573,066.90	825,573,066.90
Long-term prepaid expenses	95,030,069.32	94,315,140.82
Deferred tax assets	564,479,519.66	569,144,829.25
Other non-current assets	3,273,063.87	2,580,000.00
Total non-current assets	<u>9,250,667,888.31</u>	<u>8,450,897,584.09</u>
Total assets	<u>51,800,877,292.97</u>	<u>51,482,183,869.48</u>

Items	31 March 2019 (RMB)	31 December 2018 (RMB)
Current liabilities:		
Short-term borrowings	7,481,157,561.78	5,905,703,286.10
Borrowings from central banks	-	-
Funds borrowed	-	-
Financial liabilities held for trading	-	-
Financial liabilities measured at fair value through profit or loss for the current period	-	-
Derivative financial liabilities	-	-
Notes payable and accounts payable	10,821,218,075.57	11,969,454,162.81
Advances from customers	-	-
Financial assets sold under repurchase agreements	-	-
Accept money deposits and due to banks	-	-
Customer brokerage deposits	-	-
Securities underwriting brokerage deposits	-	-
Employee benefits payable	682,015,215.34	753,034,630.86
Taxes payable	678,386,937.92	963,543,253.64
Other payables	3,862,738,050.96	3,466,357,353.39
Including: Interest payable	33,267,435.83	41,637,538.72
Dividends payable	65,916,930.12	65,917,238.98
Handling charges and commissions payable	-	-
Due to reinsurers	-	-
Contract liabilities	1,324,308,830.66	3,686,647,223.24
Liabilities held for sale	-	-
Current portion of non-current liabilities	212,012,393.73	204,024,196.93
Other current liabilities	187,575,343.87	-
Total current liabilities	25,249,412,409.83	26,948,764,106.97
Non-current liabilities:		
Insurance contract reserves	-	-
Long-term borrowings	219,000,000.00	413,553,706.06
Debentures payable	-	-
Including: Preferred stock	-	-
Perpetual bond	-	-
Lease liabilities	-	-
Long-term payable	27,685,411.94	135,795,848.74
Long-term employee benefits payable	318,490.07	325,325.54
Provisions	48,943,178.60	49,601,312.48
Deferred income	507,162,523.31	490,423,604.73
Deferred tax liabilities	257,595,231.33	249,762,210.96
Other non-current liabilities	770,751,840.20	50,225,000.00
Total non-current liabilities	1,831,456,675.45	1,389,687,008.51
Total liabilities	27,080,869,085.28	28,338,451,115.48

Parent Company Balance Sheet

As at 31 March 2019

Items	31 March 2019 <i>(RMB)</i>	31 December 2018 <i>(RMB)</i>
Current assets:		
Cash at bank and on hand	6,570,350,855.41	6,806,911,762.32
Financial assets held for trading	-	-
Financial assets measured at fair value through profit or loss for the current period	-	-
Derivative financial assets	-	-
Notes receivable and accounts receivable	1,100,915,482.35	876,847,449.96
Including: Notes receivable	949,542,239.82	615,391,740.80
Accounts receivable	151,373,242.53	261,455,709.16
Advances to suppliers	4,648,969.98	12,525,525.66
Other receivables	1,780,755,882.08	1,877,892,798.80
Including: Interest receivable	-	-
Dividends receivable	258,196,757.02	382,928,791.41
Inventories	917,504,931.85	946,856,781.67
Contract assets	-	-
Assets held for sales	-	-
Current portion of non-current assets	-	-
Other current assets	1,519,959,949.52	1,507,451,931.22
Total current assets	<u>11,894,136,071.19</u>	<u>12,028,486,249.63</u>
Non-currents assets:		
Debt investments	-	-
Available-for-sale financial assets	-	-
Other debt investments	-	-
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investments	8,927,027,298.53	8,440,656,099.18
Other equity instrument investments	84,897,870.89	84,897,870.89
Other non-current financial assets	235,597,112.46	223,325,494.09
Investment properties	212,318,983.91	214,466,738.50
Fixed assets	483,163,169.11	491,135,835.97
Construction in progress	120,964,166.38	38,386,309.01
Bearer biological assets	-	-
Oil and gas assets	-	-
Right-of-use assets	4,539,413.35	-
Intangible assets	363,478,857.87	366,396,141.82
Development expenditures	-	-
Goodwill	-	-
Long-term prepaid expenses	1,531,224.51	1,725,586.63
Deferred tax assets	126,072,489.93	126,072,489.93
Other non-current assets	-	-
Total non-current assets	<u>10,559,590,586.94</u>	<u>9,987,062,566.02</u>
Total assets	<u>22,453,726,658.13</u>	<u>22,015,548,815.65</u>

