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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)

2014 THIRD QUARTERLY REPORT

1. IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”), the Supervisory Committee (the “Supervisory Committee”) of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (“GYBYS” or the “Company”) and its directors, supervisors and senior management collectively and individually accept full responsibility for the 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 6th meeting of the sixth session of the Board on 29 October 2014, among whom, Ms. Liu Juyan and Mr. Wang Wenchu, executive directors, were unable to attend the meeting due to business engagements and appointed Ms. Cheng Ning, an executive director, to attend the meeting and vote on their behalf; Mr. Fang Shuting, an independent non-executive director, was unable to attend the meeting due to business engagement and appointed Mr. Qiu Hongzhong, an independent non-executive director, to attend the meeting and vote on his behalf.
- 1.3 The financial reports of the Company and its subsidiaries (collectively, the “Group”), and the Company for the third quarter ended 30 September 2014 (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 (an executive director) and Ms. Yao Zhizhi (director of finance department) individually accept responsibility for ensuring the authenticity and completeness of the financial reports contained in this quarterly report.
- 1.5 This 2014 third quarterly report is published in Hong Kong 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”) and Disclosure of Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) (the “SFO”).
- 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 30 September 2014 <i>(Unaudited)</i>	As at 31 December 2013 <i>(Restated)</i>	Increase/(Decrease) as compared with 31 December 2013 <i>(%)</i>
Total assets (RMB'000)	14,249,339	12,249,123	16.33
Shareholders' equity attributable to the shareholders of the Company (RMB'000)	7,390,250	6,831,768	8.17
Net assets per share attributable to the shareholders of the Company (RMB)	5.72	5.29	8.17

Items	1 January- 30 September 2014 <i>(Unaudited)</i>	1 January- 30 September 2013 <i>(Unaudited)</i>	Increase/(Decrease) as compared with the corresponding period of 2013 <i>(%)</i>
Net cash flow from operating activities (RMB'000)	1,860,187	1,287,917	44.43
Net cash flow from operating activities per share (RMB)	1.44	1.00	44.43

Items	1 January- 30 September 2014 <i>(Unaudited)</i>	1 January- 30 September 2013 <i>(Unaudited)</i>	Increase/(Decrease) as compared with the corresponding period of 2013 <i>(%)</i>
Income from operations (RMB'000)	14,635,342	13,204,821	10.83
Net profit attributable to the shareholders of the Company (RMB'000)	856,842	728,258	17.66
Net profit attributable to the shareholders of the Company after deducting non-recurring items (RMB'000)	838,252	711,146	17.87
Basic earnings per share (RMB)	0.664	0.573	15.83
Diluted earnings per share (RMB)	0.664	0.573	15.83
Fully diluted return on net assets (%)	12.25	12.03	An increase of 0.22 percentage point
Ratio of weighted return on net assets after deducting non-operating items (%)	11.98	11.75	An increase of 0.23 percentage point

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

(2) Non-recurring items include:

Items	Amount (1 July- 30 September 2014) (RMB'000)	Amount (1 January- 30 September 2014) (RMB'000)	Note
Losses on disposal of non-current assets	(115)	(812)	
Government subsidies recognised in profits or losses	4,932	19,959	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 or losses 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	1,077	1,123	
Gains or losses arising from entrusted loan granted to other entities	(258)	(743)	
Other non-operating income and expenses other than the aforementioned items	(249)	1,381	
Impact on income tax	(577)	(1,750)	
Impact on minority interests	(187)	(568)	
Total	<u>4,623</u>	<u>18,590</u>	

2.2 Number of shareholders as at the end of the Reporting Period and the shareholdings of the top ten shareholders of the Company:

As at 30 September 2014, there were 92,339 shareholders in total, among which, 92,312 shareholders holding the Renminbi-denominated ordinary shares (A shares) and 27 shareholders holding overseas listed foreign shares (H shares).

The top ten shareholders of the Company

Shareholders	Increase/ (Decrease) during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Approximate percentage of the total issued share capital (%)	Number of shares with selling restrictions (share)	Number of pledged or locked shares (share)	Nature of shares
Guangzhou Pharmaceutical Holdings Company (“GPHL”)	0	584,228,036	45.24	34,839,645	Nil	Domestic shares
HKSCC Nominees Limited	308,521	219,900,000	17.03	Nil	Unknown	H shares
CITIC Securities	947,377	11,432,318	0.89	Nil	Unknown	Domestic shares
Zhao Xuguang	6,560,000	6,560,000	0.51	Nil	5,747,500	Domestic shares
Fu Ruichang	1,605,000	4,205,000	0.33	Nil	Unknown	Domestic shares
Industrial and Commercial Bank of China-Shanghai 50 Index Securities Investment Fund	(750,390)	3,877,291	0.30	Nil	Unknown	Domestic shares
Hu Huaixu	1,343,088	2,325,388	0.18	Nil	Unknown	Domestic shares
Gu Zhenfei	298,097	1,911,372	0.15	Nil	Unknown	Domestic shares
Peng Jianhui	1,315,000	1,315,000	0.10	Nil	Unknown	Domestic shares
Ma Li	728,100	1,108,100	0.09	Nil	Unknown	Domestic shares

