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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)

2015 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 collectively and individually accept full responsibility for the authenticity, 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 12th meeting of the sixth session of the Board, among whom, Mr. Wong Lung Tak Patrick and Mr. Jiang Wenqi (independent non-executive Directors) attended the meeting by means of 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 2015 (the “Reporting Period”) are prepared in accordance with the China Accounting Standards for Business Enterprises, which are unaudited.
- 1.4 Mr. Li Chuyuan (chairman of the Board), Mr. Wu Changhai (executive Director) and Ms. Yao Zhizhi (head of finance department) declared that they warranted that the financial reports contained in this quarterly report were true and complete.
- 1.5 This 2015 first quarterly report published in Hong Kong is prepared pursuant to Rule 13.09 (2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (the “Hong Kong Stock Exchange”) and Part XIVA of the Securities and Futures Ordinance (Cap. 571).
- 1.6 This quarterly report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

2. PRINCIPAL FINANCIAL DATA OF THE COMPANY AND CHANGES IN SHAREHOLDERS

2.1 Principal financial data

Items	As at 31 March 2015 <i>(Unaudited)</i>	As at 31 December 2014 <i>(Audited)</i>	Increase/(decrease) as compared with 31 December 2014 <i>(%)</i>
Total assets (RMB'000)	14,913,449	14,210,784	4.94
Shareholders' equity attributable to the shareholders of the Company (RMB'000)	8,103,753	7,739,301	4.71
Net assets per share attributable to the shareholders of the Company (RMB)	6.28	5.99	4.71

Items	1 January – 31 March 2015 <i>(Unaudited)</i>	1 January – 31 March 2014 <i>(Unaudited)</i>	Increase/(decrease) as compared with the corresponding period of 2014 <i>(%)</i>
Net cash flow from operating activities (RMB'000)	238,588	165,476	44.18
Net cash flow from operating activities per share (RMB)	0.18	0.13	44.18

Items	The Reporting Period (1 January – 31 March 2015) <i>(Unaudited)</i>	1 January – 31 March 2014 <i>(Unaudited)</i>	Increase/(decrease) as compared with the corresponding period of 2014 <i>(%)</i>
Income from operations (RMB'000)	4,730,148	4,675,666	1.17
Net profit attributable to the shareholders of the Company (RMB'000)	365,128	317,693	14.93
Net profit attributable to the shareholders of the Company after deducting non-recurring items (RMB'000)	354,418	309,979	14.34
Basic earnings per share (RMB)	0.283	0.246	14.93
Diluted earnings per share (RMB)	0.283	0.246	14.93
Weighted average return on net assets (%)	4.61	4.54	An increase of 0.07 percentage point
Ratio of weighted average return on net assets after deducting non-operating items (%)	4.47	4.43	An increase of 0.04 percentage point

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

(2) Non-recurring items include:

Items (1 January – 31 March 2015)	Amount <i>(RMB'000)</i>	Notes
Losses on disposal of non-current assets	(87)	
Government subsidies recognized in profits or losses	6,284	This is the amount of government subsidies received by the Company's subsidiaries which was transferred to non-operating income in the Reporting Period.
Gains from changes in fair value of financial assets and liabilities held for trading except for hedging contracts and disposal of financial assets and liabilities held for trading and available-for-sale financial assets	1,035	
Loss from entrusted loans	(401)	
Other non-operating income and expenses other than the aforementioned items	6,564	
Income tax effect	(2,516)	
Effect on minority interest	(169)	
Total	<u>10,710</u>	

2.2 The total number of shareholders and the top ten shareholders of the Company as at the end of the Reporting Period (with the Share Reform Plan completed):

As at 31 March 2015, there were 69,336 shareholders in total, among which, 69,308 shareholders holding the Renminbi-denominated ordinary shares (A Shares) and 28 shareholders holding overseas listed foreign shares (H Shares).

Shareholders	Class of shares	Approximate % of the total issued share capital (%)	Number of shares held as at the end of the Reporting Period (share)	Number of shares with selling restrictions held (share)	Number of pledged or locked shares (share)
Guangzhou Pharmaceutical Holdings Company (“GPHL”)	A Shares	45.24	584,228,036	34,839,645	Nil
HKSCC Nominees Limited	H Shares	17.00	219,561,479	Nil	Unknown
Agricultural Bank of China Co., Ltd – Guo Tai Guo Zheng healthcare industry index securities investment funds	A Shares	0.54	6,965,018	Nil	Unknown
Xinhua Life Insurance Limited by Share Ltd. – share out bonus – The collective bonus – 018L – FH001Shang Hai	A Shares	0.49	6,380,585	Nil	Unknown
The national social security fund – Combination Zero-Three	A Shares	0.46	5,999,840	Nil	Unknown
The national social security fund – Combination One-Two	A Shares	0.46	5,999,640	Nil	Unknown
Huarun SZITIC Trust Co. – Run Jin capital trust scheme No. 26	A Shares	0.43	5,515,370	Nil	Unknown
Agricultural Bank of China Co., Ltd. – Wells Fargo securities reform of state-owned enterprises index securities investment fund	A Shares	0.39	5,036,572	Nil	Unknown
The investment authority of Kuwait government – Equity fund	A Shares	0.34	4,364,515	Nil	Unknown
Zhao Xuguang	A Shares	0.29	3,767,209	Nil	47,500

Note: According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.

