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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)

Summary of 2013 Interim Report

1. IMPORTANT NOTICE

- 1.1 This summary is extracted from the full text of the 2013 interim report of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “Company”) for the six months ended 30 June 2013 (the “Reporting Period”), which will be published at the website (<http://www.sse.com.cn>) of The Shanghai Stock Exchange (“SSE”), and at the website (<http://www.hkex.com.hk>) of The Stock Exchange of Hong Kong Limited (“HKEx”) and other designated websites of the China Securities Regulatory Commission (“CSRC”). Investors who wish to know more details are advised to refer to the full text of the 2013 interim report carefully.
- 1.2 This summary is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.
- 1.3 The financial reports of the Group and the Company for the Reporting Period are prepared in accordance with the China Accounting Standards for Business Enterprises, which are unaudited.
- 1.4 The consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the six months ended 30 June 2012 have been restated to include the operating results and cash flows of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. (“Baiyunshan”) and Guangzhou Pharmaceutical Baiyunshan Hong Kong Company Limited (formerly known as Polian Development Co., Ltd.). The consolidated balance sheet as at 31 December 2012 have been restated to include the assets and liabilities of Baiyunshan and Guangzhou Pharmaceutical Baiyunshan Hong Kong Company Limited. Respective notes to the consolidated financial statements have also been restated.
- 1.5 All the information required to be contained in the summary of the 2013 interim report of the Company pursuant to paragraph 46 of Appendix 16 to the Rules Governing the Listing of Securities on HKEx (the “Listing Rules”) has been included in this summary of 2013 interim report.

1.6 Company Profile

Stock short name	BYS	
Stock code	600332 (A share)	
Stock exchange	The Shanghai Stock Exchange	
Stock short name	BAIYUNSHAN PH	
Stock code	0874 (H share)	
Stock exchange	The Stock Exchange of Hong Kong Limited	
	Secretary to the Board	Representative of securities affairs
Name	Pang Jianhui	Huang Xuezhen
Address	45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the People's Republic of China	
Telephone	(8620) 8121 8119	(8620) 8121 8120
Fax	(8620) 8121 6408	
E-mail	pangjh@gpc.com.cn	huangxz@gpc.com.cn

2 PRINCIPAL FINANCIAL DATA AND CHANGE OF SHAREHOLDERS

2.1 Principal financial data

Items	As at 30 June 2013 <i>(Unaudited)</i>	As at 31 December 2012		Year on year increase/ (decrease) (%) After restatement
		After restatement <i>(Unaudited)</i>	Before restatement <i>(Audited)</i>	
Total assets (RMB'000)	11,935,976	9,394,208	6,235,394	27.06
Shareholders' equity attributable to the shareholders of the Company (RMB'000)	6,512,796	5,566,352	4,096,589	17.00
Net assets per share attributable to the shareholders of the Company (RMB)	5.04	4.41	5.05	14.28

Items	The Reporting Period (Unaudited)	The same period as compare with last year		Year on year increase/ (decrease) (%)
		After restatement (Unaudited)	Before restatement (Audited)	After restatement
Income from operations (RMB'000)	9,072,473	5,649,803	3,498,046	60.58
Profit from operations (RMB'000)	680,766	502,223	240,475	35.55
Total profit (RMB'000)	690,060	511,865	248,618	34.81
Net profit attributable to the shareholders of the Company (RMB'000)	587,229	427,396	217,085	37.40
Net profit attributable to the shareholders of the Company after deducting non-recurring items (RMB'000)	577,558	414,706	210,104	39.27
Basic earnings per share (RMB)	0.466	0.339	0.268	37.40
Diluted earnings per share (RMB)	0.466	0.339	0.268	37.40
Basic earnings per share after deducting non-recurring items (RMB)	0.458	0.329	0.259	39.27
Ratio of weighted average return on net assets (%)	10.02	8.32	5.60	An increase of 1.70 percentage points
Ratio of weighted average return on net assets after deducting non-recurring items (%)	9.86	8.07	5.42	An increase of 1.79 percentage points
Net cash flow from operating activities (RMB'000)	1,367,185	778,530	522,090	75.61
Net cash flow from operating activities per share (RMB)	1.06	0.62	0.64	71.52

Note: The above financial data and indicators are computed based on the consolidated financial statements.

The Company did not change any accounting policies and have any accounting errors which would required retroactive adjustment. Because the Company completed the Major Asset Reorganization on 30 June 2013, the business combinations involving entities under common control emerged. The main financial statements and statistics of the Company in the first half year of 2012 and 31 December 2012 have also been restated.

2.2 Movement in share capital and its components

	Before change		Change(+, -)				After change		
	Number of shares (share)	Percentage (%)	New issues (share)	Bonus issues (share)	Reserves capitalized (share)	Others (share)	Sub-total (share)	Number of shares (share)	Percentage (%)
I. Shares with selling restrictions									
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. Shares held by State-owned legal entities	-	-	34,839,645	-	-	-	34,839,645	34,839,645	2.70
3. Other domestic shares	-	-	-	-	-	-	-	-	-
Including: Shares held by domestic legal entities	-	-	-	-	-	-	-	-	-
Shares held by domestic natural persons	-	-	-	-	-	-	-	-	-
4. Shares held by foreign capital	-	-	-	-	-	-	-	-	-
Including: Shares held by overseas legal entities	-	-	-	-	-	-	-	-	-
Shares held by overseas natural persons	-	-	-	-	-	-	-	-	-
II. Shares without selling restrictions									
1. Reminbi-denominated ordinary shares	591,000,000	72.88	-	-	-	445,601,005	445,601,005	1,036,601,005	80.27
2. Domestically listed foreign capital shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign capital shares	219,900,000	27.12	-	-	-	-	-	219,900,000	17.03
4. Others	-	-	-	-	-	-	-	-	-
III. Total shares	810,900,000	100.00	34,839,645	-	-	445,601,005	480,440,650	1,291,340,650	100.00

2.3 Explanation for the change in shares capital

The Company absorbed and merged Baiyunshan through share swap of new A shares. Each share of Baiyunshan could exchange for 0.95 A share of the Company. During the Reporting Period, the Company has already issued an aggregate of 445,601,005 A shares to the Baiyunshan Shareholders, all of which are not subject to any selling restrictions and listed on SSE on 23 May 2013.

After the Reporting Period, the Company has issued 34,839,645 ordinary shares of nominal value of RMB1 to Guangzhou Pharmaceutical Holdings Limited (“GPHL”) according to the “Issued Shares and Asset Purchase Agreement” and its supplementary agreements. These 34,839,645 A shares are non publicly issued shares of the company, the circulation of which are conditional. The date on which these newly issued A shares were listed and circulated was 5 July 2013.

2.4 Change of shares subject to selling restrictions

Name of holders	The initial number of shares subject to selling restrictions (share)	The number of lifted shares subject to selling restrictions (share)	The number of additional shares subject to selling restrictions for the Reporting Period (share)	The number of shares subject to selling restrictions at the end of the Reporting Period (share)	Reasons for selling restrictions	Lifted date for selling restrictions
GPHL	0	0	34,839,645	34,839,645	Note	5 July 2016

Note: According to the “Issued Shares and Asset Purchase Agreement” and supplementary agreements, the 34,839,645 shares held by GPHL shall not be listed for trading or transferred within the 36 months from 5 July 2013, being the date on which those shares were listed for circulation.

2.5 The Company's top ten shareholders

Total number of shareholders as at the end of the Reporting Period 77,419

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 % of the total issued share capital (%)	Number of shares with selling restrictions held (share)	Number of pledged or locked shares (share)	Nature of shares
GPHL	193,394,645	584,228,036	45.24	34,839,645	Nil	Domestic shares
HKSCC Nominees Limited	78,090	219,533,479	17.00	Nil	Unknown	H shares
China Construction Bank Co., Ltd. Industrial Social Responsibility Securities Investment Fund	4,705,715	7,654,819	0.59	Nil	Unknown	Domestic shares
Shanghai Pudong Development Bank-Guang Fa Small-cap Growth Securities Investment Fund	7,299,151	7,299,151	0.57	Nil	Unknown	Domestic shares
Zhao Xuguang	6,560,000	6,560,000	0.51	Nil	5,747,500	Domestic shares
Zhao Zhihong	5,080,422	5,080,422	0.39	Nil	Unknown	Domestic shares
Commercial Bank of China-Guang Fa Growth Mixed Securities Investment Fund	2,549,977	5,049,977	0.39	Nil	Unknown	Domestic shares
Bank of China-Invesco Great Wall of Dynamic Equilibrium Securities Investment Fund	4,718,428	4,718,428	0.37	Nil	Unknown	Domestic shares
China Life Property and Casualty Insurance Company Limited-Bonus-Personal Bonus-005L-FH002 滙	4,699,925	4,699,925	0.36	Nil	Unknown	Domestic shares
Agricultural Bank of China Co., Ltd.-Invesco Great Wall of Energy Infrastructure Securities Investment Fund	2,300,010	4,500,000	0.35	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 above top ten 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".

2.6 Change of controlling shareholder and beneficial owner of the Company

Applicable Not applicable

3. REPORT OF THE BOARD OF DIRECTORS

3.1 Management discussion and analysis

Business Scope

The Company and its subsidiaries (the “Group”) is principally engaged in: (1) the research and development, manufacturing and sales of Chinese and Western patent medicine, chemical active pharmaceutical ingredients (API), natural medicine, biological medicine and chemical API intermediates; (2) wholesale, retail and import and export of western and Chinese pharmaceutical products and medical apparatus; and (3) research and development, production and sales of great health products.