Explanation on the connection among the above shareholders or persons acting in concert

- (1) According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.
- (2) The Company was not aware of any connection among the aforesaid shareholders, or whether they were persons acting in concert as provided in the “Rules Governing the Disclosure of Change in Shareholders’ Shareholding in Listed Companies”.

3 MAJOR EVENTS

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

√ Applicable Not applicable

Items	As at 30 September 2014 <i>(RMB'000)</i>	As at 31 December 2013 <i>(RMB'000)</i>	Fluctuation <i>(%)</i>	Reason of fluctuation
Cash	3,253,281	1,935,682	68.07	Increase was due to the sales increased of the Group during 1 January-30 September 2014.
Trading financial assets	4,485	3,363	33.39	Increase was due to price of the trading financial assets held by the Company rised during 1 January-30 September 2014.
Other current assets	10,462	19,348	(45.92)	As at 30 September 2014, the decrease was due to decrease in the non-deductible VAT amount of the Group.
Construction in progress	464,693	335,423	38.54	Increase was mainly due to the increased investments in GMP reform and construction of the production bases by the Group during 1 January to 30 September 2014.
Development expenses	18,293	3,717	392.21	Increase was mainly due to the increased investments in research and development capitalization by the Group during 1 January to 30 September 2014.
Deferred income tax	178,738	266,950	(33.04)	As at 30 September 2014, the decrease was due to decrease in the deductible temporary differences in income tax recognized of the Group.
Accounts payable	2,771,410	1,470,361	88.49	Increase was mainly due to the longer credit term granted by suppliers to the Company's subsidiaries during 1 January to 30 September 2014.

Items	As at 30 September 2014 (RMB'000)	As at 31 December 2013 (RMB'000)	Fluctuation (%)	Reason of fluctuation
Advances payable	544,172	875,580	(37.85)	The decrease was mainly due to the decreased prepayments of the suppliers by the Company's subsidiaries during 1 January to 30 September 2014.
Taxes payable	64,744	403,384	(83.95)	As at 30 September 2014, the decrease was mainly due to the decrease in value-added tax and corporate income tax which had not been paid by the Group.
Interests payable	280	675	(58.54)	As at 30 September 2014, the decrease was mainly due to the decrease in the bank loans of the Group.
Dividends payable	36,686	113,513	(67.68)	As at the end of 2013, the Company had not paid the 2012 special dividends.
Other payables	1,893,894	1,211,713	56.30	As at 30 September 2014, increase in other payables was mainly due to increase in the Group's advanced payment for advertising costs and transportation costs.
Long-term borrowings	–	8,627	(100.00)	As at 30 September 2014, the Group had fully repaid the long-term bank loans.
Special payables	58,410	19,058	206.49	The Company's subsidiaries received the relocation compensation during 1 January to 30 September 2014.

Items	1 January – 30 September 2014 <i>(RMB'000)</i>	1 January – 30 September 2013 <i>(RMB'000)</i>	Fluctuation <i>(%)</i>	Reason of fluctuation
Financial expenses	(351)	24,221	(101.45)	The Group strengthened internal capital management, improved the operating efficiency of funds, repaid the bank loans; and the Company's subsidiaries allocated funds appropriately, actively improved the operating efficiency of funds as the interest income increased during 1 January to 30 September 2014.
Asset impairment loss	11,697	6,868	70.30	Increase was mainly due to the increase in provision made for impairment loss during 1 January to 30 September 2014 as compared with the same period of 2013.
Gain from changes in fair value	1,123	496	126.57	Increase was due to the raise in the share price of the trading financial assets held by the Company during 1 January to 30 September 2014 as compared with the corresponding period of last year.
Income tax expense	222,071	113,436	95.77	During the period from 1 January to 30 September 2014, increase was due to profit growth of the Company's subsidiaries and changes in the income tax burden following the major assets reorganization of the Company.
Net cash flow from operating activities	1,860,187	1,287,917	44.43	Increase was mainly due to the increase in the Group's sales revenue during 1 January to 30 September 2014.
Net cash flow from financing activities	(310,692)	(186,684)	(66.43)	Decrease was mainly due to the sharp increase in dividends paid during 1 January to 30 September 2014 as compared with the same period of 2013.