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 2015 (RMB'000)	As at 31 December 2014 (RMB'000)	Fluctuation (%)	Reason of fluctuation
Notes receivable	1,908,956	1,465,749	30.24	The Group's acceptances of bank notes increased during the Reporting Period.
Advances from customers	547,393	889,009	(38.43)	Advances from customers received by the Company's subsidiaries decreased during the Reporting Period.
Taxes payable	301,494	176,414	70.90	Increase was mainly due to the increase in the value-added taxes payable of the Group as at 31 March 2015.
Interests payable	394	237	66.62	Increase was mainly due to the increase in the interests payable of the Group as at 31 March 2015.

Items	1 January – 31 March 2015 (RMB'000)	1 January – 31 March 2014 (RMB'000)	Fluctuation (%)	Reason of fluctuation
Financial expenses	(9,832)	625	(1,673.76)	During the Reporting Period, the Group actively tapped the internal potential of funds, enhanced the efficiency of capital operation, reduced operating costs, and in turn increased the interest income.
Asset impairment loss	2,277	3,777	(39.70)	Provision made for impairment of assets of the Group for the Reporting Period decreased
Gain or loss from changes in fair value	1,035	(224)	562.51	Increase was due to the rise in the share price of Harbin Pharmaceutical Group Co., Ltd. and AVIC Helicopter Co., Ltd. held by the Company during the Reporting Period.
Non-operating expenses	761	2,463	(69.12)	During the Reporting Period, the loss from disposal of non-current assets of the Company's subsidiaries decreased as compared with the corresponding period of last year.

Items	1 January – 31 March 2015 (RMB'000)	1 January – 31 March 2014 (RMB'000)	Fluctuation (%)	Reason of fluctuation
Net cash flow from operating activities	238,588	165,476	44.18	Decrease for the Reporting Period was mainly due to the decrease in the taxes payable of the Group as compared with the corresponding period of 2014.
Net cash flow from investing activities	(15,293)	(85,206)	82.05	The investment in production and construction of the Group for the Reporting Period decreased as compared with the corresponding period of 2014.
Net cash flow from financing activities	37,585	(59,766)	162.89	It is mainly due to the special dividend distribution of the Company at the beginning of 2014.

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

Applicable Not applicable

3.3 Performance of the undertakings by the Company, its shareholders and actual controller

Applicable Not applicable

3.3.1 Equity incentive implemented by listed company

Item	Content
Background of the undertaking	Undertakings in connection with equity division reform
Party given the undertaking	Controlling shareholder
Details of the undertaking	<ol style="list-style-type: none">1. In order to improve the value of the listed company, after the reform, the controlling shareholder of the Company, GPHL will, to the extent permitted by laws and regulations and subject to the approval of the supervision authority, support the Company to set up an equity incentive mechanism as the prerequisite for management to fulfill their rights of options based on the performance growth of the listed company.2. On the basis of the original undertakings, GPHL made further undertakes: In order to fully mobilize the initiative and creativity of the management team of the listed company, realize the sustainable development and improve the value of the listed company, GPHL undertakes that it will, to the extent permitted by laws and regulations and subject to the approvals of the supervisory authorities, monitor and support Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited to set up incentive scheme for long and medium term within three years from the date of this undertaking letter, which scheme shall stipulate the growth in profits of the Company as a condition and link to market value.
Time and period of the undertaking	The original undertaking was given in March 2006. On 25 June 2014, GPHL supplemented the original undertaking. The undertaking remains valid until it has been fully performed.

Item	Content
Valid period for performance	Up to 25 June 2017
Whether strictly and timely performed	Being performed
Specification	Yes

3.3.2 Independence of listed company

Item	Content
Background of the undertakings	Undertakings related to major assets reorganization (the “Major Assets Reorganization”)
Party given the undertaking	Controlling shareholder
Details of the undertaking	<ol style="list-style-type: none"> 1. After completion of the Major Assets Reorganization, GPHL, the controlling shareholder of the Company, will comply with the requirements of relevant laws and regulations, regulatory documents and the Articles of Association of the Company, and exercise shareholder’s right according to laws and will not affect the independence of the Company by exerting its influence as a controlling shareholder and will maintain the integrity and independence of the Company in respect of assets, employees, finance, organization and business. 2. The undertaking letter will remain effective so long as the Company legally and validly exists and GPHL owns controlling interest in the Company.
Time and period of the undertaking	The undertaking was given on 29 February 2012 and is valid permanently.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