Analysis of Operating Results

During the Reporting Period, the Group steadily pushed forward its work on marketing, production, quality, technological innovation, Major Assets Reorganization and other areas strictly in line with its annual business targets. Facing with downward pressure on the economy, slowing down of industry growth and intensified market competition, the Group stepped up its marketing efforts to accelerate its development of great health products business, further strengthened resources integration, improved internal control and risk management and strived for reduction in operating costs, turned challenges into opportunities, turned pressure into motivation, improved resources efficiency ensured steady growth of our core businesses.

During the Reporting Period, the Major Assets Reorganization has been successfully implemented. In May 2013, the Company had completed the absorption and merger of Baiyunshan. The trading of additional shares issued by the Company for absorption and merger of Baiyunshan officially commenced on 23 May 2013. On 30 June 2013, the Company and GPLH signed the “Asset Transfer Agreement” in relation to the issuance of A shares for acquisition of assets. Registration formalities in respect of the newly issued shares have been completed on 5 July 2013. At this point, the Company’s Major Assets Reorganization was basically completed, setting up the first-ever reorganization precedent which involved stock exchanges in Shanghai, Shenzhen and Hong Kong in the history of Chinese securities industry. In addition, the Company received many accolades, such as “100 Best Market Capitalization Management” (市值管理百佳), “100 Strong Brands with Capital Value” (資本品牌價值百強) and “100 Strong Value Companies Listed on China Main Board 2012” (2012 中國主機板上市公司價值百強) etc. for its outstanding performance in value creation and materialization and its great market influence.

During the Reporting Period, firstly we actively responded to the supplementary works for basic medicine catalog, strengthened costs control and proactively responded to the bidding policy of basic medicine. During the Reporting Period, the Group made new breakthroughs in coordinating its products for inclusion in the basic medicine catalog. Our exclusive Chinese medicine namely Kou Yan Qing Ke Li (口炎清顆粒), Xiao Ke Wan (消渴丸), Zhang Yan Ming Pian (障眼明片), Hua Tuo Zai Zao Wan (華佗再造丸) and Bao Ji Kou Fu Ye (保濟口服液) were successfully selected for inclusion in “The 2012 National Basic Medicine Catalog (2012年版國家基本醫藥目錄)”. Secondly, the Group vigorously organized marketing campaigns for branding and marketing activities in the cultural and academic fields in order to promote the science of Chinese medicine, enhance its brand awareness and foster terminal nurturing and promote sales. During the Reporting Period, the Company’s subordinated enterprises demonstrated their corporate social responsibilities with the aim of contributing back to society by organizing and participating in various donations and charities such as collection of expired drugs. Guangzhou Baiyunshan Chen Li Ji Pharmaceutical Factory Co., Ltd. (“Chen Li Ji”) established a “Chen Li Ji Golden Image Outlet” (陳李濟金牌形象店) which integrated the sales of Chinese medicine and brand display in one outlet, and it was the sole pharmaceutical company in Guangzhou chosen as representative to participate in the exhibition of “The 3rd Cantonese Cultural Festival” (第三屆廣府文化節) organized by Guangzhou City. Zhong Yi Exhibition Hall of Guangzhou Baiyunshan Zhong Yi Pharmaceutical Co., Ltd. (“Zhong Yi”) (中一展廳) was officially commenced, serving as a medical culture platform in addition to Chen Li Ji Museum (陳李濟博物館) and Shen Nong Cottage (神農草堂). At the same time, Zhong Yi pro-actively organized a major theme activity titled “The International Stomach Care Day” (國際護胃日). Besides, a series of activities were organized for celebrating the 185th Anniversary of Wang Lao Ji, including “2012 Wang Lao Ji Cup – University Student of the Year 2012” and context of Image Ambassador for “Wang Lao Ji is Beautiful Because of You” (“王老吉因你而美麗”), in order to further promote and improve its brand image. Wang Lao Ji Zhonghua “Ji” Culture Research Institute was established to promote Chinese “Ji” culture. In June of this year, during the “Conference of Wang Lao Ji Herbal Tea of International Standards and Latest Scientific Results under Wang Lao Ji Herbal Tea National 863 Plan” (王老吉涼茶國際標準研究暨王老吉涼茶國家863計畫最新科研成果發佈會), an agreement with Swiss SGS and Murad Translational Medicine Center was signed for kicking off the first international standard for herbal research in the world, in order to further accelerate the process of internationalization of herbal tea. Thirdly, the Group speeded up the great health products industry, and opened up the domestic great health products market through establishing the great health platform. Focusing on satisfying consumers’ diversified needs for herbal tea products, Wang Lao Ji has launched new low-sugar herbal tea, sugar-free herbal tea and solid herbal tea beverages, and has provided instantly drinkable herbal tea machines (涼茶直飲機) to chain restaurants directly, breaking through limitation of its traditional product specification. The high coverage rate and high exposure of “Wang Lao Ji” great health products have been maintained through the use of mass media such as TV, print and internet media. In 2013, Guangzhou Wang Lao Ji Great Health Industry Co., Ltd. (“WLJ Great Health”) has ramped up its sales force and strengthened the build up and management of its customer base. The distribution rate of “Red-canned Wang Lao Ji” and “Red-bottled Wang Lao Ji” herbal tea throughout the nation increased rapidly. Moreover, the construction of herbal tea production bases has been accelerated to cope with the capacity demand. Fourthly, the Group

focuses on the development of “new cash cow” products in order to enhance higher margin, create high value added and expand the market share of high-tech products, thus improving the overall gross margin. Fifthly, the Group accelerated the development of GMP authentication of its subsidiaries. During the Reporting Period, the vinum and tincture workshop of Guangzhou Wang Lao Ji Pharmaceutical Company Limited (“Wang Lao Ji”), two workshops of Gunagzhou Baiyunshan Jing Xiu Tang Pharmaceutical Company Limited (“Jing Xiu Tang”), a preparation workshop, traditional Chinese medicine pre-processing workshop and a extraction workshop of Xingzhou of Gunagzhou Baiyunshan Xing Qun (Pharmaceutical) Company Limited (“Xing Qun”), three workshops under the manufacturing department of Guangzhou Baiyunshan Tian Xin Pharmaceutical Company Limited (“Tian Xin”), two powder workshops of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. Guangzhou Baiyunshan Hejigong Pharmaceutical Factory and the workshops for tablets, granules, capsules, complex, emulsion, and preprocessing and extraction for Chinese medicine of Guangzhou Baiyunshan Ming Xing Pharmaceutical Co., Ltd. (“Ming Xing”) have obtained GMP authentication.

During the Reporting Period, the gross profit margin of the manufacturing operations was 42.29%, representing an increase of 1.58 percentage points as compared with the corresponding period of 2012.

During the Reporting Period, products such as herbal tea drinks, Hua Tuo Zai Zao Wan (華佗再造丸) series, Qing Kai Ling Ke Li (清開靈顆粒) series, cefixime and cephalosporin for injection recorded a rapid increase in sales revenue as compared with the same period of 2012.

During the Reporting Period, The progress of the IIB clinical research of the therapeutic dualplasmid HBV DNA vaccine (治療性雙質粒HBV DNA疫苗) of the Company and all the relevant parties has been carried out smoothly. All participants have completed clinical trials. Guangzhou Baxter Qiao Guang Pharmaceutical Co., Ltd. (“Baxter Qiao Guang”) emulsion of amino acids and glucose injection (脂肪乳氨基酸葡萄糖注射液) has successfully obtained the import registration approval from China Food and Drug Administration. Zi Shen Yu Tai Wan (滋腎育胎丸) of Zhong Yi has become the first Chinese patent medicine developed through evidence-based medical research in the field of gynecology in the nation. A scientific research project titled “Research and Development on Mulberry Resource’s Functional Substance and Its Edible and Medicinal Uses”(《桑樹資源功能物質研究與食藥用開發》), which Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd. (“Cai Zhi Lin”) has been taking part in, won the “Guangdong Provincial Science and Technology First Award” (廣東省科學技術獎一等獎). Guangzhou Baiyunshan Pan Gao Shou Pharmaceutical Co., Ltd. (“Pan Gao Shou”) and Faculty of Public Health of Fudan University have kicked off the first “Research Project on Prevention and Cure for PM2.5 Harm” (PM2.5傷害防治研究項目), pioneering initiative in the field of Chinese medicine to study the topic of prevention and cure for PM2.5. The “Demonstration Project for the Commercialisation of High Technology for Antineoplastic crude drug materials in Conformity with cGMP Standard of Guangzhou Baiyunshan Han Fang Cotemporary Pharmaceutical Co., Ltd. (“Guangzhou Han Fang”)” was accepted by the National Development and Reform Committee as an industry project. “Key Technology for the Commercialisation of Separation and Purification of Chinese Medicinal Herbs (Extraction of Salvia Milltiorrhiza)” was accepted by the Provincial Economic and Information Technology Committee in a tendered project for major breakthroughs in key areas

in the Guangdong and Hong Kong. The “Clinical Re-evaluation of Famous and Quality prepared prescription Chinese medicine Hua Tuo Zai Zao Wan” manufactured by Guangzhou Baiyunshan Qi Xing Pharmaceutical Co. Ltd (“Qi Xing”) was accepted by the Provincial Department of Science and Technology in a tendered project for major breakthroughs key areas in the Guangdong and Hong Kong. “The Enterprise Technology Centre of Qi Xing Project for Building up the Innovative Capability” was accepted by the municipal government as a technological innovation project. Pan Gao Shou’s “Clinical Study for the Treatment of Endometriosis with New Chinese Medicine Danbie Capsules” was accepted as a science and technology project at the municipal level. “The Development of Synthesis Technology for Cefozopran Hydrochloride Raw Materials” by Tian Xin was accepted as a science and technology project at the municipal level.

