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廣州白雲山醫葯集團股份有限公司

GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

(a joint stock company with limited liability established in the People's Republic of China)

(H Share Stock Code: 0874)

2014 FIRST QUARTERLY REPORT

1 IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”) of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (“GYBYS” or the “Company”) and its directors, supervisors and senior management collectively and individually accept full responsibility for the authenticity, accuracy and completeness of the information contained in this quarterly report and confirm that there are no false information, misleading statements or material omissions in this quarterly report.
- 1.2 The directors attended the 3rd meeting of the sixth session of the Board, among whom, Mr. Li Chuyuan, the chairman, Mr. Chen Mao, the vice chairman, and Mr. Fang Shuting, an independent non-executive director, attended the meeting by means of telephone Communication.
- 1.3 The financial reports of the Company and its subsidiaries (collectively the “Group”), and the Company for the first quarter ended 31 March 2014 (the “Reporting Period”) were prepared in accordance with the China Accounting Standards for Business Enterprises and were unaudited.
- 1.4 Mr. Li Chuyuan (the chairman of the Board), Mr. Wu Changhai (executive director), and Ms. Yao Zhizhi (senior manager of the finance department), declared that they warranted that the financial reports contained in this quarterly report were true and complete.
- 1.5 This 2014 first quarterly report is published in Hong Kong pursuant to Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “HKEx”) and Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”).
- 1.6 This quarterly report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

2 CORPORATE PRINCIPAL FINANCIAL DATA AND CHANGE IN INFORMATION OF SHAREHOLDERS

2.1 Principal financial data

Items	As at 31	As at 31	Increase/(Decrease)
	March 2014 (Unaudited)	December 2013 (Audited)	as compared with 31 December 2013 (%)
Total assets (RMB'000)	13,020,371	12,249,123	6.30
Shareholders' equity attributable to the shareholders of the Company (RMB'000)	7,148,831	6,831,768	4.64
Net assets per share attributable to the shareholders of the Company (RMB)	5.54	5.29	4.64

Items	1 January-31 March 2014 (Unaudited)	1 January-31 March 2013		Increase/(Decrease)
		After restatement (Unaudited)	Before restatement (Unaudited)	as compared with the corresponding period of 2013 (%)
Net cash flow from operating activities (RMB'000)	165,476	606,861	546,654	(72.73)
Net cash flow from operating activities per share (RMB)	0.13	0.48	0.67	(73.37)

Items	The Reporting Period (1 January-31 March 2014) (Unaudited)	1 January-31 March 2013		Increase/(Decrease)
		After restatement (Unaudited)	Before restatement (Unaudited)	as compared with the corresponding period of 2013 (%)
Income from operations (RMB'000)	4,675,666	4,154,100	2,972,154	12.56
Net profit attributable to the shareholders of the Company (RMB'000)	317,693	262,197	153,185	21.17
Net profit attributable to the shareholders of the Company after deducting non-recurring items (RMB'000)	309,979	257,463	149,479	20.40
Basic earnings per share (RMB)	0.246	0.208	0.189	18.34
Diluted earnings per share (RMB)	0.246	0.208	0.189	18.34
Weighted average return on net assets (%)	4.54	4.60	3.67	A decrease of 0.06 percentage point
Ratio of weighted average return on net assets after deducting non-operating items (%)	4.43	4.52	3.58	A decrease of 0.08 percentage point

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

(2) Non-recurring items include:

Items (1 January – 31 March 2014)	Amount <i>(RMB'000)</i>	Explanation
Loss on disposal of non-current assets	(1,052)	
Government subsidies recognized as gain/(loss)	9,105	This is the amount of government subsidies received by the Company's subsidiaries which was transferred to non-operating income in the Reporting Period.
Loss on changes in fair value arising from trading financial assets and trading financial liabilities held (excluding the valid hedging business related to normal operating activities of the Company), as well as investment gains received from disposal of trading financial assets, trading financial liabilities and financial assets available for sale	(224)	
Write back of provision for impairment of accounts receivable undergoing independent impairment test	–	
Loss from entrusted loans	(233)	
Other non-operating income and expenses excluding the above items	606	
Income tax effect	(366)	
Effect on minority interest	(121)	
Total	<u><u>7,715</u></u>	

2.2 Number of shareholders as at the end of the Reporting Period and the shareholdings of the top ten shareholders of the Company as follows (with the Share Reform Plan completed):

As at 31 March 2014, there were 82,029 shareholders in total, among which, 82,002 shareholders holding the Renminbi-denominated ordinary shares (A shares) and 27 shareholders holding overseas listed foreign shares (H shares).

Shareholders	Nature of shares	Approximate % of the total issued share capital (%)	Number of shares	Number of shares	Number of
			held as at the end of the Reporting Period (share)	with selling restrictions held (share)	pledged or locked shares (share)
Guangzhou Pharmaceutical Holdings Limited (“GPHL”)	Domestic shares	45.24	584,228,036	34,839,645	Nil
HKSCC Nominees Limited (note)	H shares	17.00	219,591,479	Nil	unknown
Tibet Danhong Investment Consulting Co., Ltd.	Domestic shares	0.54	6,993,664	Nil	unknown
Zhao Xuguang	Domestic shares	0.51	6,560,000	Nil	5,747,500
Southwest Securities Company Limited	Domestic shares	0.39	5,063,556	Nil	unknown
China Construction Bank Co., Ltd. – Morgan Stanley Huaxin Quality of life Featured Securities Investment Fund	Domestic shares	0.39	5,000,000	Nil	unknown
Industrial and Commercial Bank of China – Shanghai 50 Index Securities Investment Fund	Domestic shares	0.28	3,651,646	Nil	unknown
Zhao Zhihong	Domestic shares	0.28	3,638,615	Nil	unknown
Huaxia Bank Co., Ltd. – RCM Equity Securities Investment Fund	Domestic shares	0.28	3,600,000	Nil	unknown
Shenzhen Chongde Television Media Co., Ltd.	Domestic shares	0.27	3,491,460	Nil	unknown