3.3.3 Avoiding competition

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	<ol style="list-style-type: none">1. After completion of the Major Assets Reorganization, GPHL and its controlled subsidiaries should avoid engaging in business and operations which substantially compete with those of the subsisting the Company after completion of the Major Assets Reorganization (“new GPC”), and avoid increasing investment in companies and enterprises, other than new GPC and its subsidiaries, which engages in business and operations which substantially compete with those of new GPC. GPHL will not and will procure its subsidiaries not to engage in the same or similar business of new GPC in order to avoid direct or indirect competition with the operation and business of new GPC. In addition, GPHL will voluntarily and will vigorously procure its subsidiaries to give up competition with new GPC if GPHL and its subsidiaries will bring unfair impact on new GPC in respect of market shares, business opportunities and allocation of resources.2. GPHL is willing to bear the economic losses and/or additional costs directly and/or indirectly suffered or incurred by new GPC due to any breach of the above undertakings.3. The undertaking letter will remain effective so long as GPC legally and validly exists and GPHL owns controlling interest in GPC.
Time and period of the undertaking	The undertaking was given on 29 February 2012 and is valid permanently.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

3.3.4 Regulating connected transactions

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	<ol style="list-style-type: none">1. After completion of the Major Assets Reorganization, GPLH and its subsidiaries should minimize and regulate connected transactions with new GPC. If there is any unavoidable connected transaction, GPLH and its controlled subsidiaries will sign agreement with new GPC in accordance with laws and perform legal procedures. They will also fulfill the information disclosure obligations and pursue the reporting and approval procedures according to the requirements of relevant laws and regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Listing Rules of Hong Kong Stock Exchange and the Articles of Association of Guangzhou Pharmaceutical Company Limited, and warrant that it will not undermine the legitimate rights and interests of the subsisting GPC after completion of the Major Assets Reorganization and its other shareholders.2. The undertaking letter will remain effective so long as GPC legally and validly exists and GPLH owns controlling interest in GPC.
Time and period of the undertaking	The undertaking was given on 29 February 2012 and is valid permanently.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

3.3.5 Restricting the sale of shares

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	Within 36 months from the registration date of such shares, GPLH and its associate companies will not transfer the shares they acquired as a result of GPC's acquisition of assets from GPLH through issue of shares. After such period, any transfer of the shares will be made according to relevant requirements of CSRC and SSE.
Time and period of the undertaking	The undertaking was given on 29 February 2012 and remains valid until it has been fully performed.
Valid period for performance	The Company completed the registration of its newly issued shares on 5 July 2013 with its share registrar, and the performance period is up to 5 July 2016.
Whether timely and strictly performed	Being performed
Specification	Yes

3.3.6 Undertakings related to trademark

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder, the Company
Details of the undertakings	<p>GPHL and the Company mutually undertake as follows in relation to transactions under the Trademark Custody Agreement between Guangzhou Pharmaceutical Company Limited and Guangzhou Pharmaceutical Holdings Limited (the “Agreement”):</p> <ol style="list-style-type: none">Both parties will enter into a supplemental agreement (“Supplemental Agreement”) to the Agreement as soon as possible after the Agreement becoming effective and before they enter into the first new or renewal licensing agreement relating to the licensing of Wang Lao Ji trademarks in custody under the Agreement, with the specific arrangement for new/renewal trademark license to be negotiated by the parties separately. Both parties also agreed that the Supplemental Agreement shall:<ol style="list-style-type: none">embody the requirement for GPHL to pay the Company a basic custody fee of RMB1 million per year as set out in the Agreement; andspecify that 20% of the new licenses fees will be the custody income for the Company and the remaining 80% will be retained by GPHL.Both parties further undertake that the Supplemental Agreement they entered into in the future under the above arrangement will comply with applicable provisions of the listing rules of HKEx and SSE (including but not limited to the requirements of Chapter 14A of the Listing Rules of HKEx and Chapter 10 of the Listing Rules of SSE relating to continuing connected transactions/connected transactions in the ordinary course of business, including that the Supplemental Agreement must specify its validity term, the estimated annual cap of custody income, other terms that must be set out, and etc.).

Item	Content
Time and period of undertaking	The undertaking was given on 26 March 2012 and remains valid until it has been fully performed.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

3.3.7 Undertakings related to properties with legal defects

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	<ol style="list-style-type: none"> 1. GPHL will promote the development of the subsisting listed company, protect the interests of minority investors, and proactively take measures to solve the issue of Baiyunshan properties with legal defects in titles to ensure that the interests of the subsisting listed company and investors are not jeopardised. 2. Guaranteeing that the subsisting listed company will be able to continue occupying and using such properties after completion of the merger and that it will not incur any additional cost nor suffer any material adverse impact due to such issue.