Trading Operations

During the Reporting Period, firstly the trading operations further strengthened the coordination and communication with upstream and downstream customers, optimization of sales channels and network explored the new business model in response to the medical policies and market demand. At the same time, the Group has accelerated the construction of warehouses for logistics across the country, and strengthened the terminal distribution in order to meet the rapidly growing demand for business. Secondly, the Group constantly improved the cooperation with the production enterprises on issues such as the list of basic medicine and bidding, strengthened cooperation between industrial and commercial enterprises to facilitate integration of resources. During the Reporting Period, the integrated marketing of Chinese medicine under the core brands namely Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited (“HWBYS”), Zhong Yi and Qi Xing has made smooth progress. Guangzhou Baiyunshan Pharmaceutical General Factory, Guangzhou Baiyunshan Guang Hua Pharmaceutical Co., Ltd. (“Guang Hua”) and Jing Xiu Tang strengthened communication between industrial and commercial enterprises and promote the integration of marketing by jointly holding meetings for exchanging industry and commerce information. Thirdly, the Group further leveraged on the advantages of building up a platform for integration of trading enterprises’ resources. Cai Zhi Lin, a subsidiary of the Company actively built up its ingredient reserve strategically for the medicinal materials used for great health products to ensure the corporate supply for the Group and stable and high-quality medicinal materials, and to control procurement costs and draw up an effective species resources planning. Guangzhou Pharmaceutical Import & Export Company Limited exerted its unique advantage of resources integration and centralized procurement of Chinese herbal medicine, expanded the sales of raw materials, made reasonable adjustment to the product structure in response to national policy changes and achieved steady growth in sales revenue. Fourthly, under the strategy of “big trading business” establishment, the Group accelerated foreign investment and mergers and acquisition, construction of GAP planting bases for bulk raw materials of Chinese herbal medicine. As at the end of the Reporting period, the Group has established the procurement platform of Chinese medicine and GAP planting base companies in regions such as Tibet, Shandong, Inner Mongolia, Guizhou, Chongqing, Jilin and Heilongjiang.

During the Reporting Period, the gross profit margin of the trading operations was 7.29%, representing an increase of 0.56 percentage point as compared with the corresponding period of 2012.

As at 30 June 2013, the Group had 34 retail chain pharmacy outlets, including 33 “Cai Zhi Lin” pharmacy outlets which specialized in traditional Chinese medicines, one pharmacy named Ying Bang.

During the Reporting Period, the Group took effective measures to promote the steady growth of its core businesses. On the other hand, it integrated social responsibility and cultural construction, carried out its operation and management embedded with social responsibility, with the aims of demonstrating its civic responsibility and contributing to society. The Group achieved initial success in aiding Tibet where the Group has set up a joint venture company for aiding Tibet and constructed GAP bases for planting salvia roots and ganoderma. “RMB182.8 Million Wang Lao Ji Love Fund” sponsored poor students last year and further provided financial assistance to 1,828 people whose illnesses have caused their families fall into poverty, jointly initiated the first charity program in Guangdong province with the Red Cross in Guangdong Province for fighting against H7N9 avian influenza, through which RMB8 million of relief supply and donation was given out, donated RMB3 million of relief supply and pharmaceutical products to affected victims in Ya’an, Sichuan through the Red Cross in Guangdong Province immediately after the occurrence of earthquake on 20 April, and formed a “Back-up Team for Blood Donation” and a “120 Resuce Back-up Team” to jet to the disaster area for aiding the rescue efforts. In addition, WLJ Great Health invested RMB300 million to build a Wang Lao Ji Production Base at the earthquake-stricken area in Ya’an, Sichuan, in order to provide jobs and other long-term supports for post-earthquake rebuilding works. Qi Xing and the Red Cross in Guangdong Province jointly organized a large-scale charity activity titled “Bringing Brightness to Others, Spreading Love in China” (薪火燎原，傳愛中國) for helping the stroke patients in China who suffered from social isolation. Zhong Yi, Guangzhou City Volunteer Guidance Centre (廣州市志願者行動指導中心), Youth Daily (青年報社) and Peoples’ Dispensary Guangdong Company (老百姓大藥房廣東公司) jointly held an activity of “Healthy Spring and Love Action” (健康春運 愛心行動) for giving medical kits and providing emergency treatment and other services to travelers during the Spring Festival travel season. Volunteers from Wang Lao Ji organized the “Caring for Future, Jili Giving Help” Campaign (關愛未來，吉力相助) to show their caring and heart towards the children living in mountain areas of northern Guangdong in practical ways by giving them “love green boxes” and “colorful huts”.

3.2 Analysis of the Group's principal activities

3.2.1 Analysis of changes in the financial statement related subjects

Items	The Reporting Period (RMB'000) (Unaudited)	The corresponding period of 2012 (RMB'000) (Unaudited and restated)	Increase/ (Decrease) over the same period of 2012 (%)	Reason
Revenue	9,072,473	5,649,803	60.58	The Group strengthened its marketing, and its sales, especially sales of WLJ Great Health's products recorded a significant growth during the Reporting Period.
Include: income from principal operations	9,000,965	5,574,585	61.46	
Cost of sales	5,823,243	3,934,226	48.01	The operating cost increased as the Group's sales revenue grew during the Reporting Period.
Include: cost from principal operations	5,804,609	3,915,932	48.23	
Selling and distribution expenses	1,982,800	774,689	155.95	The Group increased the expenses of advertising during the Reporting Period, so as to launched marketing campaigns actively and improve its sales revenue during the Reporting Period carry out its marketing work and improve its sales revenue. Therefore, selling expenses including marketing personnel costs and transportation fees increased.
General and administrative expenses	610,942	501,391	21.85	During the Reporting Period, expenses such as the Group's staff salaries and license fee expenses grew as the Group's sales revenue increased and its operating results improved.
Financial expenses	18,723	28,189	(33.58)	The Group improved internal capital management and cut down its bank borrowings during the Reporting Period.
Total profit	690,060	511,865	34.81	It is because the Group's growth in sales revenue and gross profit margin is greater than that of its costs during the Reporting Period.
Net profit attributable to shareholders of the Company	587,229	427,396	37.40	It is because the Group's growth in sales revenue and gross profit margin is greater than that of its costs.
Net cash flow from operating activities	1,367,185	778,530	75.61	The Group's sales revenue increased with more fund reflowing, and advances from customers of the Group for the Reporting Period grew.
Net cash flow from investing activities	(241,034)	(16,528)	(1,358.33)	The Group's capital expenditures increased and investment income decreased as compared with the corresponding period of last year. In addition, the Group did not have any withdrawal of short-term borrowing deposits by the Company's trading subsidiaries as it did in the corresponding period of last year.
Net cash flow from financing activities	(98,179)	(174,168)	43.63	It was due to decrease of dividends, interests and external borrowings of the Group for the Reporting Period.
Research and development expenses	117,473	108,490	8.28	During the Period, the Company's manufacturing subsidiaries increased research and development investment, so as to further accelerate technological innovation and enhance ability of independent innovation.

3.3 Industry, product and regional analysis of the operation result

3.3.1 A breakdown of the operational results of the overall and principal operations of the Group during the Reporting Period is set out as follows:

Principal operations	Income from principal operations		Cost of principal operations		Profit margin of principal operations	
	Income from principal operations (RMB'000)	Increase/ (Decrease) over the same period of 2012 (%)	Cost of principal operations (RMB'000)	Increase/ (Decrease) over the same period of 2012 (%)	Profit margin of principal operations (%)	Increase/ (Decrease) over the same period of 2012 (Percentage point)
Overall operations	9,000,965	61.46	5,804,609	48.23	35.51	An increase of 5.76 percentage points
Include: Manufacturing	7,257,865	92.15	4,188,600	87.03	42.29	An increase of 1.58 percentage points
Trading	1,743,100	(3.02)	1,616,009	(3.60)	7.29	An increase of 0.56 percentage point

Gross profit margin = (Income from principal operations – Cost of principal operations)/Income from principal operations x 100%

3.3.2 An analysis of sales of major products for the manufacturing operations in the Reporting Period is as follows:

Types of products	Income from principal operations		Cost of principal operations		Profit margin of principal operations	
	Income from principal operations (RMB'000)	Increase/ (Decrease) over the same period of 2012 (%)	Cost of principal operations (RMB'000)	Increase/ (Decrease) over the same period of 2012 (%)	Profit margin of principal operations (%)	Increase/ (Decrease) over the same period of 2012 (Percentage point)
Chinese patent medicine	1,994,612	(0.82)	1,132,611	0.50	43.22	A decrease of 0.75 percentage point
Chemical medicine	1,797,239	3.38	1,122,904	2.44	37.52	An increase of 0.57 percentage point
Other products	3,466,014	12,503.86	1,933,085	11,699.04	44.23	An increase of 3.80 percentage points

Gross profit margin = (Income from principal operations – Cost of principal operations)/Income from principal operations x 100%

3.3.3 Regional analysis of sales of the Group for the first half of 2013 is set out as follows:

Regions	Income from principal operations (RMB'000)	Increase/ (Decrease) over the corresponding period of 2012 (%)
Southern China	4,831,484	38.37
Eastern China	1,744,506	149.70
Northern China	909,167	90.69
North-Eastern China	185,651	38.36
South-Western China	873,948	81.91
North-Western China	332,037	122.29
Exports	124,172	(13.38)
Total	9,000,965	61.46

3.4 Investment situation

3.4.1 Foreign equity investment in the overall analysis

At the end of the Reporting Period, the foreign equity investment of the Group amounted to RMB1,900,501,000, with a growth of RMB179,400,000 as compared with the end of 2012, mainly due to the increase in the long-term equity investment by investment income calculated using the joint venture equity method as adopted by the Group, and no significant change occurred.