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 and the shareholders hold 5% shares

Applicable Not applicable

3.3.1 Equity incentive implemented by listed companies

Item	Content
Background of undertaking	Undertakings in connection with share reform
Undertaking entity	Controlling shareholder
Details of 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, GPLH will, to the extent permitted by laws and support regulations and subject to the approval of the supervision authority, support the Company to set up an equity incentive mechanism as the implementation of which is conditional on the growth of the performance of the listed company.2. Upon the original undertakings, GPLH 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, Guangzhou Pharmaceutical Holdings Limited 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 tree 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 undertaking	The original undertaking was given in March 2006 and GPLH made supplement to relevant contents on 25 June 2014, the period of validity is up to the date of completion of the undertakings.
Any 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 undertakings	Undertakings related to major assets reorganization (the “Major Assets Reorganization”)
Undertaking entity	Controlling shareholder
Undertakings	<ol style="list-style-type: none">1. After completion of the Major Assets Reorganization, GPHL, controlling shareholder of the Company, will comply with 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 undertaking	Commitment made on 29 February 2012 and no expiry
Any 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
Undertaking entity	Controlling shareholder
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 engage in the same or similar business of new GPC 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 undertaking	Commitment made on 29 February 2012 and no expiry
Any period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

3.3.4 Regulating connected transactions

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
Undertakings	<ol style="list-style-type: none">1. After completion of the Major Assets Reorganization, GPHL and its subsidiaries should minimize and regulate connected transactions with new GPC. If there is any unavoidable connected transaction, GPHL 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 harm 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 GPHL owns controlling interest in GPC.
Time and period of undertaking	Commitment made on 29 February 2012 and no expiry
Any 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 undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
Undertakings	Within 36 months from the registration date of such shares, GPHL and its associate companies will not transfer the shares they acquired as a result of GPC's acquisition of assets from GPHL 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 undertaking	Commitment made on 29 February 2012 and the period of validity is up to the date of completion of the undertakings
Any period for performance	The Company completed the registration of its newly issued shares on 5 July 2013 with its share registrar, and the performing 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 undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder, the Company
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">1. 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">(i) embody the requirement for GPHL to pay the Company a basic custody fee of RMB1 million per year as set out in the Agreement; and(ii) specify that 20% of the new licenses fees will be the custody income for the Company and the remaining 80% will be retained by GPHL.2. 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.).
Time and period of undertaking	Commitment made on 26 March 2012 and the period of validity is up to the date of completion of the undertakings
Any 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 undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
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.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 thereunder.
Time and period of undertaking	Commitment made on 29 February 2012 and no expiry
Any 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 undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
Undertakings	<p>As of 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
	<p data-bbox="683 129 1527 208">Upon the original undertakings, GPHL made further undertaking:</p> <ol data-bbox="683 229 1527 1485" style="list-style-type: none"> <li data-bbox="683 229 1527 485">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; <li data-bbox="683 506 1527 1017">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.)” <li data-bbox="683 1038 1527 1485">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 undertaking	The original undertaking was given in 28 June 2012 and GPHL made supplement to relevant contents on 23 April 2014, the period of validity is up to the date of completion of the undertakings.
Any period for performance	performing period is up to 23 April 2017
Whether timely and strictly performed	Completed basically
Specification	Yes

3.3.9 Undertakings related to trademarks

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
Undertakings	<ol style="list-style-type: none">1. GPLH undertakes that, within two 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-emption2. On the basis of the original promise made, Guangzhou Pharmaceutical Holdings Limited has further made the promise as follows: After all of the legal disputes regarding the trademark of Wang Lao Ji have been resolved and within two 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.

Item	Content
Time and period of undertaking	The original undertaking was given in 29 February 2012 and GPLH made supplement to relevant contents on 15 June 2012, the period of validity is up to the date of completion of the undertakings.
Any period for performance	Depends on the trademark legal dispute of Wang Lao Ji, performing period is up to 20 January 2015.
Whether timely and strictly performed	Being performed
Specification	Yes

3.3.10 Undertakings related to General Institute

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
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) (the limited company) to GPC within two 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 undertaking	Commitment made on 29 February 2012 and the period of validity is up to the date of completion of the undertakings.
Any period for performance	Guangzhou Pharmaceutical Research Institute Co., Ltd. established in 27 June 2013 and performance period ended 27 June 2015
Whether timely and strictly performed	Being performed
Specification	Yes

Save for the above, there is no outstanding undertaking that requires specific disclosure.