Item	Content
	3. After completion of the merger, GPHL will fully compensate the Company within 2 months from the date of incurring of the actual losses (not including the tax normally incurred in respect of changing the registration name and transfer in relation to the properties and the land premium in relation to the changes from non-granted landuse rights to granted land-use rights) in case there are any penalties imposed on or losses incurred by the Company due to the legal defects in the building ownership or land use rights of the Baiyunshan properties to be acquired by the Company, and such losses include but not limited to all economic losses in connection with any civil, administration and criminal liabilities, to ensure that the Company and minority investors will not suffer any damage there under.
Time and period of undertaking	The undertaking was given on 29 February 2012 and is valid permanently.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

3.3.8 Undertakings related to trademarks which did not complete the transfer procedures

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder

Item	Content
Details of the undertakings	<p>As at 28 June 2013, the registration formalities for the transfer of 388 trademarks within the assets to be acquired to the Company were not yet completed. The consideration for these trademarks was RMB51.1416 million, mainly including two categories: GPLH's grant of use of 54 major trademarks under its six major series namely "Chen Li Ji", "Pan Gao Shou", " Xing Qun", "Zhong Yi", "Qi Xing" and "Jing Xiu Tang" to the Company and its subsidiaries, and GPLH's 334 trademarks which are registered domestically and overseas for joint or defensive purpose (including 277 domestic trademarks and 57 overseas trademarks).</p> <p>With respect to the trademarks being acquired under the Major Assets Reorganization but still pending for registration of transfer, GPLH undertook to:</p> <ol style="list-style-type: none"> 1. process the transfer of those trademarks to the Company as soon as possible; 2. ensure that the Company can use these trademarks without having to pay consideration before the transfer of those assets; 3. to fully indemnify the Company and other third parties (including but not limited to the share registrar and SSE) in cash in respect of the losses incurred by the Company and other third parties within two days from the date on which such losses actually incurred, if due to any reasons, the Company cannot use the above trademarks without paying any consideration or if those trademarks cannot be transferred to the Company, including but not limited to all economic losses incurred from any civil, administrative and criminal liabilities.

Item**Content**

Upon the original undertakings, GPLH made further undertaking:

1. The transfer of all those trademarks to GYBYS will be completed within 3 years from the date of this undertaking letter issued. The Company ensures that GYBYS can use these trademarks without having to pay consideration before the transfer of those trademarks;
2. If the transfer of those trademarks has not been completed by the end of the abovementioned undertaking period, the Company will pay compensation to GYBYS in cash within 10 working days according to the valuation of the trademarks which has not been transferred (in accordance with the Asset valuation on the properties and trademarks held by Guangzhou Pharmaceutical Holdings Limited intended to be acquired through private placement of additional shares by Guangzhou Pharmaceutical Company Limited (Zhong Tian Heng Ping Ping Zi [2012] No. 26) issued by China Valuer International Co., Ltd.).”
3. To fully indemnify the Company and other third parties (including but not limited to the share registrar and SSE) in cash in respect of the losses incurred by the Company and other third parties within two days from the date on which such losses actually incurred, if due to any reasons, the Company cannot use the above trademarks without paying any consideration or if those trademarks cannot be transferred to the Company, including but not limited to all economic losses incurred from any civil, administrative and criminal liabilities.

Time and period of the undertaking

The original undertaking was given on 28 June 2012. GPLH gave a supplemental undertaking in respect of the relevant contents on 23 April 2014. The undertaking remains valid until it has been fully performed.

Item	Content
Valid period for performance	Performance period is up to 23 April 2017
Whether timely and strictly performed	Basically fully performed
Specification	Yes

3.3.9 Undertakings related to trademarks

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	<ol style="list-style-type: none"> 1. GPLH undertakes that, within 2 years from the date of satisfying any conditions set out below, it will legally transfer the trademarks in Wang Lao Ji series (25 in total) and 4 other trademarks (comprising trademarks with registration numbers of 125321, 214168, 538308 and 5466324) to the Company according to requirements of laws and regulations then in force: (i) Upon the expiry on 1 May 2020, or earlier when the license agreement and its supplemental agreement were invalidated/void/terminated as determined by the arbitration institution, or earlier when the agreement was terminated or released as agreed between the parties; or (ii) Hung To (Holdings) Company Limited (鴻道(集團)有限公司) legally ceases to own the right of pre-emption.

Item	Content
	<p>2. On the basis of the original undertaking, Guangzhou Pharmaceutical Holdings Limited further undertakes as follows: After all of the legal disputes regarding the trademark of Wang Lao Ji have been resolved and within 2 years commencing from the transferable day, Guangzhou Pharmaceutical Holdings Limited shall, pursuant to the provisions of the effective laws and regulations then and after the relevant procedures regarding the reporting for approval have been processed, legally transfer to the Company such 29 trademarks of the series of “Wang Lao Ji” together with such other trademarks related to Wang Lao Ji and 4 trademarks obtained and owned in legal manner by Guangzhou Pharmaceutical Holdings Limited after the Execution Day (inclusive of today) for the “Supplementary Agreement to the Agreement of Trademark Custody”. The Company may obtain such by cash or by issuing shares for purchasing assets wherein the transfer price shall be legally confirmed based on such appraisal value as issued by an appraisal institute possessing the professional qualification of engaging in securities and as confirmed in the asset appraisal report verified by the State-owned assets authority.</p>
Time and period of the undertaking	The original undertaking was given on 29 February 2012 and GPLH made supplement to relevant contents on 15 June 2012, the period of validity is up to the date on which the undertakings is fully performed.
Valid period for performance	No
Whether timely and strictly performed	In December 2014, the Company received the Letter of Amendment to the Undertakings of Injection of Wang Lao Ji Trademark Series from GPLH, which proposed to amend the performance period of the former undertakings to “two years since the commencing date of the judgment on the law case of red can decoration”, due to the disputes of red can decoration.

