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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 THIRD QUARTERLY REPORT

1. IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”) of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (“GYBYS” or the “Company”) and its directors, supervisors and senior management collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this quarterly report and confirm that there are no false information, misleading statements or material omissions in this quarterly report.
- 1.2 The directors of the Company (the “Director”) attended the 17th meeting of the sixth session of the Board, among whom, Mr. Chen Mao, the vice chairman, was unable to attend the meeting due to business reason and had appointed Ms. Cheng Ning, an 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 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 the finance department) declared that they warranted that the financial reports contained in this quarterly report were true and complete.
- 1.5 This 2015 third quarterly report published in Hong Kong is prepared pursuant to Rule 13.09(2)(a) 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 Disclosure of Inside Information Provision under 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 of discrepancy in interpretation, 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 2015 (Unaudited)	As at 31 December 2014		Increase/(Decrease) as compared with 31 December 2014 After Restatement (%)
		After Restatement (Unaudited)	Before Restatement (Audited)	
Total assets (RMB'000)	15,822,164	14,269,556	14,210,784	10.88
Shareholders' equity attributable to the shareholders of the Company (RMB'000)	8,119,002	7,704,970	7,739,301	5.37
Net assets per share attributable to the shareholders of the Company (RMB)	6.29	5.97	5.99	5.39

Items	1 January – 30 September 2015 (Unaudited)	1 January – 30 September 2014		Increase/(Decrease) as compared with the corresponding period of 2014 After Restatement (%)
		After Restatement (Unaudited)	Before Restatement (Unaudited)	
Net cash flow from operating activities (RMB'000)	1,604,415	1,853,560	1,860,187	(13.44)
Net cash flow from operating activities per share (RMB)	1.24	1.44	1.44	(13.42)

Items	1 January – 30 September 2015 (Unaudited)	1 January – 30 September 2014		Increase/(Decrease) as compared with the corresponding period of 2014 After Restatement (%)
		After Restatement (Unaudited)	Before Restatement (Unaudited)	
Income from operations (RMB'000)	15,070,814	14,645,471	14,635,342	2.90
Net profit attributable to the shareholders of the Company (RMB'000)	960,001	854,560	856,842	12.34
Net profit attributable to the shareholders of the Company after deducting non-recurring items (RMB'000)	960,611	818,291	838,252	17.39
Basic earnings per share (RMB)	0.743	0.662	0.664	12.35
Diluted earnings per share (RMB)	0.743	0.662	0.664	12.35
Ratio of weighted average return on net assets (%)	11.90	12.28	12.25	A decrease of 0.38 percentage point
Ratio of weighted average return on net assets after deducting non-operating items (%)	11.91	11.76	11.98	An increase of 0.15 percentage point

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

The Group did not have any change in accounting policies or have any correction of accounting errors which would require retrospective adjustment. The acquisition of 100% equity interests in Guangzhou General Pharmaceutical Research Institute Co., Ltd. ("General Institute") completed in August 2015 by the Company, which was a merger involving entities under common control. Therefore, the principal financial data of the Group in previous periods have been restated.

(2) Non-recurring items include:

Items	Amount for	Amount	Note
	the Reporting Period (1 July- 30 September 2015) (RMB'000)	(1 January- 30 September 2015) (RMB'000)	
Gain/(Loss) on disposal of non-current assets	(75)	(503)	
Tax reduction or refund of ultra vires approval or without formal approval documents	–	12	
Government subsidies recognized as gain/(loss)	7,525	52,485	This is the amount of government subsidies received by the Company's subsidiaries which was transferred to non-operating income in the Reporting Period.
Gain/(Loss) on changes in fair value arising from financial assets and financial liabilities held for trading (excluding the valid hedging business related to normal operating activities of the Company), as well as investment gains received from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets	(1,636)	742	
Write-off of provision for impairment of accounts receivable undergoing independent impairment test	(8)	196	
Gain/(Loss) from entrusted loans	(459)	(1,276)	
Other non-operating income and expenses excluding the above items	(13,172)	(49,967)	
Income tax effect	431	(1,819)	
Effect on minority shareholders interest	(182)	(479)	
Total	<u>(7,576)</u>	<u>(609)</u>	

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

As at 30 September 2015, there were 64,909 shareholders in total, among which, 64,882 shareholders holding the Renminbi-denominated ordinary shares (A Shares) and 27 shareholders holding overseas listed foreign shares (H Shares).