3.4 Early warning and explanation for negative impact on profit for the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2013

Applicable Not applicable

3.5 Impact on the consolidated financial statements with implementing the new accounting standards

Applicable Not applicable

3.5.1 Impact on the consolidated financial statements with changes of long-term equity investment standard (1)

Invested units	Basic information	Equity attributable to the shareholders of parent company as at 1 January 2013 (+/-) (RMB)	As at 31 December 2013		
			Long-term equity investment (+/-) (RMB)	Financial assets available for sale (+/-) (RMB)	Equity attributable to the shareholders of parent company (+/-) (RMB)
Shanghai Jiuhe Tang Chinese Medicine Co., Ltd.	proportion of shareholding: 9.53%	–	(547,193.71)	547,193.71	–
Qi Xing Ma Zhong Pharmaceutical Co., Ltd. ^{note}	proportion of shareholding: 40%	–	(362,826.38)	362,826.38	–
Indonesia San You Industrial Co., Ltd. ^{note}	proportion of shareholding: 50%	–	–	–	–
Guangzhou Pharmaceutical Products Company Bei Jing Road Pharmaceutical Products Store ^{note}	proportion of shareholding: 20%	–	(218,399.05)	218,399.05	–
Guangzhou Yu Fa Medical Instrument Co., Ltd.	proportion of shareholding: 10%	–	–	–	–
Bank of Guangzhou Co., Ltd	–	–	(100,000.00)	100,000.00	–
Beijing Imperial Court Cultural Development Company Ltd.	proportion of shareholding: 10%	–	(200,000.00)	200,000.00	–
South China Innovative Pharmaceutical Co., Ltd of Guangdong	proportion of shareholding: 11.12%	–	(10,000,000.00)	10,000,000.00	–

As at 31 December 2013

Invested units	Basic information	Equity			Equity
		attributable	Long-	Financial assets	attributable
		to the	term equity	available for	to the
		shareholders of	investment	sale (+/-)	shareholders
		parent company	(+/-)	(RMB)	of parent
		as at 1 January	(RMB)		company (+/-)
		2013 (+/-)			(RMB)
		(RMB)			
Shenzhou Zhong Lian Guang Shen Pharmaceutical Group Co.,Ltd.	proportion of shareholding: 0.3001%	–	(312,077.00)	312,077.00	–
Guangzhou China – UK Cambridge Technology Venture Park Co., Ltd.	proportion of shareholding: 9.97%	–	–	–	–
Northeast Pharmaceutical General Factory	–	–	–	–	–
Wuhan Pharmaceutical Inc.	proportion of shareholding: 2.8%	–	–	–	–
Securities of Corporate Events Centre	–	–	–	–	–
Guangzhou Dong Ning Pharmaceutical Co.,Ltd.	proportion of shareholding: 5%	–	–	–	–
Guangzhou Nan Xin Pharmaceutical Co., Ltd.	proportion of shareholding: 13%	–	(7,677,876.51)	7,677,876.51	–
Baxter Healthcare (Guang Zhou) Co., Ltd.	proportion of shareholding: 12.5%	–	(82,338,800.00)	82,338,800.00	–
Total	–	–	(101,757,172.65)	101,757,172.65	–

Note: The Group does not engage in the operation and management of Qi Xing Ma Zhong Pharmaceutical Co.,Ltd., Indonesia San You Industrial Co., Ltd. and Guangzhou Pharmaceutical Products Company Bei Jing Road Pharmaceutical Products Store and does not exert significant influence on them. Accordingly, those shareholdings have been re-classified from long-term equity investment to financial assets available for sale.

Pursuant to the newly amended “Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments”, the Group adjusted the long-term equity investments previously in “investment in entities not under joint control or significant influence and do not have a quoted market price in an active market and whose fair value cannot be reliably measured” to “available-for-sale financial assets”, which correspondingly adjusted the comparative figures of “long-term equity investments” and “available-for-sale financial assets” at the beginning of the period, adjusted amount of RMB101,757,172.65 is made to the Consolidated Balance Sheet, and there was no effect to the equity and net profit for current period and previous period.