Item	Content
	As approved at the 8th meeting of the sixth session of the Board of the Company, the resolution on the amendment to the performance period of injection of Wang Lao Ji trademark series was submitted to the first extraordinary general meeting in 2015 held on 13 March 2015 and was approved.

Specification	Yes
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3.3.10 Undertakings related to General Institute

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	For resolving potential competition completely, GPLH undertakes that it will transfer 100% equity interest of Guangzhou Pharmaceutical Research Institute (廣州醫藥研究總院) to GPC within 2 years from the date Guangzhou Pharmaceutical Research Institute completes the ownership reform (公司改制) and its shares become transferable in accordance with requirements of the laws and regulations then in force.
Time and period of the undertaking	The undertaking was given on 29 February 2012 and remains valid until it has been fully performed.
Valid period for performance	Guangzhou Pharmaceutical Research Institute Co., Ltd. was established in 27 June 2013 and performance period will be ended on 27 June 2015.
Whether timely and strictly performed	Being performed
Specification	Yes

Save as disclosed above, there is no outstanding undertaking that requires specific disclosure.

3.4 Warning and explanation for negative impact on profit in respect of the beginning of 2015 up to the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2014

Applicable Not applicable

3.5 Explanation on changes in scope of business as compared with the previous annual Report.

For the 3 months ended 31 March 2015, there is 1 new company included in the Group's scope of business.

In January 2015, the Company invested RMB7 million for acquiring the Guangzhou Pharmaceutical Haima Brand Integration and Communication Co. Ltd., which was 100% owned by the Company. It was included in the Group's scope of business since January 2015, forming consolidated goodwill of RMB2.2865 million.

4. APPENDIX

4.1 Balance Sheet

As at 31 March 2015

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)
Current assets:				
Cash	3,443,025,750.24	3,180,887,532.85	970,877,332.48	760,953,902.80
Settlement provisions	—	—	—	—
Placements	—	—	—	—
Financial assets at fair value				
through profit or loss	5,721,240.60	4,686,023.00	5,721,240.60	4,686,023.00
Derivative financial assets	—	—	—	—
Notes receivable	1,908,956,333.69	1,465,748,952.32	672,136,984.94	531,692,907.91
Accounts receivable	1,165,124,555.21	1,005,958,251.13	132,572,837.68	115,396,194.29
Prepayment	418,620,779.71	326,857,283.13	6,291,283.00	11,902,638.10
Premiums receivable	—	—	—	—
Receivables from reinsurers	—	—	—	—
Reinsurance contract reserve	—	—	—	—
Interest receivable	—	—	—	—
Dividend receivable	—	—	213,442,476.14	239,842,960.38
Other receivables	257,001,051.06	306,276,760.40	1,285,568,430.50	1,286,251,744.18

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)
Financial assets purchased under resale agreements	–	–	–	–
Stock	2,346,725,803.70	2,578,594,687.08	413,721,694.08	417,737,175.23
Classified as assets held for sale	–	–	–	–
Non-current assets due within 1 year	–	–	–	–
Other current assets	15,399,301.27	20,039,514.77	314,759.26	1,428,990.13
Total current assets	9,560,574,815.48	8,889,049,004.68	3,700,647,038.68	3,369,892,536.02
Non-currents assets:				
Entrusted loans and advances	–	–	–	–
Available-for-sale financial assets	132,924,816.90	133,964,228.25	129,145,253.51	130,052,753.51
The held-to-maturity	–	–	–	–
Long-term receivables	–	–	–	–
Long-term equity investment	1,966,819,052.35	1,950,765,099.35	3,492,880,956.71	3,426,473,447.37
Investments properties	233,207,465.73	235,751,593.75	218,661,966.58	220,547,355.25
Fixed assets	1,837,405,471.95	1,824,151,461.75	500,090,679.00	509,020,867.81
Construction in progress	451,646,229.20	441,809,706.14	25,960,695.34	23,165,820.79
Construction supplies	–	–	–	–
Disposal of fixed assets	–	–	–	–
Production of biological assets	–	–	–	–
Oil and gas assets	–	–	–	–
Intangible assets	393,323,128.86	395,201,774.39	275,932,526.66	276,928,145.01
Development expenses	4,252,391.49	4,252,391.49	2,740,339.80	2,740,339.80
Goodwill	2,286,524.31	–	–	–
Long-term deferred expenses	6,551,801.32	6,119,153.03	835,110.01	801,622.85
Deferred income tax assets	324,457,763.81	329,719,136.32	38,813,158.39	38,813,158.39
Other non-current assets	–	–	–	–
Total non-current assets	5,352,874,645.92	5,321,734,544.47	4,685,060,686.00	4,628,543,510.78
Total assets	14,913,449,461.40	14,210,783,549.15	8,385,707,724.68	7,998,436,046.80
Current liabilities:				
Short-term borrowings	604,757,172.94	560,530,090.45	130,000,000.00	130,000,000.00
Borrowings from central banks	–	–	–	–
Deposits and deposits by banks	–	–	–	–