Shareholders	Number of shares held as at the end of the Reporting Period (share)	Approximate percentage of the total issued share capital (%)	Number of shares subject to selling restrictions held (share)	Number of shares pledged or locked (share)	Nature of shares
Guangzhou Pharmaceutical Holdings Limited (“GPHL”)	583,966,636	45.23	34,839,645	Nil	Domestic shares
HKSCC Nominees Limited	219,567,479	17.01	Nil	Unknown	H shares
China Securities Finance Corporation Limited	38,605,647	2.99	Nil	Unknown	Domestic shares
Central Huijin Investment Limited	15,260,700	1.18	Nil	Unknown	Domestic shares
Industrial Commercial Bank of China Ltd.- Southern Consumption Dynamic Flexible Allocation of Hybrid Securities Investment Fund	12,035,275	0.93	Nil	Unknown	Domestic shares
The National Social Security Fund-One Two Portfolio	9,000,000	0.70	Nil	Unknown	Domestic shares
Agricultural Bank of China Co., Ltd.-Fu Guo Zhong Zheng State-owned Enterprises Reform Index Hierarchical Securities Investment Fund	8,610,169	0.67	Nil	Unknown	Domestic shares
New China Life Insurance Co., Ltd.-Dividend-Group Dividend-018L-FH001 Hu	6,380,585	0.49	Nil	Unknown	Domestic shares
Zhao Xuguang	6,095,437	0.47	Nil	47,500	Domestic shares
Hong Kong Securities Clearing Company Limited	6,021,813	0.47	Nil	Unknown	Domestic shares

Explanations on the connected relationship or parties acting in concert of the above shareholders:

- (1) according to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.
- (2) the Company is not aware of whether there is any connected relationship among the shareholders.

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	As at	Fluctuation (%)	Reasons of fluctuation
	30 September 2015 (RMB'000)	31 December 2014 (After Restatement) (RMB'000)		
Accounts receivable	1,363,050	1,011,087	34.81	During 1 January to 30 September 2015, the Group actively carried out the marketing work and expanded the sales channels so that the sales income increased while accounts receivables increased resulting in capital being returned slowly.
Advances to suppliers	655,555	326,857	100.56	The increase was mainly due to the increase in prepayments by the Group for purchase of lands, pharmaceutical raw materials and packaging materials during 1 January to 30 September 2015.
Other current assets	154,208	20,082	667.88	As at 30 September 2015, the increase was due to the increased non-deductible VAT amount of the Group.
Available-for-sale financial assets	280,781	137,114	104.78	The increase was due to the Company's capital investment in Chongqing Pharmaceutical (Group) Company Limited as at 30 September 2015.
Goodwill	2,283	0	100.00	The increase in goodwill was mainly due to the difference between identifiable assets and its fair value of the purchase of Guangyao Haima Brand Integration and Communication Co., Ltd. by the Company during 1 January to 30 September 2015.

Items	As at	As at	Fluctuation	Reasons of fluctuation
	30 September 2015	31 December 2014		
	(RMB'000)	(After Restatement) (RMB'000)	(%)	
Accounts payable	3,040,259	2,075,921	46.45	The increase was mainly due to the active development with high quality suppliers and the good commercial credit policy of the Company's subsidiaries during 1 January to 30 September 2015.
Advances from customers	555,513	892,457	(37.75)	Advances from customers received by the Company's subsidiaries decreased during 1 January to 30 September 2015 as compared with the same period of 2014.
Interests payable	405	237	71.10	The increase was mainly due to the increase in the interests payable of the Group as at 30 September 2015.
Long-term borrowings	47,501	0	100.00	Bank loans of the Company's subsidiaries increased as at 30 September 2015.
Other comprehensive income	7,949	11,878	(33.08)	The price of the available-for-sale financial assets held by the Company fell during 1 January to 30 September 2015.