Items	31 March 2019 (RMB)	31 December 2018 (RMB)
Current liabilities:		
Short-term borrowings	954,431,644.92	954,431,644.92
Financial liabilities held for trading	-	-
Financial liabilities measured at fair value through profit or loss for the current period	-	-
Derivative financial liabilities	-	-
Notes payable and accounts payable	298,126,553.12	322,318,804.97
Advances from customers	-	-
Contract liabilities	206,827,353.15	299,102,767.07
Employee benefits payable	87,437,144.47	86,313,055.87
Taxes payable	192,479,780.52	185,050,078.44
Other payables	2,204,067,514.63	2,116,999,352.64
Including: Interest payable	-	-
Dividends payable	567,124.92	567,433.79
Liabilities held for sales	-	-
Current portion of non-current liabilities	-	-
Other current liabilities	39,575,178.48	-
Total current liabilities	3,982,945,169.29	3,964,215,703.91
Non-current liabilities:		
Long-term borrowings	-	-
Bonds payable	-	-
Including: Preferred stock	-	-
Perpetual bond	-	-
Lease liabilities	-	-
Long-term payables	7,876,324.33	7,802,224.39
Provisions	295,649,619.19	252,971,219.19
Deferred income	74,959,952.37	76,572,361.85
Deferred tax liabilities	12,940,147.39	12,940,147.39
Other non-current liabilities	4,983,659.30	-
Total non-current liabilities	396,409,702.58	350,285,952.82
Total liabilities	4,379,354,871.87	4,314,501,656.73

Items	31 March 2019 (RMB)	31 December 2018 (RMB)
Shareholders' equity:		
Share capital	1,625,790,949.00	1,625,790,949.00
Other equity instruments	-	-
Including: Preferred stock	-	-
Perpetual bond	-	-
Capital surplus	9,820,175,495.89	9,820,175,495.89
Less: Treasury shares	-	-
Other comprehensive income	(2,410,088.36)	(2,423,845.18)
Surplus reserves	996,126,723.03	996,126,723.03
Undistributed profits	5,634,688,706.70	5,261,377,836.18
Total shareholders' equity	<u>18,074,371,786.26</u>	<u>17,701,047,158.92</u>
Total liabilities and shareholders' equity	<u>22,453,726,658.13</u>	<u>22,015,548,815.65</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-31 March 2019

Items	1 January- 31 March 2019 (RMB)	1 January- 31 March 2018 (RMB)
1. Total operating income	18,055,312,257.27	6,909,195,157.97
Including: Operating income	18,055,312,257.27	6,909,195,157.97
Interest income	-	-
Premiums earned	-	-
Fees and commissions income	-	-
2. Total operating costs	16,367,006,321.80	5,899,738,652.26
Including: Operating costs	13,545,145,809.46	4,245,623,561.92
Interest expenses	-	-
Fees and commissions expense	-	-
Surrenders	-	-
Net claims paid	-	-
Net reserves for insurance contracts	-	-
Policyholder dividends	-	-
Reinsurance expenses	-	-
Taxes and surcharges	109,543,651.20	82,252,629.90
Selling and distribution expenses	1,910,834,851.75	1,132,949,137.40
General and administrative expenses	556,761,296.13	356,525,953.37
Research and development expenses	171,455,204.20	136,294,369.43
Financial expenses	38,528,646.67	(57,968,647.89)
Including: Interest expenses	95,565,701.31	1,066,000.01
Interest income	68,918,021.35	60,398,307.87
Impairment losses in respect of assets	1,249,015.40	4,061,648.13
Impairment losses in respect of credit	33,487,846.99	-
Add: Other income	25,515,167.92	21,290,156.73
Investment income	43,557,067.06	95,703,214.13
Including: Income from investments in associates and joint ventures	43,529,318.56	90,558,621.12
Exchange gains and losses	-	-
Gains on hedging of net exposure	-	-
Gains from changes in fair value	12,416,398.67	(120,447.60)
Gains from disposal of assets	-	-
3. Operating profit	1,769,794,569.12	1,126,329,428.97
Add: Non-operating income	7,540,501.08	17,723,631.17
Less: Non-operating expenses	3,568,561.88	677,054.81
4. Total profit	1,773,766,508.32	1,143,376,005.33
Less: Income tax expenses	308,601,170.97	216,906,483.25
5. Net profit	1,465,165,337.35	926,469,522.08
(1) Classified by the continuity of operations		
A. Net profit from continuing operations	1,465,165,337.35	926,469,522.08
B. Net profit from discontinued operations	-	-
(2) Classified by ownership of the equity		
A. Net profit attributable to the parent company's shareholders	1,406,843,499.97	905,169,337.64
B. Minority interest	58,321,837.38	21,300,184.44