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)
Funds borrowed	—	—	—	—
Financial liabilities at fair value through profit or loss	—	—	—	—
Derivative financial liabilities	—	—	—	—
Notes payable	341,075,860.51	356,573,197.95	—	—
Accounts payable	2,611,059,736.08	2,075,534,476.45	243,331,026.89	226,935,320.01
Advances from customer	547,392,730.23	889,008,552.82	23,978,568.18	72,210,762.74
Financial assets sold under repurchase agreements	—	—	—	—
Fee and commission payable	—	—	—	—
Salary payable	296,582,884.58	411,335,807.76	77,483,173.98	81,845,401.01
Taxes payable	301,494,484.93	176,413,871.14	45,419,638.22	39,296,377.46
Interests payable	394,333.32	236,666.66	394,333.32	236,666.66
Dividend payable	46,931,687.19	46,931,687.19	90,193.02	90,193.02
Other payables	1,641,994,524.30	1,544,962,787.77	1,158,073,044.37	917,490,082.52
Payables to reinsurers	—	—	—	—
Insurance contract	—	—	—	—
Brokerage deposits	—	—	—	—
Acting underwriting securities	—	—	—	—
Classified as liabilities held for sale	—	—	—	—
Non-current liabilities due within 1 year	—	—	—	—
Other current liabilities	—	—	—	—
Total current liabilities	6,391,683,414.08	6,061,527,138.19	1,678,769,977.98	1,468,104,803.42
Non-current liabilities:				
Long-term borrowings	—	—	—	—
Bonds payable	—	—	—	—
Including: Preferred shares	—	—	—	—
Sustainable debts	—	—	—	—
Long-term payable	22,361,807.40	22,361,807.40	7,802,224.39	7,802,224.39
Long-term employee remuneration payable	297,592.24	296,382.47	—	—
Special payables	19,058,160.00	19,058,160.00	—	—

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)
Estimated liabilities	500,191.19	500,191.19	500,191.19	500,191.19
Deferred income	132,116,667.10	132,561,801.90	43,981,387.89	39,602,337.13
Deferred income tax liabilities	15,340,712.35	15,499,610.21	5,030,324.94	5,166,449.94
Other non-current liabilities	—	—	—	—
Total non-current liabilities	<u>189,675,130.28</u>	<u>190,277,953.17</u>	<u>57,314,128.41</u>	<u>53,071,202.65</u>
Total liabilities	<u>6,581,358,544.36</u>	<u>6,251,805,091.36</u>	<u>1,736,084,106.39</u>	<u>1,521,176,006.07</u>
Shareholders' equity:				
Share capital	1,291,340,650.00	1,291,340,650.00	1,291,340,650.00	1,291,340,650.00
Capital reserves	2,486,394,943.87	2,486,283,953.95	2,451,374,913.43	2,451,263,923.51
Other equity instruments	—	—	—	—
Including: Preferred shares	—	—	—	—
Sustainable debts	—	—	—	—
Less: Treasury shares	—	—	—	—
Other comprehensive Income	11,092,329.27	11,878,304.70	15,469,813.45	16,302,172.41
Special reserves	—	—	—	—
Surplus reserves	815,487,206.38	815,487,206.38	442,878,771.78	442,878,771.78
General risk reserve	—	—	—	—
Retained profits	<u>3,499,438,140.69</u>	<u>3,134,310,417.34</u>	<u>2,448,559,469.63</u>	<u>2,275,474,523.03</u>
Shareholders' equity attributable to the Shareholders of the Company	<u>8,103,753,270.21</u>	<u>7,739,300,532.37</u>	—	—
Minority interests	<u>228,337,646.83</u>	<u>219,677,925.42</u>	—	—
Total shareholders' equity	<u>8,332,090,917.04</u>	<u>7,958,978,457.79</u>	<u>6,649,623,618.29</u>	<u>6,477,260,040.73</u>
Total liabilities and shareholders' equity	<u>14,913,449,461.40</u>	<u>14,210,783,549.15</u>	<u>8,385,707,724.68</u>	<u>7,998,436,046.80</u>
Legal Representative: Mr. Li Chuyuan	Director of the Financial Work: Mr. Wu Changhai	Manager of Finance Department: Ms. Yao Zhizhi		