**1 January –
30 September 2014**

Items	1 January – 30 September 2015 (RMB'000)	(After Restatement) (RMB'000)	Fluctuation (%)	Reasons of fluctuation
Financial expenses	(19,021)	(582)	(3,166.54)	During 1 January to 30 September 2015, the Company's subsidiaries actively tapped the internal potential of funds, enhanced the efficiency of capital operation and in turn the interest income increased.
Profit arising from changes in fair value	742	1,123	(33.90)	The decrease was mainly due to the fall in price of the shares of AVIC Helicopter Co., Ltd. and Harbin Pharmaceutical Co., Ltd. held by the Company during the 1 January to 30 September 2015.
Investment income	113,223	197,214	(42.59)	During 1 January to 30 September 2015, the liquidating dividend of the Company's subsidiaries decreased.
Non-operating income	69,340	47,104	47.21	During 1 January to 30 September 2015, the Company's subsidiaries received compensation for demolition.
Non-operating expenses	67,324	9,033	645.34	During 1 January to 30 September 2015, the Company's subsidiaries incurred expenses of relocation.
Net cash flows from investing activities	(700,466)	(253,603)	(176.21)	The payment of external investment of the Company for the period from 1 January to 30 September 2015 increased as compared with the same period 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 holding shares of 5% or more and ultimate 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, GPLH 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. Upon the original undertakings, GPLH 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, GPLH 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 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, GPLH supplemented the original undertaking. The undertaking remains valid until it has been fully performed.
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, GPLH, 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 GPLH 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, 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 the Shanghai Stock Exchange, the Listing Rules of the 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 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

3.3.5 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 will be ended on 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 and the Company
Details of the undertakings	<p>GPHL and the Company mutually undertake in relation to transactions under the Trademark Custody Agreement between Guangzhou Pharmaceutical Company Limited and Guangzhou Pharmaceutical Holdings Limited (the “Agreement”) as follows:</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 (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	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.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
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; and3. 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="683 157 1520 236">Upon the original undertakings, GPLH made further undertaking:</p> <ol data-bbox="683 278 1520 1438" style="list-style-type: none"> <li data-bbox="683 278 1520 480">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="683 523 1520 981">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.); and <li data-bbox="683 1023 1520 1438">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.
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.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.
Time and period of the undertaking	The original undertaking was given on 29 February 2012. GPLH made supplement to relevant contents on 15 June 2012 and the period of validity is up to the date on which the undertakings is fully performed.

Item	Content
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 GPHL, 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. 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

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, GPHL undertakes that it will transfer 100% equity interest of General Institute to GPC within 2 years from the date General 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	General Institute was established on 27 June 2013 and the performance period was ended on 27 June 2015.
Whether timely and strictly performed	Fully 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 consolidation as compared with the previous financial report

During the Reporting Period, there is one new company included in the Group's scope of consolidation.

In July 2015, the Company acquired the 100% equity interest in the General Institute at the consideration of RMB160.1979 million through public auction. The transfer of shareholding and the relevant registration at the industrial and commercial registration authority were completed in August 2015, and the General Institute was included in the Group's scope of consolidation.

4. APPENDIX

4.1 Financial statements prepared in accordance with the China Accounting Standards for Business Enterprises

Balance Sheet

As at 30 September 2015

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2015 (after restatement) (RMB)	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)
Current assets:				
Cash at bank or on hand	3,882,706,673.51	3,200,783,484.82	808,975,221.07	760,953,902.80
Settlement provisions	—	—	—	—
Placements	—	—	—	—
Financial assets at fair value through profit or loss	5,428,141.30	4,686,023.00	5,428,141.30	4,686,023.00
Derivative financial assets	—	—	—	—
Notes receivable	1,399,200,905.85	1,465,748,952.32	603,402,797.27	531,692,907.91
Accounts receivable	1,363,049,688.90	1,011,087,173.83	169,713,720.26	115,396,194.29
Advances to suppliers	655,555,086.37	326,857,283.13	122,768,000.09	11,902,638.10
Premiums receivable	—	—	—	—
Receivables from reinsurers	—	—	—	—
Reinsurance contract reserve	—	—	—	—
Interest receivable	—	—	—	—
Dividends receivable	—	—	173,613,384.30	239,842,960.38
Other receivables	226,538,517.14	306,793,208.73	1,152,934,213.72	1,286,251,744.18
Financial assets purchased under resale agreements	—	—	—	—
Inventories	2,446,797,911.98	2,581,256,983.61	390,244,081.69	417,737,175.23
Classified as assets held for sale	—	—	—	—