Items	1 January- 31 March 2019 (RMB)	1 January- 31 March 2018 (RMB)
6. Other comprehensive income, net of tax	910,116.34	(1,735,097.06)
Other comprehensive income, net of tax attributable to the parent company's shareholders	910,116.34	(1,735,096.90)
(1) Other comprehensive income that will not be reclassified to profit or loss	-	-
A. Changes arising from the remeasurement of defined benefit obligation	-	-
B. Other comprehensive income that will not be reclassified to profit or loss under equity method	-	-
C. Changes in fair value of other equity instrument investments	-	-
D. Changes in fair value of other equity instrument	-	-
(2) Other comprehensive income that may be reclassified into profit or loss	910,116.34	(1,735,096.90)
A. Other comprehensive income that may be reclassified to profit or loss under equity method	13,756.82	-
B. Changes in fair value of other debt investments	-	-
C. Gains and losses arising from changes in fair value of available-for-sale financial assets	-	147,928.16
D. The amount of financial assets reclassified into other comprehensive income	-	-
E. Gains and losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets	-	-
F. Provision for credit loss of other debt investments	-	-
G. Cash flow hedge reserve	-	-
H. Difference arising from the translation of foreign currency financial statements	896,359.52	(1,883,025.06)
I. Others	-	-
Other comprehensive income, net of tax attributable to minority shareholders	-	(0.16)
7. Total comprehensive income	<u>1,466,075,453.69</u>	<u>924,734,425.02</u>
Total comprehensive income attributable to shareholders of the parent company	1,407,753,616.31	903,434,240.74
Total comprehensive income attributable to minority shareholders	58,321,837.38	21,300,184.28
8. Earnings per share		
(1) Basic earnings per share	0.865	0.557
(2) Diluted earnings per share	0.865	0.557

If business combination happened under the same control during the Reporting Period, the combined party recognized the net profit of RMB0 and 0 before combination and the corresponding period last year, collectively.

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

Income Statement of the Parent Company
1 January-31 March 2019

Items	1 January- 31 March 2019 (RMB)	1 January- 31 March 2018 (RMB)
1. Operating income	1,849,025,960.99	1,283,145,152.69
Less: Operating costs	875,699,973.17	642,649,099.82
Taxes and surcharges	20,590,628.78	17,366,099.87
Selling and distribution expenses	319,412,346.72	178,042,433.03
General and administrative expenses	168,663,278.36	84,803,322.16
Research and development expenses	87,189,492.64	58,589,189.70
Financial expenses	(8,758,388.22)	(14,111,308.57)
Including: Interest expenses	8,363,603.78	1,343,555.31
Interest income	17,207,213.02	15,520,802.50
Impairment losses in respect of assets	(1,219,182.74)	(533,633.21)
Impairment losses in respect of credit	(1,118,752.18)	-
Add: Other income	3,414,350.85	1,346,366.35
Investment income	30,557,442.53	82,351,485.54
Including: Income from investments in associates and joint ventures	30,557,442.53	82,351,485.54
Gains on hedging of net exposure	-	-
Gains from changes in fair value	12,271,618.37	(120,447.60)
Gains on disposal of assets	-	-
2. Operating profit	<u>434,809,976.21</u>	<u>399,917,354.18</u>
Add: Non-operating income	1,910,924.02	2,831,746.08
Less: Non-operating expenses	277,698.52	114,498.05
3. Total profit	<u>436,443,201.71</u>	<u>402,634,602.21</u>
Less: Income tax expenses	63,132,331.19	47,412,250.35
4. Net profit	<u><u>373,310,870.52</u></u>	<u><u>355,222,351.86</u></u>
(1) Net profit from continuing operations	373,310,870.52	355,222,351.86
(2) Net profit from discontinued operations	-	-
5. Other comprehensive net income, net of tax	13,756.82	154,275.00
(1) Other comprehensive income that will not be reclassified to profit or loss	-	-
A. Changes arising from the remeasurement of defined benefit obligation	-	-
B. Other comprehensive income that will not be reclassified to profit or loss under equity method	-	-
C. Changes in fair value of other equity instrument investments	-	-
D. Changes in fair value of the company's own credit risk	-	-