4.2 Income Statement

1 January – 31 March 2015

Items	Consolidated		The Company	
	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)
1. Total income from operations	4,730,148,271.55	4,675,666,271.89	839,735,209.86	830,469,359.69
Including: Income from operations	4,730,148,271.55	4,675,666,271.89	839,735,209.86	830,469,359.69
Interest Income	–	–	–	–
Premiums earned	–	–	–	–
Fee and commission income	–	–	–	–
2. Total cost from operations	4,322,090,782.27	4,328,596,463.03	705,574,077.32	723,526,216.25
Including: Cost of operations	3,060,321,570.82	3,056,678,150.14	428,523,084.45	506,839,488.85
Interest expense	–	–	–	–
Fee and commission expense	–	–	–	–
Surrenders	–	–	–	–
Net claims paid	–	–	–	–
Net reserves for insurance contracts	–	–	–	–
Policyholder dividends	–	–	–	–
Reinsurance expenses	–	–	–	–
Less: sales taxes and surcharges	43,423,917.70	40,781,072.92	10,649,749.38	9,835,494.89
Sales expenses	887,614,576.04	916,797,151.65	160,374,074.99	117,439,823.29
General and administrative expenses	338,285,677.54	309,938,619.88	100,866,957.88	83,238,251.37
Finance expenses	(9,832,194.01)	624,760.13	5,162,400.92	6,027,185.15
Asset impairment loss	2,277,234.18	3,776,708.31	(2,190.30)	145,972.70
Add: Gain or loss from changes in fair value	1,035,217.60	(223,826.10)	1,035,217.60	(223,826.10)
Investment income	45,174,841.20	62,310,617.67	56,110,669.60	322,317,433.79
Including: Share of profits from associates and joint ventures	45,575,452.76	62,543,767.29	49,357,503.38	45,579,417.55
Exchange gains	–	–	–	–
3. Operating profit	454,267,548.08	409,156,600.43	191,307,019.74	429,036,751.13
Add: Non-operating income	13,520,677.18	11,121,776.03	2,638,441.19	943,524.31
Including: Gain on disposal of non-current assets	20,107.68	45,579.51	582.52	5,192.31
Less: Non-operating expenses	760,596.80	2,463,467.17	443,335.61	925,240.84
Including: Loss from disposal of non-current assets	107,470.28	1,097,272.20	179,991.28	247,021.01

Items	Consolidated		The Company	
	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)
4. Total profit	467,027,628.46	417,814,909.29	193,502,125.32	429,055,034.60
Less: Income tax expense	93,240,155.57	85,964,196.85	20,417,178.72	28,590,185.57
5. Net profit	373,787,472.89	331,850,712.44	173,084,946.60	400,464,849.03
Net profit attributable to the shareholders of the Company	365,127,723.35	317,693,307.82	–	–
Minority interests	8,659,749.54	14,157,404.62	–	–
6. After-tax net income of other comprehensive income	(786,003.56)	(630,509.44)	(832,358.96)	(927,950.99)
After-tax net income of other comprehensive income attributable to the parent company owner	(785,975.43)	(630,098.44)	–	–
Items will not be classified into profit or loss when satisfied with certain conditions at following accounting period	–	–	–	–
(1) Changes as a result of remeasurement of net defined benefit plan liability or asset	–	–	–	–
(2) Portion of items will not be classified into profit or loss when under equity method	–	–	–	–
Items will be classified into profit or loss when satisfied with certain conditions at following accounting period	(785,975.43)	(630,098.44)	(832,358.96)	(927,950.99)
(1) Portion of items will be classified into profit or loss when under equity method	(60,983.96)	(2,300.99)	(60,983.96)	(2,300.99)
(2) Profit or loss arising from changes in fair value of available for sale financial assets	(880,485.35)	(945,599.09)	(771,375.00)	(925,650.00)
(3) Profit or loss arising from reclassification of held to maturity investments as available for sale financial assets	–	–	–	–

Items	Consolidated		The Company	
	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)
(4) The effective hedging portion of profit or loss arising from cash flow hedging instruments	–	–	–	–
(5) Differences arising from translation of foreign currency financial statements	155,493.88	317,801.64	–	–
(6) Others	–	–	–	–
After-tax net income of other comprehensive income attributable to minority shareholders equity	(28.13)	(411.00)	–	–
7. Total comprehensive income	373,001,469.33	331,220,203.00	172,252,587.64	399,536,898.04
Comprehensive income attributable to the shareholders of the Company	364,341,747.92	317,063,209.38	–	–
Comprehensive income attributable to the shareholders of minority interest	8,659,721.41	14,156,993.62	–	–
8. Earnings per share				
(1) Basic earnings per share	0.283	0.246	–	–
(2) Diluted earnings per share	0.283	0.246	–	–

Legal Representative:
Mr. Li Chuyuan

Director of the Financial Work:
Mr. Wu Changhai

Manager of Finance Department:
Ms. Yao Zhizhi

4.3 Cash Flow Statement

1 January – 31 March 2015

Items	Consolidated		The Company	
	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)
1. Cash flows from operating activities				
Cash received from sale of goods and rendering of services	4,093,522,494.10	3,751,898,937.08	304,697,523.66	365,188,542.44
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 trading financial assets	–	–	–	–
Charge interest, fees and commissions	–	–	–	–
Net increase of capital borrowed	–	–	–	–
Net increase in repurchase operations funds	–	–	–	–
Refund of tax and levies	15,646,352.99	16,404,661.13	–	–
Other cash received relating to operating activities	72,246,663.36	59,527,355.87	152,092,226.98	95,412,806.68
Sub-total of cash inflows from operating activities	4,181,415,510.45	3,827,830,954.08	456,789,750.64	460,601,349.12
Cash paid for goods and services	2,337,840,606.88	2,040,661,896.12	108,398,732.58	169,686,434.17
Net increase in loans and advances to customers	–	–	–	–
Central banks and interbank deposits cash	–	–	–	–
Pay the original insurance contract paid in cash	–	–	–	–