Invested entities	Principal business	Percentage of holding in the entities being invested (%)
Guangzhou Pharmaceuticals Corporation	Sales of western pharmaceutical products and medical apparatus	50.00
Wang Lao Ji	Manufacturing, processing and sales of Chinese patent medicine; food and medicine homologous drink and candy	48.05
Guangzhou Promise Biological Products Co., Ltd. (“Nuo Cheng”)	Production of Rabies bacterin, export of goods and technology	50.00
HWBYS	Production, constructing, research and development, and sales of medicine, NHPs, food and Chinese herbs	50.00
Baxter Qiao Guang	Production of large capacity injection, imports and wholesales of medicine	50.00
Hangzhou Zhe Da Han Fang Chinese Medicine Information Engineering Company Limited	Development of technology and technology service	44.00
Golden Eagle Fund Management Co., Ltd.	Fund management	20.00
Guangzhou Goldsum Pharmaceutical technology Co., Ltd.	Research and development; NHPs, Chinese medicine and food	38.25
Guangzhou Baiyunshan Wei Yi Medical Investment Management Co., Ltd.	Medical investment management	50.50
Shanghai Jiu He Tang Chinese medicine Co., Ltd.	Wholesales of medicine	10.00
Beijing Imperial Court Cultural Development Company Limited	Development of Chinese traditional cultural art	10.00
Qi Xing Ma Zhong Pharmaceutical Company Limited	Sales of medicine	40.00

Invested entities	Principal business	Percentage of holding in the entities being invested (%)
Indonesia San You Industrial Co., Ltd.	Sales of medicine	50.00
Guangzhou Pharmaceutical Company Bei Jing Road Pharmaceutical Products Store	Sales of medical apparatus, cosmetics, dry Aquatic animal products	20.00
Guangdong South China Innovative Pharmaceuticals Co., Ltd.	Research and development of new medicine, technology service, project investment	11.12
Guangzhou China-UK Cambridge Technology Venture Park Co., Ltd.	Incubatory, advisory and intermediary services	9.97
Northeast Pharmaceutical General Factory	Production and sales of medicine	–
Wuhan Pharmaceutical Inc.	Sales of medicine	2.80
Securities of Corporate Events Centre	–	–
Guangzhou Dongning Pharmaceutical Co., Ltd.	Production and sales of medicine	5.00
Guangzhou Nanxin Pharmaceutical Co., Ltd.	Production and sales of medicine	13.00
Guangzhou Yufa Medical Devices Co., Ltd.	Production of medical apparatus	10.00
Baxter Healthcare (Guangzhou) Co., Ltd.	Production and sales of medicine	12.50
Bank of Guangzhou Co., Ltd. (the former GuangZhou Commercial Bank Co., Ltd.)	Financial service	–
Shenzhen Zhong Lian Guangshen Pharmaceutical Group Co., Ltd.	Production and sales of medicine and NHPs	–

Stock Investments

Number	Type of Stock	Stock Code	Stock short name	The initial	Number of	Book value	% of stock	Gain/(Loss)
				amount of investment (RMB'000)	shares held at the end of the Reporting Period (share)	as at the end of the Reporting Period (RMB'000)	investment for the Reporting Period (%)	during the Reporting Period (RMB'000)
1	A Share of SSE	600038	Hafei	1,806	57,810	1,296	42.99	208
2	A Share of SSE	600664	Harbin	3,705	222,546	1,719	57.01	(60)
Other stock investments held as at the end of the Reporting Period				–				
Gain/(Loss) of stock investments sold as at the end of the Reporting Period				–				
Total				5,511		3,015	100.00	148

Information on the Company's Interests in Shares of Other Listed Companies

Stock Code	Stock short name	The initial investment amount (RMB'000)	% of shareholding	Book value as at the end of the Reporting Period (RMB'000)	Gain/(Loss) during the Reporting Period (RMB'000)	Changes in equity during the Reporting Period (RMB'000)	Accounting item	Sources of shares
601328	Bank of Communications	525	–	1,606	–	(304)	Available-for-sale financial assets	Acquisition
601818	Everbright Bank	10,725	approximate 0.02	17,484	351	(726)	Available-for-sale financial assets	Acquisition

Information on the Company's Interests in Non-Listed Financial Institutions

Name	The initial Investment amount (RMB'000)	Number of shares held (share)	% of share holding	Book value as at the end of the Reporting Period (RMB'000)	Gain/(Loss) during the Reporting Period (RMB'000)	Changes in equity during the Reporting Period (RMB'000)	Accounting item	Sources of shares
Golden Eagle Fund Management Co., Ltd.	50,000	–	20.00	33,298	(3,000)	–	Long-term equity investment	Acquisition

3.4.2 During the Reporting Period, the Company has not any entrusted investment activities.

3.4.3 During the Reporting Period, the Group's entrusted loans are set out as follows.

Borrower name	Entrusted loan amount (RMB'000)	Term of the loan	Lending rates	Whether overdue	Whether the connect transactions	Relationship with the Company
Guangzhou Pharmaceutical Import & Export Company Limited	40,000	one year	5.20%	No	No	Wholly owned subsidiary
Guangzhou Pharmaceutical Import & Export Company Limited	5,000	one year	5.10%	No	No	Wholly owned subsidiary
Cai Zhi Lin	133,000	one year	5.40%	No	No	Wholly owned subsidiary
Cai Zhi Lin	145,000	one year	5.10%	No	No	Wholly owned subsidiary
Total	<u>323,000</u>					

As at 30 June 2013, the Company provided its subsidiaries with entrusted loan totalling RMB323,000,000.

3.4.4 Use of Proceeds from the issue of A shares

Applicable Not applicable

3.4.5 The fund-raising project

Applicable Not applicable

3.5 Details of operation and results of the Company's subsidiaries and companies in which the Company has equity interest during the Reporting Period

Name of enterprises	Business nature	Major products or services	Registered capital (RMB'000)	Equity directly held by the Company (%)	Total assets (RMB'000)	Net assets (RMB'000)	Net profit (RMB'000)
Subsidiaries							
WLJ Great Health	Manufacturing	Production and sales of prepackaging food, dairy products, etc	10,000	100.00	2,236,323	147,716	131,523

Except the mentioned above, the Company did not derive any investment income from any single investee company amounting to 10% or more of the net profit of the Group during the Reporting Period.

During the Reporting Period, the Company did not engage in any other operations which had significant impact on the net profit of the Company.

3.6 Analysis of financial conditions

3.6.1 Liquidity

As at 30 June 2013, the current ratio of the Group was 1.39 (30 June 2012: 1.51), and its quick ratio was 0.96 (30 June 2012: 1.06). Accounts receivable turnover rate was 23.09 times, representing an increase of 50.75% as compared with the corresponding period of 2012. Inventory turnover rate was 5.42 times, representing an increase of 7.56% as compared with the corresponding period of 2012.

3.6.2 Financial resources

As at 30 June 2013, cash and cash equivalents of the Group amounted to RMB2,142,523,000 (30 June 2012: RMB1,214,505,000), out of which approximately 98.73% and 1.27% were denominated in Renminbi and foreign currencies, like Hong Kong dollars, respectively.

As at 30 June 2013, the Group had bank borrowing of RMB613,830,000 (30 June 2012: RMB919,767,000), including short-term borrowings of RMB612,080,000 (30 June 2012: RMB919,767,000) and long-term borrowings of RMB1,750,000 (30 June 2012: Nil).

3.6.3 Capital structure

As at 30 June 2013, the Group's current liabilities amounted to RMB5,069,635,000 (30 June 2012: RMB3,351,546,000), representing an increase of 51.26% as compared with the corresponding period of 2012, and its long-term liabilities was RMB162,620,000 (30 June 2012: RMB218,096,000), with a decrease of 25.44% as compared with the corresponding period of 2012. The shareholders' equity attributable to the shareholders of the Company amounted to RMB6,512,796,000 (30 June 2012: RMB5,263,701,000), with an increase of 23.73% as compared with the corresponding period of 2012.

3.6.4 Capital expenditure

The Group expects the capital expenditure for 2013 to be approximately RMB961 million, of which RMB538 million (in the first half of 2012: RMB67 million) has already been spent in the first half of 2013, mainly applied in the construction of factories and infrastructure, purchases of machines, equipments and patented technologies, etc. The Group has sufficient financial resources to meet the capital expenditure and daily working capital requirements.

3.6.5 Exposure to fluctuations in exchange rates

As majority of the revenue, expenses, assets and liabilities of the Group are denominated or settled in Renminbi, the Group did not have significant risks in exposure to fluctuations in exchange rates.

3.6.6 Contingent liabilities

As at 30 June 2013, the Group has no significant contingent liabilities.