Items	1 January- 31 March 2019 (RMB)	1 January- 31 March 2018 (RMB)
(2) Other comprehensive income that may be reclassified into profit or loss	13,756.82	154,275.00
A. Other comprehensive income that can may be reclassified to profit or loss under equity method	13,756.82	-
B. Changes in fair value of other debt investments	-	-
C. Gain and losses arising from changes in fair value of available-for-sale financial assets	-	154,275.00
D. The amount of financial assets reclassified into other comprehensive income	-	-
E. Gains and losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets	-	-
F. Provision for credit loss of other debt investments	-	-
G. Cash flow hedge reserve	-	-
H. Difference arising from the translation of foreign currency financial statements	-	-
I. Others	-	-
6. Total comprehensive income	<u>373,324,627.34</u>	<u>355,376,626.86</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 Statements of Cash Flows
1 January-31 March 2019

Items	1 January- 31 March 2019 (RMB)	1 January- 31 March 2018 (RMB)
1. Cash flows from operating activities		
Cash receipts from sales of goods and the rendering of services	13,996,955,341.09	5,538,057,887.76
Net increase in customer deposits and interbank deposits	-	-
Net increase in borrowings from central banks	-	-
Net increase in borrowing funds from other financial institutions	-	-
Receipt of the original insurance contract cash	-	-
Net cash received from reinsurance business	-	-
Net increase in policyholders' deposits and investments	-	-
Cash received of interest, fees and commissions	-	-
Net increase in funds deposit	-	-
Net increase in repo operations funds	-	-
Net cash received from securities trading brokerage business	-	-
Receipts of taxes refunds	2,456,721.56	479,746.67
Other cash receipts relating to operating activities	176,403,364.20	206,706,147.99
Subtotal of cash inflows from operating activities	<u>14,175,815,426.85</u>	<u>5,745,243,782.42</u>
Cash payments for goods purchased and services received	13,501,277,794.53	2,356,453,057.23
Net increase in loans and advances to customers	-	-
Net increase in central banks and interbank deposits cash	-	-
Cash paid of the original insurance contract paid in cash	-	-
Cash paid of interest, fees and commissions	-	-
Policyholder dividends paid in cash	-	-
Cash payments to and on behalf of employees	1,405,883,789.68	1,078,855,338.11
Payments of all types of taxes	979,140,928.44	648,934,055.42
Other cash payments relating to operating activities	1,088,201,946.52	858,775,516.81
Subtotal of cash outflows from operating activities	<u>16,974,504,459.17</u>	<u>4,943,017,967.57</u>
Net cash flows from operating activities	<u>(2,798,689,032.32)</u>	<u>802,225,814.85</u>