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2015 (after restatement) (RMB)	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)
Current portion of non-current assets	–	–	–	–
Other current assets	154,207,866.59	20,082,244.47	154,676.23	1,428,990.13
Total current assets	10,133,484,791.64	8,917,295,353.91	3,427,234,235.93	3,369,892,536.02
Non-currents assets:				
Entrusted loans and advances	–	–	–	–
Available-for-sale financial assets	280,780,868.33	137,114,228.25	274,002,753.51	130,052,753.51
The held-to-maturity investments	–	–	–	–
Long-term receivables	–	–	–	–
Long-term equity investments	2,012,228,209.46	1,950,765,099.35	3,704,231,602.44	3,426,473,447.37
Investments properties	229,587,794.34	237,111,837.23	214,891,189.34	220,547,355.25
Fixed assets	1,911,695,013.12	1,845,953,897.47	486,758,287.12	509,020,867.81
Construction in progress	443,204,121.81	441,809,706.14	29,390,376.90	23,165,820.79
Construction materials	–	–	–	–
Fixed assets pending for disposal	–	–	–	–
Production of biological assets	–	–	–	–
Oil and gas assets	–	–	–	–
Intangible assets	464,322,608.76	395,201,774.39	273,336,493.37	276,928,145.01
Development costs	5,313,098.53	4,252,391.49	3,801,046.84	2,740,339.80
Goodwill	2,282,952.18	–	–	–
Long-term deferred expenses	9,567,749.65	10,332,935.57	664,161.25	801,622.85
Deferred tax assets	329,697,227.34	329,719,136.32	35,198,984.01	38,813,158.39
Other non-current assets	–	–	–	–
Total non-current assets	5,688,679,643.52	5,352,261,006.21	5,022,274,894.78	4,628,543,510.78
Total assets	15,822,164,435.16	14,269,556,360.12	8,449,509,130.71	7,998,436,046.80
Current liabilities:				
Short-term borrowings	646,438,687.72	560,530,090.45	80,000,000.00	130,000,000.00
Borrowings from central banks	–	–	–	–
Deposits and deposits by banks	–	–	–	–
Funds borrowed	–	–	–	–
Financial liabilities at fair value through profit or loss	–	–	–	–
Derivative financial liabilities	–	–	–	–
Notes payable	393,688,648.31	356,573,197.95	–	–

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2015 (after restatement) (RMB)	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)
Accounts payable	3,040,258,927.82	2,075,921,273.45	160,327,835.91	226,935,320.01
Advances from customers	555,512,499.24	892,456,520.06	15,794,618.75	72,210,762.74
Financial assets sold under repurchase agreements	—	—	—	—
Fee and commission payable	—	—	—	—
Employee benefits payable	365,788,374.12	412,093,088.25	100,604,617.34	81,845,401.01
Taxes payable	128,318,466.23	176,729,443.26	39,700,259.65	39,296,377.46
Interests payable	404,934.98	236,666.66	91,291.65	236,666.66
Dividends payable	37,708,798.12	46,931,687.19	156,225.47	90,193.02
Other payables	1,963,400,990.86	1,557,351,681.94	1,559,260,953.42	917,490,082.52
Payables to reinsurers	—	—	—	—
Insurance contract	—	—	—	—
Brokerage deposits	—	—	—	—
Acting underwriting securities	—	—	—	—
Classified as liabilities held for sale	—	—	—	—
Current portion of non-current liabilities	—	—	—	—
Other current liabilities	—	—	—	—
Total current liabilities	7,131,520,327.40	6,078,823,649.21	1,955,935,802.19	1,468,104,803.42
Non-current liabilities:				
Long-term borrowings	47,500,630.06	—	—	—
Debentures payable	—	—	—	—
Including: Preferred shares	—	—	—	—
Sustainable debts	—	—	—	—
Long-term payable	22,291,757.34	22,361,807.40	7,876,324.33	7,802,224.39
Long-term employee remuneration payable	308,382.49	296,382.47	—	—
Payables for specific project	19,058,160.00	19,058,160.00	—	—
Provisions	54,020,810.89	54,726,969.19	500,191.19	500,191.19
Deferred income	184,860,250.51	154,141,906.32	48,516,443.86	39,602,337.13
Deferral tax liabilities	14,539,191.18	15,499,610.21	4,258,949.94	5,166,449.94
Other non-current liabilities	—	—	—	—
Total non-current liabilities	342,579,182.47	266,084,835.59	61,151,909.32	53,071,202.65
Total liabilities	7,474,099,509.87	6,344,908,484.80	2,017,087,711.51	1,521,176,006.07