3.6.7 Charge on the Group's assets

As at 30 June 2013, Guangzhou Pharmaceutical Baiyunshan Hong Kong Company Limited (formerly known as "Polian Development Company Limited"), a wholly-owned subsidiary of the Company, had a general banking facility of HK\$300,000, and a letter of credit and a letter of trust with total limit of HK\$100,000,000 granted by Bank of China (Hong Kong) Limited with a charge over its fixed assets, properties and buildings with original value of HK\$8,893,000 and net value of HK\$6,854,000 and investment properties with original value of HK\$6,843,000 and net value of HK\$5,480,000.

3.6.8 Bank loans, overdraft and other borrowings

As at 30 June 2013, the borrowings of the Group amounted to RMB613,830,000 (31 December 2012: RMB681,218,000), with a decrease of RMB67,388,000 as compared with the beginning of 2013. The above bank loans included short-term loans of RMB612,080,000 and long-term loans of RMB1,750,000.

3.6.9 Gearing ratio

As at 30 June 2013, the Group's gearing ratio (total liabilities/total assets ×100%) was 43.84% (31 December 2012: 38.73%).

3.6.10 Material investment

As at 30 June 2013, the Group did not have any other material additional investment.

3.6.11 At the end of the Reporting Period, the number of employees on the payroll register of the Group was 11,291. The remuneration policy for the employees had no significant change compared with the previous reporting period. The total salary payment for the first half of 2013 was approximately RMB512 million.

3.6.12 Guarantees

Guarantee provided to parties other than the Company's subsidiaries

Guaranteed parties	Date of signing of agreements	Amount involved (RMB'000)	Type of guarantees	Term of guarantees	Executed guarantees	Guarantees for connected parties (yes or no)
Nuo Cheng	7 November 2012	59,088	Joint and several liability guarantee	one year	No	Yes
Accumulated amount of guarantees provided during the Reporting Period (RMB'000)						–
Balance of guarantees as at the end of the Reporting Period (RMB'000)						59,088

The Company's guarantees provided to its subsidiaries

Accumulated amount of guarantees provided to the Company's subsidiaries during the Reporting Period (RMB'000)	30,000
Balance of guarantees provided to the Company's subsidiaries as at the end of the Reporting Period (RMB'000)	220,000

The Group's guarantees (including those provided to the Company's subsidiaries)

Total amount of guarantees provided (RMB'000)	279,088
Total amount of guarantees provided to the net assets of the Group (%)	4.16
Including:	
Amount of guarantees provided to the Company's shareholders, controlling shareholder and other connected parties (RMB'000)	–
Direct or indirect guarantees provided to entities with a gearing ratio of over 70% (RMB'000)	170,000
Amount of guarantees provided which exceeds 50% of the total net assets of the Group (RMB'000)	–
Total amount of the above three types of guarantees (RMB'000)	170,000

3.7 Plan for profit distribution and increase in share capital from capital reserve in the Reporting Period

The 2012 annual general meeting held on 26 June 2013 approved:

- (1) The Company did not pay the dividends for the year of 2012 nor propose any increase in share capital from the capitalization of capital reserve; and
- (2) After completing the major assets reorganization, the Company would consider payment of special dividends and the amount of cash dividends shall not be less than 10% of the net profit attributable to the shareholders of the Company for year 2012.

3.8 The board of directors ("Board") did not recommend the payment of interim dividends for the six months ended 30 June 2013 nor propose any increase in share capital from the capitalization of capital reserve.

3.9 Issues and difficulties encountered in operations and plans for the second half of 2013

In 2013, the government increased its investment in medical and health areas continuously, increasing domestic emphasis on the importance of Chinese medicine and biomedicine, the aging population and increase in people's health awareness will further stimulate the explosion of medical needs, offering development opportunities for our businesses. However, increasing downward pressure on the economy, slowing down of industry growth, intensified market competition, stronger price control of pharmaceutical products by the government, surging operating costs and implementation of the new GMP standard will challenge the development of the Group in the future.

2013 is the Group's "Resource Benefit Year", during the year, the Group targets at building up the "Grand Southern TCM", developing "Grand Health", and promoting "Grand Commerce and Trading". In the second half of 2013, the key tasks of the Group will include:

- (1) to grasp the opportunities offered by the completion of Major Assets Reorganization, push on the "resources integration works" in an all-round manner, push ahead the integration of new staff and other resource platforms of the newly listed company after the reorganization and focus on exploring the feasibility of establishing various management centers to achieve inter-company resources sharing, and open a new way for achieving integrated operation and synergy effect. In addition, to actively respond to the difficulties and risks which will occur in the process of resources integration.
- (2) to strive for centralization of our resources, proactively respond to the bidding policy of basic medicine implemented in all regions, and vigorously promote the sales of basic medicine in the medical institutions.
- (3) to accelerate the building up of a "great health industry" by putting more efforts on the research and development of new products, advertising and promotion, distribution, production capacity planning, marketing network and end-market, cost control and other aspects to further tap resources of "Wang Lao Ji" and other brands.
- (4) to accelerate the progress of pillar varieties with value over RMB100 million, foster product sales growth, potential items and product groups with high sales growth and market share, further strengthen advantageous products, develop more ordinary pharmaceutical products with value over RMB100 million, and further develop and expand the market for our exclusive varieties, high-margin varieties and "cash cow" products and items.
- (5) to tap the opportunities derived from the implementation of the new version of GMP certification, enhance the quality control standards, strengthen software and hardware infrastructure, improve production skills, perfect quality control system, and strengthen supervision on the upstream suppliers, external factory workshops and cooperative parties in order to ensure product quality.
- (6) to speed up the progress of the clinical research of the therapeutic dual – plasmid HBV DNA vaccine and complete the clinical research as soon as possible.
- (7) to continue to push its holding subsidiaries and joint ventures to establish GAP base companies and mergers and acquisitions.

- (8) to improve the scientific management level, strengthen risk control, cost control, and management of safety, property and information and other aspects, foster the implementation effectiveness of internal control system and reduce corporate operation risks.

3.10 Purchase, sale or repurchase of shares

Neither of the Company or any of its subsidiaries had purchased, sold, repurchased or cancelled any of the Company's listed shares during the Reporting Period.

3.11 Corporate Governance

During the Reporting Period, the Company complied with the code provision of the Corporate Governance Code and Corporate Governance Report except that Mr. Yang Rongming, chairman of the Board (resigned on 8 August 2013) who was unable to attend the Annual General Meeting of 2012 due to other important matters which constituted a deviation from code provision E.1.2.

3.12 Model Code for Securities Transactions by directors and supervisors

The Company had adopted the Model Code for Securities Transaction by directors of Listed Issuers as set out in Appendix 10 of the Listing Rules and Measures for the Administration of Trading Shares of the Company by directors, supervisors and senior management as stipulated by the Company as the standards and criteria for securities transactions entered into by the directors and supervisors. After specific enquiries made to all directors and supervisors, the Company has confirmed that all the Company's directors and supervisors complied with the standards relating to directors' and supervisors' dealing in securities as set out in the above code and criteria during the Reporting Period.

3.13 The Audit Committee of the fifth session of the Board is comprised of five independent non-executive directors, one of whom has appropriate professional qualification. The Audit Committee of the Company has reviewed the accounting policies, accounting standards and treatments adopted by the Group, and discussed with the management about the audit, internal controls and financial reporting matters. The Audit Committee has also reviewed the unaudited interim accounts for the six months ended 30 June 2013.

3.14 Appointment and resignation of directors, supervisors and senior management of the Company during and after the Reporting Period

3.14.1 On 15 January 2013, the fifth session of the Board resolved to approve Mr. Chen Binghua's resignation as the financial controller of the Company due to personal reason, and Chen Binghua's resignation became effective on the same date.

3.14.2 On 8 August 2013, the fifth session of the Board resolved to approve Mr. Yang Rongming's resignation as executive director and chairman of the Company and the head of the Strategic Development and Investment Committee of the Board as he has reached the age of statutory retirement, and Mr. Yang Rongming's resignation became effective on the same date.

3.14.3 On 8 August 2013, the fifth session of the Board resolved to approve the election of Mr. Li Chuyuan as the chairman of the Company, with a term of service commencing from the date of election to the date of election of members of the next session of the Board.

3.15 Other Important Matters

3.15.1 On 21 December 2012, the Company received the “Approval of the Asset Acquisition through Issuance of Shares to Guangzhou Pharmaceutical Holdings Limited and the Absorption and Merger of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. by Guangzhou Pharmaceutical Company Limited” (the “Approval”) (Zhengjianxuke[2012] No.1695) (證監許可[2012]1695號) from the CSRC. The announcements was published in Shanghai Securities News, the Securities Times and the website of the SSE (www.sse.com.cn) on 22 December 2012 and on the website of the HKEx (www.hkex.com.hk) on 21 December 2012. The Company carried out various works in relation to the implementation of Major Assets Reorganization Proposal in a timely manner according to the approvals.

3.15.2 On 7 March 2013, the Company published “The Implementation of the Claim for Stock-acquisition of Dissent Shareholders” in Shanghai Securities News, the Securities Times and the website of the SSE (www.sse.com.cn). “The Registration and Exercise of Put Option for H Shares”, “Overseas Regulatory Announcement” were published on the website of the HKEx (www.hkex.com.hk) on 6 March 2013.

3.15.3 On 19 March 2013, the Company published “The Result of Claim for Stock – Acquisition of Dissent Shareholders” and “The Announcement of H Shares” in Shanghai Securities News, the Securities Times and the website of the SSE (www.sse.com.cn). “The Result of The Registration and Exercise of Put Option For H Shares” and “Overseas Regulatory Announcement” were published on the website of the HKEx (www.hkex.com.hk) on 18 March 2013.