Items	1 January- 31 March 2019 (RMB)	1 January- 31 March 2018 (RMB)
2. Cash flows from investing activities		
Cash receipts from returns of investments	40,600,000.00	257,850,000.00
Cash receipts from investment income	5,175,836.85	15,235,008.11
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	153,326.20	37,220.00
Net cash receipts from disposals of subsidiaries and other business units	-	-
Other cash receipts relating to investing activities	4,000,000.00	-
Subtotal of cash inflows from investing activities	49,929,163.05	273,122,228.11
Cash payment to acquire and construct fixed assets, intangible assets and other long-term assets	181,060,237.51	46,939,915.98
Cash payments to acquire investments	27,000,000.00	37,600,000.00
Net increase in loans	-	-
Net cash payment for acquisitions of subsidiaries and other business units	-	-
Other cash payments relating to investing activities	-	-
Subtotal of cash outflows from investing activities	208,060,237.51	84,539,915.98
Net cash flows from investing activities	(158,131,074.46)	188,582,312.13
3. Cash flows from financing activities		
Cash receipts from investors making investment in the enterprise	110,200,000.00	1,700,000.00
Including: Cash receipts from minorities making investment in subsidiaries	110,200,000.00	1,700,000.00
Cash receipts from borrowings	3,248,402,763.22	-
Cash receipts from issue of bonds	-	-
Other cash receipts relating to financing activities	865,903,795.13	-
Subtotal of cash inflows from financing activities	4,224,506,558.35	1,700,000.00

Cash Flow Statement of the Parent Company
1 January-31 March 2019

Items	1 January- 31 March 2019 (RMB)	1 January- 31 March 2018 (RMB)
1. Cash flows from operating activities		
Cash receipts from the sales of goods and the rendering of services	1,095,151,687.79	794,052,116.37
Receipts of taxes refunds	-	-
Other cash receipts relating to operating activities	76,314,988.82	75,095,692.55
Subtotal of cash inflows from operating activities	<u>1,171,466,676.61</u>	<u>869,147,808.92</u>
Cash payments for goods purchased and services received	673,004,291.97	325,048,400.89
Cash payments to and on behalf of employees	133,152,720.70	130,956,669.27
Payments of all types of taxes	170,900,437.45	167,436,107.12
Other cash payments relating to operating activities	72,579,332.49	78,746,101.95
Subtotal of cash outflows from operating activities	<u>1,049,636,782.61</u>	<u>702,187,279.23</u>
Net cash flows from operating activities	<u><u>121,829,894.00</u></u>	<u><u>166,960,529.69</u></u>
2. Cash flows from investing activities		
Cash receipts from returns of investments	-	-
Cash receipts from returns investment income	148,687,436.86	156,813,827.77
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	-	-
Net cash receipts from sales of subsidiaries and other business units	-	-
Other cash receipts relating to investing activities	166,046,437.09	255,799,107.92
Subtotal of cash inflows from investing activities	<u>314,733,873.95</u>	<u>412,612,935.69</u>
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets	88,840,745.86	2,525,137.76
Cash payments to acquire investments	455,800,000.00	51,726,750.00
Net cash payments for acquisitions of subsidiaries and other business units	-	-
Other cash payments relating to investing activities	120,000,000.00	242,000,000.00
Subtotal of cash outflows from investing activities	<u>664,640,745.86</u>	<u>296,251,887.76</u>
Net cash flows from investing activities	<u><u>(349,906,871.91)</u></u>	<u><u>116,361,047.93</u></u>

Consolidated Balance Sheet
As at 31 March 2019

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Current assets:			
Cash at bank and on hand	16,114,883,673.51	16,114,883,673.51	-
Settlement provisions	-	-	-
Placements	-	-	-
Financial assets held for trading	-	-	-
Financial assets measured at fair value through profit or loss for the current period	-	-	-
Derivative financial assets	-	-	-
Notes receivable and accounts receivable	13,653,056,156.35	13,653,056,156.35	-
Including: Notes receivable	2,780,597,684.01	2,780,597,684.01	-
Accounts receivable	10,872,458,472.34	10,872,458,472.34	-
Advances to suppliers	837,808,116.68	837,808,116.68	-
Premiums receivable	-	-	-
Receivables from reinsurers	-	-	-
Reinsurance contract reserve	-	-	-
Other receivables	1,056,551,186.68	1,055,071,881.60	(1,479,305.08)
Including: Interest receivable	1,367,876.63	1,367,876.63	-
Dividends receivable	40,036,044.47	40,036,044.47	-
Financial assets purchased under resale agreements	-	-	-
Inventories	9,231,739,097.84	9,231,739,097.84	-
Contract assets	-	-	-
Assets held for sales	-	-	-
Current portion of non-current assets	-	-	-
Other current assets	<u>2,137,248,054.33</u>	<u>2,137,248,054.33</u>	-
Total current assets	<u>43,031,286,285.39</u>	<u>43,029,806,980.31</u>	<u>(1,479,305.08)</u>