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of 2015 (after restatement) (RMB)	At the end of the Reporting Period (RMB)	At the beginning of 2015 (RMB)
Shareholders' equity:				
Share capital	1,291,079,250.00	1,291,340,650.00	1,291,079,250.00	1,291,340,650.00
Other equity instruments	–	–	–	–
Including: Preferred shares	–	–	–	–
Sustainable debts	–	–	–	–
Capital surplus	2,346,435,501.22	2,526,638,830.11	2,291,438,412.43	2,451,263,923.51
Less: Treasury shares	–	–	–	–
Other comprehensive income	7,949,401.54	11,878,304.70	11,068,019.57	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	–	–	–	–
Undistributed profits	3,658,051,021.31	3,059,624,958.71	2,395,956,965.42	2,275,474,523.03
Shareholders' equity attributable to the shareholders of the Company	8,119,002,380.45	7,704,969,949.90	6,432,421,419.20	6,477,260,040.73
Minority interests	229,062,544.84	219,677,925.42	–	–
Total shareholders' equity	<u>8,348,064,925.29</u>	<u>7,924,647,875.32</u>	<u>6,432,421,419.20</u>	<u>6,477,260,040.73</u>
Total liabilities and shareholders' equity	<u>15,822,164,435.16</u>	<u>14,269,556,360.12</u>	<u>8,449,509,130.71</u>	<u>7,998,436,046.80</u>

Legal Representative:
Mr. Li Chuyuan

Director of the Financial Work:
Mr. Wu Changhai

Head of Finance Department:
Ms. Yao Zhizhi

Consolidated Income Statement

Items	1 July –	1 July –	1 January –	1 January –
	30 September 2015	30 September 2014 (after restatement)	30 September 2015	30 September 2014
	(RMB)	(RMB)	(RMB)	(RMB)
1. Revenue	4,591,487,561.28	4,617,906,704.42	15,070,813,896.71	14,645,471,138.16
Including: Income from operations	4,591,487,561.28	4,617,906,704.42	15,070,813,896.71	14,645,471,138.16
Interest Income	–	–	–	–
Premiums earned	–	–	–	–
Fee and commission income	–	–	–	–
2. Total cost from operations	4,361,172,300.67	4,442,618,104.36	13,988,091,227.11	13,788,437,647.65
Including: Cost of sales	2,964,091,522.30	3,002,373,013.48	9,575,746,196.80	9,461,608,639.93
Interest expense	–	–	–	–
Fee and commission expense	–	–	–	–
Surrenders	–	–	–	–
Net claims paid	–	–	–	–
Net reserves for insurance contracts	–	–	–	–
Policyholder dividends	–	–	–	–
Reinsurance expenses	–	–	–	–
Taxes and surcharges	42,707,057.58	37,895,704.10	143,240,815.10	128,041,601.00
Selling and distribution expenses	1,031,718,322.23	1,073,100,350.28	3,272,606,809.46	3,232,841,307.69
General and administrative expenses	327,327,463.54	320,967,949.97	1,007,023,026.24	954,831,677.39
Financial expenses	(1,056,780.31)	2,677,662.73	(19,020,897.80)	(582,294.59)
Asset impairment losses	(3,615,284.67)	5,603,423.80	8,495,277.31	11,696,716.23
Add: Profit arising from changes in fair value	(1,636,480.60)	1,077,007.20	742,118.30	1,122,700.50
Investment income	12,810,979.63	55,547,490.70	113,222,747.32	197,213,607.91
Including: Share of profits from associates and joint controlled entities	11,113,773.35	54,710,621.27	111,142,170.49	196,825,231.07
Exchange gains	–	–	–	–