3.5.2 Impact of the other changes on the standards

Applicable Not applicable

3.5.3 Other matter

Applicable Not applicable

4 APPENDIX

4.1 Prepared in accordance with PRC Accounting Standards

Balance Sheet As at 30 September 2014

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2014 (RMB) (restated)	At the end of the Reporting Period (RMB)	At the beginning of 2014 (RMB) (restated)
Current assets:				
Cash	3,253,281,386.55	1,935,681,740.06	708,073,008.11	462,902,261.84
Settlement provisions	–	–	–	–
Placements	–	–	–	–
Trading financial assets	4,485,367.70	3,362,667.20	4,485,367.70	3,362,667.20
Notes receivable	1,245,271,108.56	1,326,353,755.90	556,962,704.95	491,846,637.36
Accounts receivable	1,095,080,731.95	973,184,749.11	125,617,276.33	134,987,242.57
Prepayment	574,681,362.44	613,882,321.78	27,713,003.03	35,096,096.56
Premiums receivable	–	–	–	–
Receivables from reinsurers	–	–	–	–
Reinsurance contract reserve	–	–	–	–
Interest receivable	–	–	–	–
Dividend receivable	–	–	157,939,207.59	213,565,667.45
Other receivables	183,799,581.73	181,145,718.26	1,119,139,451.39	943,517,098.26
Financial assets purchased under resale agreements	–	–	–	–
Stock	2,713,449,785.70	2,245,829,748.05	382,877,628.98	372,106,673.49
Non-current assets due within 1 year	–	–	–	–
Other current assets	10,462,446.98	19,347,581.15	666,080.94	1,666,244.75
Total current assets	9,080,511,771.61	7,298,788,281.51	3,083,473,729.02	2,659,050,589.48

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2014 (RMB) (restated)	At the end of the Reporting Period (RMB)	At the beginning of 2014 (RMB) (restated)
Non-currents assets:				
Entrusted loans and advances	—	—	—	—
Available-for-sale financial assets	120,208,365.08	119,365,279.93	117,287,253.51	116,621,753.51
The held-to-maturity	—	—	—	—
Long-term receivables	—	—	—	—
Long-term equity investment	1,984,641,699.02	1,870,733,119.39	3,447,298,691.77	3,282,067,379.09
Investments properties	238,293,569.42	246,309,245.37	222,432,743.83	228,088,909.74
Fixed assets	1,773,837,107.21	1,731,881,945.85	478,853,848.50	458,451,623.08
Construction in progress	464,692,530.81	335,422,694.18	47,956,081.32	61,761,556.59
Construction supplies	—	—	—	—
Disposal of fixed assets	—	—	—	—
Production of biological assets	—	—	—	—
Oil and gas assets	—	—	—	—
Intangible assets	384,104,645.63	368,856,694.63	263,260,823.02	266,747,080.35
Development expenses	18,293,119.65	3,716,517.68	16,781,067.96	2,200,000.00
Goodwill	—	—	—	—
Long-term deferred expenses	6,017,962.38	7,099,055.93	293,822.46	448,929.68
Deferred income tax assets	178,738,161.63	266,950,316.92	35,123,384.46	36,608,854.15
Other non-current assets	—	—	—	—
Total non-current assets	5,168,827,160.83	4,950,334,869.88	4,629,287,716.83	4,452,996,086.19
Total assets	14,249,338,932.44	12,249,123,151.39	7,712,761,445.85	7,112,046,675.67
Current liabilities:				
Short-term borrowings	605,899,037.27	509,651,500.77	220,000,000.00	250,000,000.00
Borrowings from central banks	—	—	—	—
Deposits and deposits by banks	—	—	—	—
Funds borrowed	—	—	—	—
Trading financial liabilities	—	—	—	—
Notes payable	146,537,075.41	130,773,655.25	—	—
Accounts payable	2,771,410,066.55	1,470,360,537.61	241,575,527.86	210,276,551.36
Advances payable	544,172,130.76	875,579,547.32	15,361,427.51	73,149,096.14
Financial assets sold under repurchase agreements	—	—	—	—
Fee and commission payable	—	—	—	—
Salary payable	352,707,017.59	334,427,927.83	91,640,625.75	60,386,689.87
Taxes payable	64,744,302.31	403,383,688.38	66,205,508.52	59,481,082.89
Interests payable	280,000.01	675,414.98	280,000.01	675,414.98