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Non-currents assets:			
Entrusted loans and advances	-	-	-
Debt investments	-	-	-
Available-for-sale financial assets	-	-	-
Other debt investments	-	-	-
Held-to-maturity investments	-	-	-
Long-term receivables	-	-	-
Long-term equity investment	1,759,958,035.39	1,759,958,035.39	-
Other equity instrument investments	84,897,870.89	84,897,870.89	-
Other non-current financial assets	226,938,456.16	226,938,456.16	-
Investments properties	228,084,499.83	228,084,499.83	-
Fixed assets	3,165,746,536.73	2,950,591,381.29	(215,155,155.44)
Construction in progress	480,305,723.50	480,305,723.50	-
Bearer biological assets	-	-	-
Oil and gas assets	-	-	-
Right-of-use assets	-	858,069,645.29	858,069,645.29
Intangible assets	1,013,353,424.62	1,013,353,424.62	-
Development expenditures	-	-	-
Goodwill	825,573,066.90	825,573,066.90	-
Long-term prepaid expenses	94,315,140.82	94,315,140.82	-
Deferred tax assets	569,144,829.25	569,144,829.25	-
Other non-current assets	2,580,000.00	2,580,000.00	-
Total non-current assets	<u>8,450,897,584.09</u>	<u>9,093,812,073.94</u>	<u>642,914,489.85</u>
Total assets	<u>51,482,183,869.48</u>	<u>52,123,619,054.25</u>	<u>641,435,184.77</u>

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Current liabilities:			
Short-term borrowings	5,905,703,286.10	5,905,703,286.10	—
Borrowings from central banks	—	—	—
Funds borrowed	—	—	—
Financial liabilities held for trading	—	—	—
Financial liabilities measured at fair value through profit or loss for the current period	—	—	—
Derivative financial liabilities	—	—	—
Notes payable and accounts payable	11,969,454,162.81	11,969,454,162.81	—
Advances from customers	—	—	—
Financial assets sold under repurchase agreements	—	—	—
Accept money deposits and due to banks	—	—	—
Customer brokerage deposits	—	—	—
Securities underwriting brokerage deposits	—	—	—
Employee benefits payable	753,034,630.86	753,034,630.86	—
Taxes payable	963,543,253.64	963,543,253.64	—
Other payables	3,466,357,353.39	3,466,357,353.39	—
Including: Interests payable	41,637,538.72	41,637,538.72	—
Dividends payable	65,917,238.98	65,917,238.98	—
Handling charges and commission payable	—	—	—
Due to reinsurers	—	—	—
Contract liabilities	3,686,647,223.24	3,686,647,223.24	—
Liabilities held for sales	—	—	—
Current portion of non-current liabilities	204,024,196.93	211,546,285.03	7,522,088.10
Other current liabilities	—	—	—
Total current liabilities	26,948,764,106.97	26,956,286,195.07	7,522,088.10
Non-current liabilities:			
Insurance contract reserves	—	—	—
Long-term borrowings	413,553,706.06	413,553,706.06	—
Debentures payable	—	—	—
Including: Preferred stock	—	—	—
Perpetual bond	—	—	—
Lease liabilities	—	—	—
Long-term payable	135,795,848.74	27,611,312.00	(108,184,536.74)
Long-term employee benefits payable	325,325.54	325,325.54	—
Provisions	49,601,312.48	49,601,312.48	—
Deferred income	490,423,604.73	490,423,604.73	—
Deferred tax liabilities	249,762,210.96	249,762,210.96	—
Other non-current liabilities	50,225,000.00	792,322,633.41	742,097,633.41
Total non-current liabilities	1,389,687,008.51	2,023,600,105.18	633,913,096.67
Total liabilities	28,338,451,115.48	28,979,886,300.25	641,435,184.77