Items	1 July –	1 July –	1 January –	1 January –
	30 September 2015	30 September 2014 (after restatement)	30 September 2015	30 September 2014
	(RMB)	(RMB)	(RMB)	(RMB)
3. Operating profit	241,489,759.64	231,913,097.96	1,196,687,535.22	1,055,369,798.92
Add: Non-operating income	10,404,605.65	8,411,930.16	69,339,541.41	47,103,525.19
Including: Gain on disposal of Non-current assets	112,536.81	33,780.68	218,755.33	132,965.10
Less: Non-operating expenses	16,126,022.78	3,325,026.39	67,324,459.51	9,032,774.57
Including: Loss from disposal of non-current assets	197,319.22	366,166.52	731,122.90	1,162,986.72
4. Total profit	235,768,342.51	237,000,001.73	1,198,702,617.12	1,093,440,549.54
Less: Income tax expenses	44,484,228.31	63,752,536.32	214,997,160.42	222,071,331.06
5. Net profit	<u>191,284,114.20</u>	<u>173,247,465.41</u>	<u>983,705,456.70</u>	<u>871,369,218.48</u>
Including: Pre-acquisition net profit of the acquired company	(326,296.79)	(2,751,485.04)	(372,567.56)	(2,282,549.12)
Net profit attributable to the shareholders of the Company	185,024,219.76	180,431,681.73	960,001,444.60	854,559,771.50
Minority interests	6,259,894.44	(7,184,216.32)	23,704,012.10	16,809,446.98
6. Other comprehensive net income after tax	<u>(6,893,922.14)</u>	<u>(1,096,599.14)</u>	<u>(3,933,222.59)</u>	<u>(1,348,410.12)</u>
Other comprehensive net income after tax attributable to shareholders' equity of the parent company	(6,880,843.57)	(1,099,426.79)	(3,928,903.16)	(1,351,516.45)
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	(6,880,843.57)	(1,099,426.79)	(3,928,903.16)	(1,351,516.45)

Items	1 July –	1 July –	1 January –	1 January –
	30 September 2015	30 September 2014 (after restatement)	30 September 2015	30 September 2014
	(RMB)	(RMB)	(RMB)	(RMB)
(1) Portion of items will be classified into profit or loss when under equity method	(30,668.88)	(2,362,336.98)	(91,652.84)	(2,362,336.98)
(2) Profit or loss arising from changes in fair value of available for sale financial assets	(8,290,236.57)	1,315,441.51	(5,368,621.46)	711,307.28
(3) Profit or loss arising from reclassification of held to maturity investments as available for sale financial assets	–	–	–	–
(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	1,440,061.88	(52,531.32)	1,531,371.14	299,513.25
(6) Others	–	–	–	–
Other comprehensive net income after tax attributable to minority shareholders equity	(13,078.57)	2,827.65	(4,319.43)	3,106.33
7. Total comprehensive income	184,390,192.06	172,150,866.27	979,772,234.11	870,020,808.36
Total comprehensive income attributable to the shareholders of the Company	178,143,376.19	179,332,254.94	956,072,541.44	853,208,255.05
Total comprehensive income attributable to the shareholders of minority interest	6,246,815.87	(7,181,388.67)	23,699,692.67	16,812,553.31
8. Earnings per share				
(1) Basic earnings per share	0.14	0.14	0.74	0.66
(2) Diluted earnings per share	0.14	0.14	0.74	0.66

Legal Representative:
Mr. Li Chuyuan

Director of the Financial Work:
Mr. Wu Changhai

Head of Finance Department:
Ms. Yao Zhizhi

Income Statement of the Company

Items	1 July – 30 September 2015 (RMB)	1 July – 30 September 2014 (RMB)	1 January – 30 September 2015 (RMB)	1 January – 30 September 2014 (RMB)
1. Revenue	578,439,206.75	664,631,436.73	2,231,418,108.27	2,259,126,890.71
Less: Cost of sales	291,272,873.23	381,819,948.39	1,126,673,538.21	1,311,270,196.67
Taxes and surcharges	7,512,209.25	7,566,306.97	29,030,939.22	25,662,249.59
Selling and distribution expenses	78,855,367.28	92,837,833.75	395,881,357.60	326,230,250.31
General and administrative expenses	99,986,902.65	86,258,463.57	306,825,459.06	258,461,854.13
Financial expenses	5,809,540.78	4,003,583.70	16,749,863.29	15,149,931.85
Asset impairment losses	713,516.59	(1,146,732.23)	1,395,083.87	129,605.85
Add: Profit arising from changes in fair value	(1,636,480.60)	1,077,007.20	742,118.30	1,122,700.50
Investment income	34,358,316.97	39,692,173.27	171,473,763.28	428,019,758.19
Including: Share of profits from associates and joint controlled entities	24,511,579.64	34,348,214.75	146,738,817.99	141,733,649.66
2. Operating profit	127,010,633.34	134,061,213.05	527,077,748.60	751,365,261.00
Add: Non-operating income	1,991,154.53	1,460,130.52	10,030,783.74	3,907,275.44
Including: Gain on disposal of Non-current assets	111,342.87	13,310.68	157,368.02	19,464.53
Less: Non-operating expenses	23,305.17	2,068,435.39	556,219.58	4,161,825.19
Including: Loss from disposal of non-current assets	9,846.83	25,159.90	218,183.48	361,720.24
3. Total profit	128,978,482.70	133,452,908.18	536,552,312.76	751,110,711.25
Less: Income tax expenses	16,533,036.00	25,187,198.41	54,494,488.37	84,751,602.49
4. Net profit	<u>112,445,446.70</u>	<u>108,265,709.77</u>	<u>482,057,824.39</u>	<u>666,359,108.76</u>
5. Other comprehensive income	(7,641,568.88)	1,182,775.00	(5,234,152.84)	565,675.00
Items will not be classified into profit or loss when satisfied with certain conditions at following accounting period	–	–	–	–
Items will be classified into profit or loss when satisfied with certain conditions at following accounting period	(7,641,568.88)	1,182,775.00	(5,234,152.84)	565,675.00
(1) Portion of items will be classified into profit or loss when under equity method	(30,668.88)	–	(91,652.84)	–
(2) Profit or loss arising from changes in fair value of available for sale financial assets	(7,610,900.00)	1,182,775.00	(5,142,500.00)	565,675.00