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2014 (RMB) (restated)	At the end of the Reporting Period (RMB)	At the beginning of 2014 (RMB) (restated)
Dividend payable	36,686,027.34	113,513,301.13	90,193.02	77,540,856.01
Other payables	1,893,894,017.45	1,211,712,507.04	807,883,372.56	475,829,440.43
Payables to reinsurers	—	—	—	—
Insurance contract	—	—	—	—
Brokerage deposits	—	—	—	—
Acting underwriting securities	—	—	—	—
Non-current liabilities due within 1 year	—	—	—	—
Other current liabilities	—	—	—	—
Total current liabilities	6,416,329,674.69	5,050,078,080.31	1,443,036,655.23	1,207,339,131.68
Non-current liabilities:				
Long-term borrowings	—	8,627,419.10	—	8,627,419.10
Bonds payable	—	—	—	—
Long-term payable	22,415,752.40	22,215,752.40	7,802,224.39	7,802,224.39
Special payables	58,410,462.80	19,058,160.00	—	—
Estimated liabilities	500,191.19	500,191.19	500,191.19	500,191.19
Deferral income tax liabilities	3,603,998.98	3,475,327.44	3,401,471.15	3,301,646.15
Other non-current liabilities	135,491,236.06	122,931,526.01	43,497,955.62	37,507,212.17
Total non-current liabilities	220,421,641.43	176,808,376.14	55,201,842.35	57,738,693.00
Total liabilities	6,636,751,316.12	5,226,886,456.45	1,498,238,497.58	1,265,077,824.68
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	2,492,137,048.99	2,493,788,078.69	2,455,144,420.93	2,456,941,082.91
Less: Treasury shares	—	—	—	—
Special reserves	—	—	—	—
Surplus reserves	723,819,753.76	723,819,753.76	351,211,319.16	351,211,319.16
General risk reserve	—	—	—	—
Retained profits	2,890,348,554.47	2,330,514,583.35	2,116,826,558.18	1,747,475,798.92
Exchange difference on foreign currency capital	(7,395,660.67)	(7,695,173.92)	—	—
Shareholders' equity attributable to the Shareholders of the Company	7,390,250,346.55	6,831,767,891.88	—	—
Minority interests	222,337,269.77	190,468,803.06	—	—
Total shareholders' equity	7,612,587,616.32	7,022,236,694.94	6,214,522,948.27	5,846,968,850.99
Total liabilities and shareholders' equity	14,249,338,932.44	12,249,123,151.39	7,712,761,445.85	7,112,046,675.67

Consolidated Income Statement

Items	1 July- 30 September 2014 (RMB)	1 July- 30 September 2013 (RMB)	1 January- 30 September 2014 (RMB)	1 January- 30 September 2013 (RMB)
1. Total income from operations	4,615,051,851.34	4,132,348,626.80	14,635,342,188.97	13,204,821,420.31
Including: Income from operations	4,615,051,851.34	4,132,348,626.80	14,635,342,188.97	13,204,821,420.31
Interest Income	–	–	–	–
Premiums earned	–	–	–	–
Fee and commission income	–	–	–	–
2. Total cost from operations	4,436,492,784.76	3,993,130,591.65	13,758,465,074.26	12,517,420,987.51
Including: Cost of operations	3,000,593,991.68	2,858,861,839.08	9,454,203,849.64	8,682,105,241.99
Interest expense	–	–	–	–
Fee and commission expense	–	–	–	–
Surrenders	–	–	–	–
Net claims paid	–	–	–	–
Net reserves for insurance contracts	–	–	–	–
Policyholder dividends	–	–	–	–
Reinsurance expenses	–	–	–	–
Less: sales taxes and surcharges	37,610,920.56	28,364,580.50	127,146,184.91	111,232,746.34
Sales expenses	1,073,192,021.53	801,544,409.43	3,232,809,626.18	2,784,343,986.61
General and administrative expenses	316,813,524.25	297,707,816.83	932,959,623.99	908,649,671.94
Finance expenses	2,692,260.52	5,497,754.87	(350,926.69)	24,221,017.85
Asset impairment loss	5,590,066.22	1,154,190.94	11,696,716.23	6,868,322.78
Add: Gain from changes in fair value	1,077,007.20	356,835.90	1,122,700.50	495,517.50
Investment income	55,547,490.70	28,177,490.14	197,195,438.04	160,622,127.67
Including: Share of profits from associates and joint venture	54,710,621.27	23,675,693.98	196,825,231.07	153,198,475.94
Exchange gains	–	–	–	–
3. Operating profit	235,183,564.48	167,752,361.19	1,075,195,253.25	848,518,077.97
Add: Non-operating income	7,892,648.44	11,825,895.89	29,003,835.01	27,882,077.36
Less: Non-operating expenses	3,324,726.15	3,082,511.52	8,475,989.60	9,844,683.84
Including: Loss from disposal of non-current assets	130,491.30	663,398.40	927,311.50	1,770,278.42