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Shareholders' equity:			
Share capital	1,625,790,949.00	1,625,790,949.00	–
Other equity instruments	–	–	–
Including: Preferred stock	–	–	–
Perpetual bond	–	–	–
Capital surplus	9,865,084,049.39	9,865,084,049.39	–
Less: Treasury shares	–	–	–
Other comprehensive income	(477,139.10)	(477,139.10)	–
Surplus reserves	1,368,735,157.63	1,368,735,157.63	–
General risk provision	–	–	–
Undistributed profits	8,825,776,191.86	8,825,776,191.86	–
Total equity attributable to the Shareholders of the parent Company	21,684,909,208.78	21,684,909,208.78	–
Minority interest	1,458,823,545.22	1,458,823,545.22	–
Total shareholders' equity	23,143,732,754.00	23,143,732,754.00	–
Total liabilities and shareholders' equity	51,482,183,869.48	52,123,619,054.25	641,435,184.77

Explanation for the adjustments:

Applicable Not applicable

According to the requirements of New Standards on Leases, for contract that already exists before the date of initial adoption, the Group chooses not to re-evaluate whether it is a lease or includes a lease at the date of initial adoption. For the lease contract of the Group as the lessee, the Group chooses to adjust only the cumulative impact of the lease contract outstanding on 1 January 2019. The cumulative affected amount of other relevant items in the financial statements at the beginning of initial adoption period (i.e. 1 January 2019) were adjusted, and no adjustment will be made for the 2018 financial statements. In particular:

- A. For financial leases at the date of initial adoption, the Group measures right-of-use assets and leased liabilities based on the original carrying amount of the assets and payments under a finance lease, respectively.
- B. For operating leases at the date of initial adoption, the Group measures a leased liability based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial adoption; and the unpaid rent payables provided based on the accrual basis under the original standards on leases will be included in the remaining lease payments.

The Group measures right-of-use assets based on each lease option using one of the following:

- 1 assuming that the New Standards on Leases are adopted to measure right-of-use assets once the lease term is commenced, the carrying amount discounted using the incremental borrowing rate at the date of initial adoption;
- 2 an amount equals to the leased liability and necessary adjustments will be made based on the prepaid rents.

Parent Company Balance Sheet

As at 31 March 2019

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Current assets:			
Cash at bank and on hand	6,806,911,762.32	6,806,911,762.32	-
Financial assets held for trading	-	-	-
Financial assets measured at fair value through profit or loss for the current period	-	-	-
Derivative financial assets	-	-	-
Notes receivable and accounts receivable	876,847,449.96	876,847,449.96	-
Including: Notes receivable	615,391,740.80	615,391,740.80	-
Accounts receivable	261,455,709.16	261,455,709.16	-
Advances to suppliers	12,525,525.66	12,525,525.66	-
Other receivables	1,877,892,798.80	1,877,892,798.80	-
Including: Interest receivable	-	-	-
Dividends receivable	382,928,791.41	382,928,791.41	-
Inventories	946,856,781.67	946,856,781.67	-
Contract assets	-	-	-
Assets held for sale	-	-	-
Current portion of non-current assets	-	-	-
Other current assets	<u>1,507,451,931.22</u>	<u>1,507,451,931.22</u>	-
Total current assets	<u>12,028,486,249.63</u>	<u>12,028,486,249.63</u>	<u>-</u>

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Non-currents assets:			
Debt investments	–	–	–
Available-for-sale financial assets	–	–	–
Other debt investments	–	–	–
Held-to-maturity investments	–	–	–
Long-term receivables	–	–	–
Long-term equity investments	8,440,656,099.18	8,440,656,099.18	–
Other equity instrument investments	84,897,870.89	84,897,870.89	–
Other non-current financial assets	223,325,494.09	223,325,494.09	–
Investment properties	214,466,738.50	214,466,738.50	–
Fixed assets	491,135,835.97	491,135,835.97	–
Construction in progress	38,386,309.01	38,386,309.01	–
Bearer biological assets	–	–	–
Oil and gas assets	–	–	–
Right-of-use assets	–	5,059,736.01	5,059,736.01
Intangible assets	366,396,141.82	366,396,141.82	–
Development expenditures	–	–	–
Goodwill	–	–	–
Long-term prepaid expenses	1,725,586.63	1,725,586.63	–
Deferred tax assets	126,072,489.93	126,072,489.93	–
Other non-current assets	–	–	–
Total non-current assets	9,987,062,566.02	9,992,122,302.03	5,059,736.01
Total assets	22,015,548,815.65	22,020,608,551.66	5,059,736.01