Items	1 July – 30 September 2015 (RMB)	1 July – 30 September 2014 (RMB)	1 January – 30 September 2015 (RMB)	1 January – 30 September 2014 (RMB)
6. Total comprehensive income	<u>104,803,877.82</u>	<u>109,448,484.77</u>	<u>476,823,671.55</u>	<u>666,924,783.76</u>
7. Earnings per share				
(1) Basic earnings per share	–	–	–	–
(2) Diluted earnings per share	–	–	–	–
Legal Representative: Mr. Li Chuyuan	Director of the Financial Work: Mr. Wu Changhai	Head of Finance Department: Ms. Yao Zhizhi		

Cash Flow Statement

1 January – 30 September 2015

Items	Consolidated		The Company	
	1 January – 30 September 2015 (RMB)	1 January – 30 September 2014 (after restatement) (RMB)	1 January – 30 September 2015 (RMB)	1 January – 30 September 2014 (RMB)
1. Cash flows from operating activities				
Cash received from sale of goods and rendering of services	15,174,153,910.29	13,855,830,092.52	1,378,240,093.43	1,364,072,426.10
Net increase in customer deposits and interbank deposits	–	–	–	–
Net increase in borrowings from central banks	–	–	–	–
Net increase in borrowing funds from other financial institutions	–	–	–	–
Cash receipt of the original insurance contract	–	–	–	–
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 surcharges	41,521,384.36	71,897,470.73	–	–
Cash received relating to other operating activities	305,904,325.25	262,871,837.73	489,487,453.54	136,467,494.62
Sub-total of cash inflows	<u>15,521,579,619.90</u>	<u>14,190,599,400.98</u>	<u>1,867,727,546.97</u>	<u>1,500,539,920.72</u>
Cash paid for goods and services	8,073,265,278.50	7,220,956,323.11	283,833,787.88	370,147,326.53
Net increase in loans and advances to customers	–	–	–	–
Central banks and interbank cash deposits	–	–	–	–
Cash paid for the original insurance contract	–	–	–	–
Payment of interest, fees and commissions	–	–	–	–
Policyholder dividends paid in cash	–	–	–	–
Cash paid to and on behalf of employees	2,291,506,078.81	2,096,716,057.80	472,985,014.54	437,449,151.96
Payments of taxes and surcharges	1,586,046,058.00	1,488,662,594.47	260,230,103.94	258,912,663.75
Cash paid relating to other operating activities	1,966,347,319.45	1,530,704,652.39	238,964,192.13	207,159,410.05