During the declaration period, the Company did not receive any declaration of exercise of options by dissenting A shareholders and H shareholders.

3.15.4 On 29 March 2013, Baiyunshan published the “Announcement of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. on Results of Registered Exercise of Cash Option under the Absorption and Merger Proposal by Guangzhou Baiyunshan Pharmaceutical Co., Ltd.” (《廣州白雲山製藥股份有限公司關於廣州藥業股份有限公司換股吸收合併本公司現金選擇權申報結果公告》), which stated that during the period for registration of exercise of cash option by the Baiyunshan shareholders, it received a total of 84,779 valid registration of exercise of cash option, and the concerned transfer and fund settlement for those validly registered shares were completed on 10 April 2013.

3.15.5 The Shenzhen Stock Exchange approved the application of de-listing of RMB ordinary shares of Baiyunshan, effective from 26 April 2013 (Shen Zhen Shang [2013] No. 138). On 26 April 2013, Baiyunshan published the “Announcement of the Delisting of Shares of Guangzhou Baiyunshan Pharmaceutical Co., Ltd.” (《廣州白雲山製藥股份有限公司關於股票終止上市的公告》).

- 3.15.6 On 16 May 2013, the Company went through the registration procedures of additional A shares involved in the absorption and merger through share swap with Shanghai Branch of China Securities Depository and Clearing Co., Ltd.. In addition, “Announcement of Results of the Completion of Absorption and Merger of Baiyunshan by Guangzhou Pharmaceutical Company Limited through Share Swap, and Changes in Shareholding and Listing of Additional Shares” (《廣州藥業股份有限公司關於換股吸收合併廣州白雲山製藥股份有限公司完成結果、股份變動暨新增股份上市公告》) were published in the Shanghai Securities News, the Securities Times and the China Securities News and on the website of the SSE (www.sse.com.cn) on 18 May 2013, and published on the website of HKEx (www.hkex.com.hk) on 19 May 2013 respectively.
- 3.15.7 According to Agreement on Assets Acquisition through Issuing Shares and its supplemental agreement, the Company had signed the Assets Settlement Agreement with the GPLH on 30 June 2013.
- 3.15.8 After the Reporting Period, “Announcement of the issue of shares of the Completion of Absorption and Merger of Baiyunshan of the completion of delivery by Guangzhou Pharmaceutical Company (《廣州藥業股份有限公司關於發行股份購買資產相關資產交割完成的公告》) was published in the Shanghai Securities News, the Securities Times and the China Securities News and on the website of the SSE (www.sse.com.cn) on 3 July 2013 and published on the website of HKEx (www.hkex.com.hk) on 2 July 2013.
- 3.15.9 After the Reporting Period, on 5 July 2013, the Company registered the 34,839,645 shares of newly issued A shares with Shanghai Branch of China Securities Depository and Clearing Co., Ltd. “The Announcement of the Result of Non-public Issuance of Shares and the Change in Share Capital” was published in Shanghai Securities News, the Securities Times, China Securities News and the website of the SSE (www.sse.com.cn) on 9 July 2013 and on the website of the HKEx (www.hkex.com.hk) on 8 July 2013.
- 3.15.10 The Company published the “The Announcement of the Change of Company Name, Stock Short Name and Other Business of Guangzhou Pharmaceutical Company Limited” and “Change of Company Name, Trademark and Stock Short Name”, the Company’s name changed to Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, stock short name of A share to BYS and H share change to BAIYUNSHAN PH. The specific content of the matter was published in Shanghai Securities News, the Securities Times, China Securities News and the website of the SSE (www.sse.com.cn) on 26 August 2013 and on the website of the HKEx (www.hkex.com.hk) on 23 August 2013.
- 3.15.11 After the Reporting Period, the Company published the “The Implementation Report of the Absorption and Merger Through Share Swap, the Asset Acquisition Through Issuance of Shares and Connected Transactions of Guangzhou Pharmaceutical Company Limited” and “Overseas Regulatory Announcement”, the major assets reorganization of the Company has been fully implemented and completed.

The specific content of the matter was published in Shanghai Securities News, the Securities Times, China Securities News and the website of the SSE (www.sse.com.cn) on 27 August 2013 and on the website of the HKEx (www.hkex.com.hk) on 26 August 2013.

4. FINANCIAL REPORTS

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

(All amounts in Renminbi yuan unless otherwise stated)

Consolidated Balance Sheet

ITEMS	<i>Notes</i>	30 June 2013 <i>(unaudited)</i>	31 December 2012 <i>(unaudited and restated)</i>
Current assets			
Cash at bank and on hand		2,143,286,095.62	1,135,435,400.94
Financial assets held for trading		3,014,601.60	2,875,920.00
Notes receivable		1,098,677,643.38	844,429,241.87
Accounts receivable	4.1.4	989,133,358.78	734,068,939.45
Advances to suppliers		417,419,700.00	446,667,535.38
Interest receivable		—	—
Dividends receivable		20,000,000.00	—
Other receivables		185,282,295.44	120,692,089.05
Inventories		2,187,984,910.88	2,065,898,134.19
Current portion of non-current assets		—	—
Other current assets		701,849.71	1,598,620.43
Total current assets		7,045,500,455.41	5,351,665,881.31
Non-current assets			
Available-for-sale financial assets		19,090,387.69	20,401,660.98
Hold-to-maturity investments		—	—
Long-term receivables		—	—
Long-term equity investments		1,895,947,329.24	1,716,546,921.55
Investment properties		251,411,254.79	136,194,437.45
Fixed assets		1,687,769,274.56	1,591,996,126.73
Construction in progress		190,540,011.78	140,077,689.32
Construction materials		—	—
Fixed assets pending for disposal		—	—
Intangible assets		478,439,701.91	305,600,782.57
Development costs		3,712,051.69	4,112,051.69
Goodwill		—	—
Long-term prepaid expenses		6,780,315.27	7,922,664.10
Deferred tax assets		356,784,851.75	119,689,836.85
Other non-current assets		—	—
Total non-current assets		4,890,475,178.68	4,042,542,171.24
TOTAL ASSETS		11,935,975,634.09	9,394,208,052.55

Consolidated Balance Sheet (Continued)

	<i>Notes</i>	30 June 2013 <i>(unaudited)</i>	31 December 2012 <i>(unaudited and restated)</i>
Current liabilities			
Short-term borrowings		612,079,800.00	681,217,807.78
Financial liabilities held for trading		—	—
Notes payable		74,570,683.98	75,970,070.30
Accounts payable	4.1.5	1,607,220,176.69	1,080,597,534.53
Advances from customers		816,018,315.40	608,781,707.72
Employee benefits payable		326,302,142.22	192,466,940.29
Taxes payable		371,328,808.66	154,532,046.97
Interest payable		919,833.52	1,069,051.16
Dividends payable		31,143,739.48	25,443,653.91
Other payables		1,230,051,581.15	654,271,815.63
Current portion of non-current liabilities		—	—
Other current liabilities		—	—
Total current liabilities		5,069,635,081.10	3,474,350,628.29
Non-current liabilities			
Long-term borrowings		1,750,272.00	—
Debentures payable		—	—
Long-term payables		24,486,069.56	24,413,469.62
Payables for specific projects		—	—
Provisions		500,191.19	500,191.19
Deferred tax liabilities		6,253,491.86	5,609,484.82
Other non-current liabilities		129,629,534.64	133,370,723.47
Total non-current liabilities		162,619,559.25	163,893,869.10
Total liabilities		5,232,254,640.35	3,638,244,497.39
SHAREHOLDERS' EQUITY			
Share capital		1,291,340,650.00	810,900,000.00
Capital surplus		2,489,676,806.97	1,702,773,872.77
Less: Treasury share		—	—
Surplus reserve		668,736,291.77	787,731,574.82
Undistributed profits		2,070,262,843.12	2,271,551,430.93
Difference on translation of foreign currency financial statements		(7,220,648.70)	(6,604,552.46)
Total equity attributable to shareholders of the Company		6,512,795,943.16	5,566,352,326.06
Minority interest		190,925,050.58	189,611,229.10
Total shareholders' equity		6,703,720,993.74	5,755,963,555.16
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		11,935,975,634.09	9,394,208,052.55

Consolidated Income Statement

ITEMS	<i>Notes</i>	January to June 2013 <i>(unaudited)</i>	January to June 2012 <i>(unaudited and restated)</i>
1. Revenue	4.1.6	9,072,472,793.51	5,649,803,100.48
Less: Cost of sales	4.1.6	5,823,243,402.91	3,934,226,059.34
Taxes and surcharges		82,868,165.84	52,307,980.97
Selling and distribution expenses		1,982,799,577.18	774,688,742.65
General and administrative expenses		610,941,855.11	501,390,517.88
Financial expenses		18,723,262.98	28,188,917.78
Asset impairment losses		5,714,131.84	3,976,905.27
Add: Profit arising from changes in fair value		138,681.60	(256,290.70)
Investment income		132,444,637.53	147,454,993.95
Including: Share of profit of associates and jointly controlled entities		129,522,781.96	147,780,202.86
2. Operating profit		680,765,716.78	502,222,679.84
Add: Non-operating income	4.1.7	16,056,181.47	16,894,915.45
Less: Non-operating expenses		6,762,172.32	7,252,873.67
Including: Losses on disposal of non-current assets		1,106,880.02	200,271.65
3. Total profit		690,059,725.93	511,864,721.62
Less: Income tax expenses	4.1.8	83,657,290.28	59,766,234.19
4. Net profit		606,402,435.65	452,098,487.43
Including: Net profit made by the party being absorbed before the combination		242,018,569.90	228,260,377.05
– Attributable to shareholders of the Company		587,229,435.88	427,396,074.19
– Minority interest		19,172,999.77	24,702,413.24
5. Earnings per share			
– Basic earnings per share	4.1.9	0.466	0.339
– Diluted earnings per share	4.1.9	0.466	0.339
6. Other comprehensive income		(1,664,339.06)	(494,271.23)
7. Total comprehensive income		604,738,096.59	451,604,216.20
– Attributable to shareholders of the Company		585,571,096.97	426,901,333.08
– Minority interest		19,166,999.62	24,702,883.12

4.1.1 Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter referred to as “the Accounting Standards for Business Enterprises” or “CAS”) and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (revised 2010) issued by the China Securities Regulatory Commission.