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Current liabilities:			
Short-term borrowings	954,431,644.92	954,431,644.92	-
Financial liabilities held for trading	-	-	-
Financial liabilities measured at fair value through profit or loss for the current period	-	-	-
Derivative financial liabilities	-	-	-
Notes payable and accounts payable	322,318,804.97	322,318,804.97	-
Advances from customers	-	-	-
Contract liabilities	299,102,767.07	299,102,767.07	-
Employee benefits payable	86,313,055.87	86,313,055.87	-
Taxes payable	185,050,078.44	185,050,078.44	-
Other payables	2,116,999,352.64	2,116,999,352.64	-
Including: Interest payable	-	-	-
Dividends payable	567,433.79	567,433.79	-
Liabilities held for sale	-	-	-
Current portion of non-current liabilities	-	-	-
Other current liabilities	-	-	-
Total current liabilities	<u>3,964,215,703.91</u>	<u>3,964,215,703.91</u>	<u>-</u>
Non-current liabilities:			
Long-term borrowings	-	-	-
Bonds payable	-	-	-
Including: Preferred stock	-	-	-
Perpetual bond	-	-	-
Lease liabilities	-	-	-
Long-term payables	7,802,224.39	7,802,224.39	-
Provisions	252,971,219.19	252,971,219.19	-
Deferred income	76,572,361.85	76,572,361.85	-
Deferred tax liabilities	12,940,147.39	12,940,147.39	-
Other non-current liabilities	-	5,059,736.01	5,059,736.01
Total non-current liabilities	<u>350,285,952.82</u>	<u>355,345,688.83</u>	<u>5,059,736.01</u>
Total liabilities	<u>4,314,501,656.73</u>	<u>4,319,561,392.74</u>	<u>5,059,736.01</u>

Items	31 December 2018 (RMB)	1 January 2019 (RMB)	Adjustment (RMB)
Shareholders' equity:			
Share capital	1,625,790,949.00	1,625,790,949.00	-
Other equity instruments	-	-	-
Including: Preferred stock	-	-	-
Perpetual bond	-	-	-
Capital surplus	9,820,175,495.89	9,820,175,495.89	-
Less: Treasury shares	-	-	-
Other comprehensive income	(2,423,845.18)	(2,423,845.18)	-
Surplus reserves	996,126,723.03	996,126,723.03	-
Undistributed profits	<u>5,261,377,836.18</u>	<u>5,261,377,836.18</u>	-
Total shareholders' equity	<u>17,701,047,158.92</u>	<u>17,701,047,158.92</u>	-
Total liabilities and shareholders' equity	<u>22,015,548,815.65</u>	<u>22,020,608,551.66</u>	<u>5,059,736.01</u>

Explanation for the adjustments:

Applicable Not applicable

According to the requirements of New Standards on Leases, for contract that already exists before the date of initial adoption, the Group chooses not to re-evaluate whether it is a lease or includes a lease at the date of initial adoption. For the lease contract of the Group as the lessee, the Group chooses to adjust only the cumulative impact of the lease contract outstanding on 1 January 2019. The cumulative affected amount of other relevant items in the financial statements were adjusted at the beginning of initial adoption period (i.e. 1 January 2019), and no adjustment will be made for the 2018 financial statements. In particular:

- A. For financial leases at the date of initial adoption, the Group measures right-of-use assets and leased liabilities based on the original carrying amount of the assets and the payments under a finance lease, respectively.
- B. For operating leases at the date of initial adoption, the Group measures a leased liability based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial adoption; and the unpaid rent payables provided based on the accrual basis under the original standards on leases will be included in the remaining lease payments.

The Group measures right-of-use assets based on each lease option using one of the following:

- 1 assuming that the New Standards on Leases are adopted to measure right-of-use assets once the lease term is commenced, the carrying amount discounted using the incremental borrowing rate at the date of initial adoption;
- 2 an amount equals to the leased liability and necessary adjustments will be made based on the prepaid rents.

4.3 Explanation for the adjustments in comparison between the end of 2018 and the initial implementation of new Financial Instruments Standards, new Revenue Standards and new Leases Standards:

Applicable Not applicable

4.4 Audited Report

Applicable Not applicable

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 26 April 2019

As at the date of this report, 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.