Items	Consolidated		The Company	
	1 January – 30 September 2015 (RMB)	1 January – 30 September 2014 (after restatement) (RMB)	1 January – 30 September 2015 (RMB)	1 January – 30 September 2014 (RMB)
Sub-total of cash outflows	<u>13,917,164,734.76</u>	<u>12,337,039,627.77</u>	<u>1,256,013,098.49</u>	<u>1,273,668,552.29</u>
Net cash flows from operating activities	<u>1,604,414,885.14</u>	<u>1,853,559,773.21</u>	<u>611,714,448.48</u>	<u>226,871,368.43</u>
2. Cash flows from investing activities				
Cash received from disposal of investment	–	4,000,000.00	–	–
Cash received from returns on investment income	52,936,863.27	42,730,246.49	152,942,221.14	539,749,711.51
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	333,188.15	350,283.51	–	1,452.99
Net cash received from sales of subsidiaries	–	–	–	–
Cash received relating to other investing activities	<u>6,022.90</u>	<u>4,101.50</u>	<u>673,151,492.82</u>	<u>300,258,059.58</u>
Sub-total of cash inflows	<u>53,276,074.32</u>	<u>47,084,631.50</u>	<u>826,093,713.96</u>	<u>840,009,224.08</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	375,419,434.39	294,527,354.45	125,743,269.18	36,026,882.61
Cash paid for acquisition of investments	311,341,753.98	4,000,000.00	455,147,900.00	65,860,000.00
Net increase in loans	–	–	–	–
Net cash paid to acquire subsidiaries	(8,512,691.75)	–	–	–
Cash paid relating to other investing activities	<u>75,493,146.72</u>	<u>2,160,686.30</u>	<u>458,674,219.15</u>	<u>421,759,262.18</u>
Sub-total of cash outflows	<u>753,741,643.34</u>	<u>300,688,040.75</u>	<u>1,039,565,388.33</u>	<u>523,646,144.79</u>
Net cash flows from investing activities	<u>(700,465,569.02)</u>	<u>(253,603,409.25)</u>	<u>(213,471,674.37)</u>	<u>316,363,079.29</u>
3. Cash flows from financing activities				
Cash received from capital contributions	11,760,000.00	4,665,919.00	–	–
Including: Cash received from minority shareholders of subsidiaries	11,760,000.00	4,665,919.00	–	–
Cash received from borrowings	626,046,974.90	663,446,358.31	80,000,000.00	220,000,000.00
Cash received from issuance of bonds	–	–	–	–
Cash received relating to other financing activities	–	–	<u>295,000,000.00</u>	<u>210,000,000.00</u>

Items	Consolidated		The Company	
	1 January – 30 September 2015 (RMB)	1 January – 30 September 2014 (after restatement) (RMB)	1 January – 30 September 2015 (RMB)	1 January – 30 September 2014 (RMB)
Sub-total of cash inflows	<u>637,806,974.90</u>	<u>668,112,277.31</u>	<u>375,000,000.00</u>	<u>430,000,000.00</u>
Cash repayments of borrowings	540,138,377.63	575,826,240.91	130,000,000.00	258,627,418.40
Cash payments for interest expenses and distribution of dividends or profits	394,141,020.46	402,978,388.86	366,730,284.51	385,582,949.67
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	9,530,391.96	5,573,049.72	–	–
Cash payments relating to other financing activities	<u>8,346,170.65</u>	<u>–</u>	<u>228,886,461.59</u>	<u>103,853,333.38</u>
Sub-total of cash outflows	<u>942,625,568.74</u>	<u>978,804,629.77</u>	<u>725,616,746.10</u>	<u>748,063,701.45</u>
Net cash flows from financing activities	<u>(304,818,593.84)</u>	<u>(310,692,352.46)</u>	<u>(350,616,746.10)</u>	<u>(318,063,701.45)</u>
4. Effects of foreign exchange rate changes on cash and cash equivalents	<u>965,937.10</u>	<u>594,555.69</u>	<u>–</u>	<u>–</u>
5. Net increase in cash and cash equivalents	600,096,659.38	1,289,858,567.19	47,626,028.01	225,170,746.27
Add: Cash and cash equivalents at the beginning of year	<u>3,049,032,036.67</u>	<u>1,952,053,678.69</u>	<u>709,868,368.22</u>	<u>462,902,261.84</u>
6. Cash and cash equivalents at the end of the period	<u><u>3,649,128,696.05</u></u>	<u><u>3,241,912,245.88</u></u>	<u><u>757,494,396.23</u></u>	<u><u>688,073,008.11</u></u>

Legal Representative:
Mr. Li Chuyuan

Director of the Financial Work:
Mr. Wu Changhai

Head of Finance Department:
Ms. Yao Zhizhi

4.2 Audited Report

Applicable Not applicable

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 30 October 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.