Items	1 July- 30 September 2014 (RMB)	1 July- 30 September 2013 (RMB)	1 January- 30 September 2014 (RMB)	1 January- 30 September 2013 (RMB)
4. Total profit	239,751,486.77	176,495,745.56	1,095,723,098.66	866,555,471.49
Less: Income tax expense	63,752,536.32	29,778,945.94	222,071,331.06	113,436,236.22
5. Net profit	175,998,950.45	146,716,799.62	873,651,767.60	753,119,235.27
Including: Pre-acquisition revenue of the acquired company	–	–	–	242,018,569.90
Net profit attributable to the shareholders of the Company	183,183,166.77	141,028,901.05	856,842,320.62	728,258,336.93
Minority interests	(7,184,216.32)	5,687,898.57	16,809,446.98	24,860,898.34
6. Earnings per share				
(1) Basic earnings per share	0.142	0.111	0.664	0.573
(2) Diluted earnings per share	0.142	0.111	0.664	0.573
7. Other comprehensive income	1,265,737.84	(270,885.61)	(1,348,410.12)	(1,935,224.67)
(1) Items will be classified into profit or loss when satisfied with certain conditions at following accounting period	1,265,737.84	(270,885.61)	(1,348,410.12)	(1,935,224.67)
(2) Items will not be classified into profit or loss when satisfied with certain conditions at following accounting period	–	–	–	–
8. Total comprehensive income	177,264,688.29	146,445,914.01	872,303,357.48	751,184,010.60
Comprehensive income attributable to the shareholders of the Company	184,446,076.96	140,756,429.22	855,490,804.17	726,327,526.19
Comprehensive income attributable to the shareholders of minority interest	(7,181,388.67)	5,689,484.79	16,812,553.31	24,856,484.41

Income Statement of the Company

Items	1 July- 30 September 2014 (RMB)	1 July- 30 September 2013 (RMB)	1 January- 30 September 2014 (RMB)	1 January- 30 September 2013 (RMB)
1. Income from operations	664,631,436.73	751,777,291.55	2,259,126,890.71	1,047,380,378.80
Less: Cost of operations	381,819,948.39	465,159,092.66	1,311,270,196.67	608,822,487.42
sales taxes and surcharges	7,566,306.97	7,306,218.95	25,662,249.59	12,080,970.31
Sales expenses	92,837,833.75	117,737,056.35	326,230,250.31	142,387,688.21
General and administrative expenses	86,258,463.57	89,386,175.04	258,461,854.13	137,274,552.94
Finance expenses	4,003,583.70	7,038,087.33	15,149,931.85	12,993,766.27
Asset impairment loss	(1,146,732.23)	(307,299.75)	129,605.85	615,108.69
Add: Gain from changes in fair value	1,077,007.20	356,835.90	1,122,700.50	495,517.50
Investment income	39,692,173.27	23,106,067.61	428,019,758.19	257,998,708.35
Including: Share of profits from associates and joint venture	34,348,214.75	14,355,670.38	141,733,649.66	105,871,576.39
2. Operating profit	134,061,213.05	88,920,864.48	751,365,261.00	391,700,030.81
Add: Non-operating income	1,460,130.52	761,011.88	3,907,275.44	1,407,000.38
Less: Non-operating expenses	2,068,435.39	610,700.33	4,161,825.19	1,356,209.47
Including: Loss from disposal of non-current assets	361,720.24	116,383.26	361,720.24	117,363.76
3. Total profit	133,452,908.18	89,071,176.03	751,110,711.25	391,750,821.72
Less: Income tax expenses	25,187,198.41	9,859,393.79	84,751,602.49	24,485,607.34
4. Net profit	108,265,709.77	79,211,782.24	666,359,108.76	367,265,214.38
5. Earnings per share				
(1) Basic earnings per share	-	-	-	-
(2) Diluted earnings per share	-	-	-	-
6. Other comprehensive income	1,182,775.00	(156,981.45)	(1,796,661.98)	(901,554.00)
(1) Items will be classified into profit or loss when satisfied with certain conditions at following accounting period	1,182,775.00	(156,981.45)	(1,796,661.98)	(901,554.00)
(2) Items will not be classified into profit or loss when satisfied with certain conditions at following accounting period	-	-	-	-
7. Total comprehensive income	109,448,484.77	79,054,800.79	664,562,446.78	366,363,660.38

Cash Flow Statement
1 January – 30 September 2014

Items	Consolidated		The Company	
	1 January – 30 September 2014 (RMB)	1 January – 30 September 2013 (RMB)	1 January – 30 September 2014 (RMB)	1 January – 30 September 2013 (RMB)
1. Cash flows from operating activities				
Cash received from sale of goods and rendering of services	13,846,620,170.41	12,461,498,773.26	1,364,072,426.10	507,022,561.82
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 repo operations funds	–	–	–	–
Refund of tax and levies	71,897,470.73	45,184,538.29	–	–
Other cash received relating to operating activities	240,719,091.18	170,742,563.10	136,467,494.62	89,264,371.22
Sub-total of cash inflows from operating activities	14,159,236,732.32	12,677,425,874.65	1,500,539,920.72	596,286,933.04
Cash paid for goods and services	7,213,895,890.97	6,918,680,335.67	370,147,326.53	97,053,516.79
Net increase in loans and advances to customers	–	–	–	–
Central banks and interbank deposits Cash	–	–	–	–
Pay the original insurance contract paid in cash	–	–	–	–
Payment of interest, fees and commissions	–	–	–	–