4.1.2 Accounting policies

There are no significant changes in the accounting policies applied in preparing of these financial statements compared to the accounting policies applied in preparation of the financial statements for the year ended 31 December 2012.

4.1.3 Segment Information

As the chief operating decision-maker, the Board assesses performance of the operating segments and allocates resources by reviewing the Group’s internal reporting. Management has determined the operating segments based on these reports.

The Board considered the nature of the Group’s business and determined that the Group has two reportable operating segments as follows:

- Manufacturing: manufacture and sale of western pharmaceutical products, CPM and health products by the Group’s manufacturing subsidiaries
- Trading: wholesale and retail of western pharmaceutical products, medical apparatus, CPM and Chinese raw medicine, wholesale of goods other than pharmaceutical products.

Sales between segments are carried out on terms equivalent to those that prevail in arm’s length transactions.

Assets and liabilities are allocated based on the segment operations, expenses attributable indirectly to each segment are allocated among segments based on the proportion of revenue.

- (1) The segment information for the six months ended 30 June 2013 and as of 30 June 2013 are as follows:

	Manufacturing	Trading	Unallocated	Elimination	Total
Revenue	7,303,109,790.96	1,749,842,943.55	19,520,059.00	–	9,072,472,793.51
Inter-segment revenue	122,147,863.37	2,025,632,779.43	51,086,082.86	(2,198,866,725.66)	–
Interest income	8,892,371.30	460,109.09	1,039,077.47	(4,613,735.07)	5,777,822.79
Interest expenses	12,692,037.44	18,361,029.46	21,045,020.96	(29,137,192.30)	22,960,895.56
Share of profit or loss of associates and jointly controlled entities	–	–	103,013,282.26	26,509,499.70	129,522,781.96
Asset impairment losses	3,702,685.55	2,471,595.25	68,923.46	(529,072.42)	5,714,131.84
Depreciation and Amortization	84,827,398.39	2,415,668.60	1,208,352.16	(72,052.50)	88,379,366.65
Total profit	442,358,504.08	25,998,305.32	270,440,302.66	(48,737,386.13)	690,059,725.93
Income tax expenses	39,345,934.42	6,318,870.82	43,508,784.41	(5,516,299.37)	83,657,290.28
Net profit (Including: minority interest)	403,012,569.65	19,679,434.50	226,931,518.25	(43,221,086.75)	606,402,435.65
Total assets	8,104,758,525.51	1,809,405,549.46	6,915,763,440.22	(4,893,951,881.10)	11,935,975,634.09
Total liabilities	5,292,612,886.19	1,636,416,235.20	1,011,302,215.26	(2,708,076,696.30)	5,232,254,640.35
Long-term equity investments in associates and jointly controlled entities	92,004,472.64	–	1,702,185,683.95	–	1,794,190,156.59
Additions of non-current assets other than long-term equity investments	247,422,857.33	3,356,691.68	304,117,824.35	–	554,897,373.36

(2) The segment information for January to June 2012 and as of 31 December 2012 are as follows:

	Manufacturing	Trading	Unallocated	Elimination	Total
Revenue	3,827,814,999.73	1,794,155,704.08	27,832,396.67	–	5,649,803,100.48
Inter-segment revenue	45,404,128.21	1,005,810,976.99	11,011,587.20	(1,062,226,692.40)	–
Interest income	(2,477,494.60)	(339,325.37)	(1,651,771.73)	–	(4,468,591.70)
Interest expenses	9,135,976.04	17,394,127.25	25,318,968.18	(19,898,339.27)	31,950,732.20
Share of profit or loss of associates and jointly controlled entities	24,432,787.32	–	119,925,978.60	3,421,436.94	147,780,202.86
Asset impairment losses	2,253,587.47	1,979,370.89	26,140.27	(282,193.36)	3,976,905.27
Depreciation and Amortization	87,459,912.72	2,492,609.08	5,056,909.82	–	95,009,431.62
Total profit	399,802,596.49	28,629,570.51	197,692,001.39	(114,259,446.77)	511,864,721.62
Income tax expenses	23,311,658.06	7,430,183.51	34,497,965.33	(5,473,572.71)	59,766,234.19
Net profit (Including: minority interest)	376,490,938.43	21,199,387.00	163,194,036.06	(108,785,874.05)	452,098,487.44
Total assets	6,483,706,428.27	1,519,008,150.69	6,189,522,725.19	(4,798,029,251.60)	9,394,208,052.55
Total liabilities	3,833,980,620.23	1,376,955,396.75	1,095,994,888.74	(2,668,686,408.33)	3,638,244,497.39
Long-term equity investments in associates and jointly controlled entities	85,315,307.46	–	1,612,470,197.15	(656,955.71)	1,697,128,548.90
Additions of non-current assets other than long-term equity investments	159,540,358.08	2,692,852.58	8,472,034.12	–	170,705,244.78

The Group's revenue from external customers in the PRC and other countries, and the total non-current assets other than financial assets and deferred tax assets located in the PRC and other countries are summarized as follows:

Revenue from external customers	Six months ended 30 June 2013	Six months ended 30 June 2012
PRC	8,948,300,380.56	5,506,444,613.93
Other countries/regions	124,172,412.95	143,358,486.55
	<u>9,072,472,793.51</u>	<u>5,649,803,100.48</u>
Total non-current assets	30 June 2013	31 December 2012
PRC	4,493,078,522.05	3,880,339,896.02
Other countries/regions	21,521,417.20	22,110,777.39
	<u>4,514,599,939.25</u>	<u>3,902,450,673.41</u>

4.1.4 Accounts receivable

The majority of the Group's sales are transacted with credit terms of 3 to 6 months granted to customers. The remaining transactions are settled at cash, advance or bank notes.

(a) The ageing of accounts receivable is analysed as follows:

	30 June 2013	31 December 2012
Within 1 year	987,929,977.56	732,153,204.20
1 to 2 years	11,221,107.92	9,434,815.86
2 to 3 years	2,639,578.19	1,412,507.17
3 to 4 years	3,784,752.86	5,258,079.41
4 to 5 years	3,197,487.21	4,098,045.03
Over 5 years	7,389,531.79	55,780,992.95
	<u>1,016,162,435.53</u>	<u>808,137,644.62</u>
Less: Provision for bad debts	27,029,076.75	74,068,705.17
	<u>989,133,358.78</u>	<u>734,068,939.45</u>

4.1.5 Accounts payable

The ageing of accounts payable is analyzed as follows:

	30 June 2013	31 December 2012
Within 1 year	1,582,596,938.75	1,055,453,503.56
Over 1 year	24,623,237.94	25,144,030.97
	<u>1,607,220,176.69</u>	<u>1,080,597,534.53</u>

4.1.6 Revenue and cost of sales

	Six months ended June 2013		
	Main operation	Other operation	Subtotal
Revenue	9,000,964,815.89	71,507,977.62	9,072,472,793.51
Cost of sales	5,804,608,755.85	18,634,647.06	5,823,243,402.91
Gross profit	3,196,356,060.04	52,873,330.56	3,249,229,390.60

	Six months ended June 2012		
	Main operation	Other operation	Subtotal
Revenue	5,574,585,113.13	75,217,987.35	5,649,803,100.48
Cost of sales	3,915,931,692.33	18,294,367.01	3,934,226,059.34
Gross profit	1,658,653,420.80	56,923,620.34	1,715,577,041.14

4.1.7 Non-operating income

Gain on disposal of non-current assets is amounted to RMB14,712.35 (for the six months ended 30 June 2012: RMB224,883.34).

4.1.8 Income tax expenses

	Six months ended June 2013	Six months ended June 2012
Current income tax	319,826,695.12	101,886,392.79
Deferred income tax	(236,169,404.84)	(42,120,158.60)
	<u>83,657,290.28</u>	<u>59,766,234.19</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	Six months ended June 2013	Six months ended June 2012
Total profit	690,059,725.93	511,864,721.62
Income tax expenses calculated		
at applicable tax rates	172,514,931.48	127,966,180.41
Tax effect of different rates applicable to subsidiaries	(39,237,125.08)	(41,495,739.34)
Income not subject to tax	(56,797,472.54)	(33,746,249.23)
Expenses not deductible for tax purposes	8,801,238.11	5,257,630.52
Tax effect of utilization of previously unrecognised tax losses	(5,729,473.01)	(965,140.10)
Tax losses for which no deferred income tax asset was recognised	2,297,801.74	2,142,617.20
Tax effect of temporary differences on which deferred tax assets are not recognised	3,592,997.59	1,050,984.18
Others	(1,785,608.01)	(444,049.45)
Income tax expenses	<u>83,657,290.28</u>	<u>59,766,234.19</u>

Ten subsidiaries of the Group, Zhong Yi, Jing Xiu Tang, Qi Xing, Xing Qun, Chen Li Ji, Pan Gao Shou, Tian Xin, Ming Xing, Guang Hua and Guangzhou Han Fang received the “Certificate of High/New Technology Enterprise”, which was jointly issued by Guangdong Provincial Department of Science and Technology, Department of Finance of Guangdong Province, Guangdong Provincial State Tax Bureau and Guangdong Provincial Local Taxation Bureau.