Items	Consolidated		The Company	
	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)
Payment of interest, fees and commissions	–	–	–	–
Policyholder dividends paid in cash	–	–	–	–
Cash paid to and on behalf of employees	877,702,190.61	764,330,206.84	168,504,394.68	149,955,007.86
Taxes paid	368,020,172.93	431,987,620.36	84,111,926.40	78,795,681.85
Cash paid relating to other operating activities	359,264,086.06	425,375,558.31	11,729,746.87	37,411,806.71
Sub-total of cash outflows from operating activities	3,942,827,056.48	3,662,355,281.63	372,744,800.53	435,848,930.59
Net cash flows from operating activities	238,588,453.97	165,475,672.45	84,044,950.11	24,752,418.53
2. Cash flows from investing activities				
Cash received from investment	–	–	–	–
Cash received from investment income	48,500,000.00	40,621,954.09	83,997,120.61	51,222,410.42
Cash received from disposal of fixed assets, intangible assets and other long-term assets	381,507.00	165,990.22	–	854.70
Cash received from sales of subsidiaries	–	–	–	–
Other cash received from investing activities	1,900.27	3,083.35	194,941,183.38	101,247,143.33
Sub-total of cash inflows from investing activities	48,883,407.27	40,791,027.66	278,938,303.99	152,470,408.45
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	63,398,878.65	125,466,080.05	5,017,859.61	5,950,407.58
Cash paid for purchase of investments	–	–	10,000,000.00	64,860,000.00
Net increase in loans	–	–	–	–

Items	Consolidated		The Company	
	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)
Cash paid for purchasing subsidiaries	–	–	–	–
Other cash paid in relation to investing activities	777,540.54	530,894.64	157,777,540.54	105,530,894.64
Sub-total of cash outflows from investing activities	<u>64,176,419.19</u>	<u>125,996,974.69</u>	<u>172,795,400.15</u>	<u>176,341,302.22</u>
Net cash flows from investing activities	(15,293,011.92)	(85,205,947.03)	106,142,903.84	(23,870,893.77)
3. Cash flows from financing activities				
Proceeds from absorbing investments	–	4,365,919.00	–	–
Including: Cash received from minority shareholders from subsidiaries	–	–	–	–
Cash received from borrowings	86,625,433.34	82,253,358.80	–	–
Cash received from issuance of bonds	–	–	–	–
Other proceeds relating to financing activities	–	8,400,000.00	25,000,000.00	–
Sub-total of cash inflows from financing activities	<u>86,625,433.34</u>	<u>95,019,277.80</u>	<u>25,000,000.00</u>	–
Repayment of borrowings	42,398,350.85	70,540,232.86	–	10,000,000.00
Cash paid for distribution of dividends, profits or interests	6,063,082.06	84,245,468.73	1,792,333.32	81,063,666.54
Including: Dividend and profit payable to minority shareholders from subsidiaries	–	602,700.00	–	–
Other cash paid in relating to financing activities	578,712.34	–	3,667,090.47	–
Sub-total of cash outflows from financing activities	<u>49,040,145.25</u>	<u>154,785,701.59</u>	<u>5,459,423.79</u>	<u>91,063,666.54</u>
Net cash flows from financing activities	37,585,288.09	(59,766,423.79)	19,540,576.21	(91,063,666.54)

Items	Consolidated		The Company	
	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)	1 January – 31 March 2015 (RMB)	1 January – 31 March 2014 (RMB)
4. Effects of foreign exchange rate changes on cash and cash equivalents	35,673.30	1,875,747.40	–	–
5. Net increase in cash and cash equivalents	260,916,403.44	22,379,049.03	209,728,430.16	(90,182,141.78)
Add: Cash and cash equivalents at the beginning of the period	3,029,136,084.71	1,918,952,286.86	709,868,368.22	462,902,261.84
6. Cash and cash equivalents at the end of the period	3,290,052,488.15	1,941,331,335.89	919,596,798.38	372,720,120.06

Legal Representative:
Mr. Li Chuyuan

Director of the Financial Work:
Mr. Wu Changhai

Manager of Finance Department:
Ms. Yao Zhizhi

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 27 April 2015

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. Wu Changhai and Mr. Wang Wenchu as executive directors, and Mr. Wong Lung Tak Patrick, Mr. Qiu Hongzhong, Mr. Chu Xiaoping and Mr. Jiang Wenqi as independent non-executive directors.