Items	Consolidated		The Company	
	1 January – 30 September 2014 (RMB)	1 January – 30 September 2013 (RMB)	1 January – 30 September 2014 (RMB)	1 January – 30 September 2013 (RMB)
Policyholder dividends paid in cash	–	–	–	–
Cash paid to and on behalf of employees	2,086,813,720.30	1,701,145,120.39	437,449,151.96	174,203,020.56
Taxes paid	1,487,566,903.71	1,178,102,324.17	258,912,663.75	107,233,187.18
Cash paid relating to other operating activities	1,510,773,545.65	1,591,581,411.08	207,159,410.05	88,395,438.56
Sub-total of cash outflows from operating activities	12,299,050,060.63	11,389,509,191.31	1,273,668,552.29	466,885,163.09
Net cash flows from operating activities	1,860,186,671.69	1,287,916,683.34	226,871,368.43	129,401,769.95
2. Cash flows from investing activities				
Cash received from investment	–	–	–	–
Cash received from investment income	42,712,076.62	23,329,607.68	539,749,711.51	101,025,548.31
Cash paid for disposal of fixed assets, intangible assets and other long-term assets	332,283.51	3,294,543.11	1,452.99	3,159,072.10
Cash received from sales of subsidiaries	–	–	–	–
Other cash received from investing activities	4,101.50	257,916.74	300,258,059.58	523,857,143.45
Sub-total of cash inflows from investing activities	43,048,461.63	26,882,067.53	840,009,224.08	628,041,763.86
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	291,930,410.55	316,383,596.16	36,026,882.61	45,140,513.00
Cash paid for purchase of investments	–	4,500,000.00	65,860,000.00	–
Net increase in loans	–	–	–	–
Cash paid for purchasing subsidiaries	–	–	–	–
Other cash paid in relation to investing activities	1,759,262.18	2,311,125.07	421,759,262.18	249,651,476.76
Sub-total of cash outflows from investing activities	293,689,672.73	323,194,721.23	523,646,144.79	294,791,989.76
Net cash flows from investing activities	(250,641,211.10)	(296,312,653.70)	316,363,079.29	333,249,774.10

Items	Consolidated		The Company	
	1 January – 30 September 2014 (RMB)	1 January – 30 September 2013 (RMB)	1 January – 30 September 2014 (RMB)	1 January – 30 September 2013 (RMB)
3. Cash flows from financing activities				
Proceeds from absorbing investments	4,665,919.00	2,542,300.00	–	1,342,300.00
Including: Cash received from minority shareholders from subsidiaries	4,665,919.00	1,200,000.00	–	–
Cash received from borrowings	663,446,358.31	508,056,914.48	220,000,000.00	6,567,656.20
Cash received from issuance of bonds	–	–	–	–
Other proceeds relating to financing activities	–	–	210,000,000.00	100,000,000.00
Sub-total of cash inflows from financing activities	668,112,277.31	510,599,214.48	430,000,000.00	107,909,956.20
Repayment of borrowings	575,826,240.91	653,267,807.78	258,627,418.40	187,000,000.00
Cash paid for distribution of dividends, profits or interests	402,978,388.86	44,015,208.21	385,582,949.67	8,031,992.47
Including: Dividend and profit payable to minority shareholders from subsidiaries	5,573,049.72	14,667,821.11	–	–
Other cash paid in relating to financing activities	–	–	103,853,333.38	14,014,288.88
Sub-total of cash outflows from financing activities	978,804,629.77	697,283,015.99	748,063,701.45	209,046,281.35
Net cash flows from financing activities	(310,692,352.46)	(186,683,801.51)	(318,063,701.45)	(101,136,325.15)
4. Effects of foreign exchange rate changes on cash and cash equivalents	594,555.69	552,529.82	–	(138.51)
5. Net increase in cash and cash equivalents	1,299,447,663.82	805,472,757.95	225,170,746.27	361,515,080.39
Add: Cash and cash equivalents at the beginning of the period	1,918,952,286.86	1,114,346,524.75	462,902,261.84	141,232,654.49
6. Cash and cash equivalents at the end of the period	3,218,399,950.68	1,919,819,282.70	688,073,008.11	502,747,734.88

4.2 Audited Report

If the quarterly report was audited by the certified public accountants, the appendix shall disclose the audit report text.

Applicable Not applicable

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 29 October 2014

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. Fang Shuting and Mr. Chu Xiaoping as independent non-executive directors.