The certificates of the eight subsidiaries (namely, Zhong Yi etc), numbering GF201144000520、GF201144000114、GF201144000043、GF201144000298、GF201144000144、GF201144000400、GF201144000016、GF201144000599 respectively, were issued in 2011 and the effective period is 3 years. The certificate of Guang Hua, numbering GR201244000497, was issued in November 2012 and the effective period is 3 years. Guangzhou Han Fang numbering GR201044000004, was issued in September 2010 and the effective period is 3 years. Pursuant to the announcement “The prepayment of Enterprise Income Tax during the process of review for qualification of High/New Technology Enterprises” issued by the State of Administration Tax in April 2011, the ratio of enterprise income tax prepayment before the approval of High/New Technology Enterprise is 15%, the qualification of Guangzhou Han Fang is still in progress, its enterprise income tax rate is 15%.

Guangxi Ying Kang Pharmaceutical Co., Ltd., a subsidiary of the Group, received the “Certificate of High/New Technology Enterprise”, which was jointly issued by Department of Science and Technology of Guangxi Zhuang Autonomous Region, Department of Finance of Guangxi Zhuang Autonomous Region, Guangxi Zhuang Autonomous Region State Tax Bureau, Guangxi Zhuang Autonomous Region Local Taxation Bureau, numbering GF201245000068, was issued in November 2012 and the effective period is 3 years.

Baiyunshan which was merged with the Company at Reporting Period received the “Certificate of High/New Technology Enterprise”, the certificate was jointly issued by Guangdong Provincial Department of Science and Technology, Department of Finance of Guangdong Province, Guangdong Provincial State Tax Bureau and Guangdong Provincial Local Tax Bureau in November 2012, numbering GR201244000005 and the effective period is 3 years. This certificate would be valid until Baiyunshan deregisters it, or up to its expiration.

Pursuant to the national relevant preferential tax policies for High/New Technology Enterprise, the company which is recognized as a High/New Technology Enterprise could enjoy these policies of enterprise income tax at the reduce rate of 15%.

Except for the tax privilege mentioned above, all other companies in the group pay the enterprise income tax in accordance with the “PRC Enterprise Income Tax Law”, “Implementation Rules of PRC Enterprise Income Tax Law” and the applicable tax rate is 25%. Within the group, Po Lian Development Co., Ltd. is subjected to the provisions of the Inland Revenue Ordinance in Hong Kong and needs to pay the company gains tax at a rate of 16.5%.

4.1.9 Earnings per share

(a) Basic earnings per share

(i) Weighted average basis earnings per share

Weighted average basis earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the company by the weighted average number of ordinary share outstanding:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Consolidated net profit attributable to ordinary shareholders of the Company	587,229,435.88	427,396,074.19
Weighted average number of ordinary shares outstanding	1,261,239,823.00	1,261,239,823.00
Weighted average basic earnings per share of weighted average	0.466	0.339

(ii) Overall diluted basic earnings per share

Overall diluted basic earnings per share is calculated by dividing consolidated net profit for the current year attributable to ordinary shareholders of the company by the number of ordinary share outstanding.

	Six months ended 30 June 2013	Six months ended 30 June 2012
Consolidated net profit attributable to ordinary shareholders of the Company	587,229,435.88	427,396,074.19
Number of ordinary share outstanding	1,291,340,650.00	1,261,239,823.00
Overall diluted basic earnings per share	0.455	0.339

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusted net profit for the current year attributable to ordinary shareholders by the adjusted weighted average number of ordinary shares outstanding. For the six months ended 30 June 2013, there were no potential ordinary shares (for the six months ended 30 June 2012: nil), diluted earnings per share is equal to basic earnings per share.

4.1.10 Dividends

In accordance with the resolution at the Annual General Meeting of 2012, the Company had not declared any dividend distribution for 2012.

4.1.11 Net current assets

	30 June 2013	31 December 2012
Current assets	7,045,500,455.41	5,351,665,881.31
Less: Current liabilities	5,069,635,081.10	3,474,350,628.29
Net current assets	<u>1,975,865,374.31</u>	<u>1,877,315,253.02</u>

4.1.12 Total assets less current liabilities

	30 June 2013	31 December 2012
Total assets	11,935,975,634.09	9,394,208,052.55
Less: current liabilities	5,069,635,081.10	3,474,350,628.29
Total assets less current liabilities	<u>6,866,340,552.99</u>	<u>5,919,857,424.26</u>

4.2 There is no significant change in accounting policies, estimation and audit method when compared with the 2012 annual report.

4.3 There is no major accounting error during the Reporting Period.

4.4 Explanation on changes in scope of business as compared with the previous annual report.

- (a) For the six months ended 30 June 2013, the Company had eight more new subsidiaries. According to the requirements of the “Enterprise Accounting Standard No.33 – Consolidated Financial Statements”, since 31 May 2013, Tian Xin, Guang Hua, Ming Xing, Baiyunshan Wei Ling Pharmaceutical Co., Ltd., Guangzhou Baiyunshan Pharmaceutical Technology Development Co., Ltd., Guangzhou Baiyunshan Great Pharmacy and Guangzhou GPHL Baiyunshan Great Health Hotel Co., Ltd. were included in the consolidation scope of the Group and the Company holds 82.49%, 84.48%, 100%, 100%, 51%, 100% and 100% equity interest therein respectively. Since 30 June 2013, Guangzhou Pharmaceutical Baiyunshan Hong Kong Company Limited (formerly known as Polian Development Co., Ltd.) was included in the consolidation scope of the Group, and the Company holds 100% equity interest.
- (b) For the six months ended 30 June 2013, the Company disposed of one subsidiary named Bo Zhou Baiyunshan Pharmaceutical Co., Ltd.. According to the requirements of the “Enterprise Accounting Standard No.33 – Consolidated Financial Statements”, this company would be no longer included in the consolidation scope of the Group since 30 April 2013.

4.5 Notes to the adjustment of the previous statements made by Business combination involving entities under common control

The absorption and merger of Baiyunshan by the way of share swap and the acquisition of 100% equity interest in Polian Company by issuing shares are Business combination involving entities under common control. It is included in the consolidated financial statements from the date when together with the Company, under common control of the ultimate controlling party in accordance with the articles of Accounting Standard for Business Enterprise-Business Combination.

The previous financial statement should be restated and the information of restatement is as below:

Main information of balance sheet	The group (audited)	Baiyunshan (unaudited & restated)	Polian Company (unaudited & restated)	Adjustment (unaudited & restated)	Consolidation (unaudited & restated)
Current assets	3,547,287,907.87	1,872,708,877.89	60,795,063.41	(129,125,967.86)	5,351,665,881.31
Non-current assets	2,688,105,810.02	1,343,968,258.27	10,367,550.44	100,552.51	4,042,542,171.24
Current liabilities	1,915,390,486.71	1,568,932,773.27	37,037,585.54	(47,010,217.23)	3,474,350,628.29
Non-current liabilities	95,682,897.89	135,002,946.42	301,971.08	(67,093,946.29)	163,893,869.10
Equities	4,224,320,333.29	1,512,741,416.47	33,823,057.23	(14,921,251.83)	5,755,963,555.16
Main information of income statement	The group (audited)	Baiyunshan (unaudited & restated)	Polian Company (unaudited & restated)	Adjustment (unaudited & restated)	Consolidation (unaudited & restated)
Revenue	3,498,046,152.32	2,387,197,517.16	25,904,634.12	(261,345,203.12)	5,649,803,100.48
Profits	240,474,941.16	264,296,279.24	592,732.34	(3,141,272.90)	502,222,679.84
Total profits	248,618,294.04	265,794,968.14	592,732.34	(3,141,272.90)	511,864,721.62
Net profits	226,312,028.39	228,260,377.04	494,931.51	(2,968,849.51)	452,098,487.43

The information of Baiyunshan which is restated in the above-mentioned chart is based on the consolidated statement of Baiyunshan and its 7 subsidiaries, and has been retroactively adjusted by using the cost method to measure investment properties.

The information on Polian Company which is restated in the above-mentioned chart has been adjusted for different accounting year of Polian Company, and has been retroactively adjusted by using the cost method to measure investment properties.

The information set out in the above chart is made after setting off the significant balances transactions and unrealized profits between these three companies.

4.6 There is no explanation from the Board and the Supervisory Committee on any non-standard audit report issued by the auditors during the Reporting Period.

The Board of
**Guangzhou Baiyunshan Pharmaceutical
Holdings Company Limited**

Guangzhou, the PRC, 30 August 2013

As at the date of this summary, the Board comprises Mr. Li Chuyuan, Ms. Cheng Ning and Mr. Wu Changhai as executive directors, and Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Mr. Wong Lung Tak Patrick and Mr. Qiu Hongzhong as independent non-executive directors.