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

3 MAJOR EVENTS

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

Applicable Not applicable

Items	As at 31 March 2014 (RMB'000)	As at 31 December 2013 (RMB'000)	Fluctuation (%)	Reasons of fluctuation
Notes payable	177,599	130,774	35.81	The Company's trading subsidiaries adopted banker's acceptances settlement method for short term fund facilities to reduce finance costs in the Reporting Period.
Accounts payable	2,097,174	1,470,361	42.63	The increase was mainly due to the longer credit term granted by suppliers to the Company's subsidiaries in the Reporting Period.
Interest payable	890	675	31.83	As at 31 March 2014, increase was mainly due to the increase in bank interest which had not been paid by the Group.
Dividends payable	42,247	113,513	(62.78)	It was mainly due to the special dividend distributed by the Company during the Reporting Period.

Items	1 January – 31 March 2014 <i>(RMB'000)</i>	1 January – 31 March 2013 (After restatement) <i>(RMB'000)</i>	Fluctuation <i>(%)</i>	Reasons of fluctuation
Finance expenses	625	10,296	(93.93)	The Group strengthened internal capital management and interest income increased in the Reporting Period.
Gain from changes in fair value	(224)	464	(148.20)	Decrease was due to the fall in the share price of the listed shares held by the Company in Harbin Pharmaceutical Group Co., Ltd. and Hafei Aviation Industry Co., Ltd. during the Reporting Period.
Non-operating income	11,122	5,668	96.21	During the Reporting Period, the government subsidies received by the Group increased as compared with the corresponding period of last year.
Non-operating expenses	2,463	476	417.23	During the Reporting Period, the loss from disposal of non-current assets of the Group increased as compared with the corresponding period of last year.
Income tax expense	85,964	54,234	58.51	During the Reporting Period, the Group's total profit increased and its comprehensive income tax rate rose.

Items	1 January – 31 March 2014 <i>(RMB'000)</i>	1 January – 31 March 2013 (After restatement) <i>(RMB'000)</i>	Fluctuation <i>(%)</i>	Reasons of fluctuation
Net cash flow from operating activities	165,476	606,861	(72.73)	During the Reporting Period, the employee compensation and taxes paid by the Group increased as compared with the corresponding period of last year.
Net cash flows from investing activities	(85,206)	(60,942)	(39.82)	The investment of construction on the production bases of the Group increased during the Reporting Period.
Net cash flows from financing activities	(59,766)	(36,347)	(64.43)	It was mainly due to the special dividend distribution of the Company for 2013 in the Reporting Period.

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

Applicable Not applicable

3.3 Performance of the undertakings by the Company, its shareholders and beneficial owner

√ Applicable Not applicable

3.3.1. Equity incentive implemented by listed companies

Item	Content
Background of undertaking	Undertakings in connection with equity division reform
Undertaking entity	Controlling shareholder
Details of undertaking	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 Guangzhou Pharmaceutical Company Limited, (“GPC”, i.e. the Company) to set up an equity incentive mechanism whereby the growth in profits of the Company shall be the perquisite for management to implement the equity incentive mechanism.
Time and period of undertaking	The undertaking was given in March 2006 and shall remain effective for a long term.
Any period for performance	N/A
Whether strictly and timely performed	Being performed
Solution	N/A
Remark	Up to now, the Company has not proposed any plan to implement the equity incentive.

3.3.2 Independence of listed company

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

3.3.3 Avoiding competition

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
Undertakings	<ol style="list-style-type: none">1. After completion of the Major Assets Reorganization, GPHL and its controlled subsidiaries (“subsidiaries” other than GPC and its 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, and avoid increasing investment in companies and enterprises, other than GYBYS and its subsidiaries, which engages in business and operations which substantially compete with those of GYBYS. GPHL will not and will procure its subsidiaries not engage in the same or similar business of GYBYS to avoid direct or indirect competition with the operation and business of GYBYS. In addition, GPHL will voluntarily and will vigorously procure its subsidiaries to give up competition with GYBYS if GPHL and its subsidiaries will bring unfair impact on GYBYS 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 GYBYS due to any breach of the above undertakings.3. The undertaking letter will remain effective so long as the Company legally and validly exists and GPHL owns controlling interest in the Company.
Time and period of undertaking	The undertaking was given on 29 February 2012 and shall remain effective for a long term
Any period for performance	Being performed
Whether timely and strictly performed	N/A
Solution	N/A

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
Undertakings	For resolving potential competition completely, GPLH undertakes that it will transfer 100% equity interest of Guangzhou Pharmaceutical Research Institute (廣州醫藥研究總院)(the limited company) to the Company within two years from the date Guangzhou Pharmaceutical Research Institute completes the ownership reform (公司改制) and its shares become transferable in accordance with requirements of the laws and regulations then in force.
Time and period of undertaking	Commitment made on 29 February 2012 and no expiry
Any period for performance	Guangzhou Pharmaceutical Research Institute Co., Ltd. established in 27 June 2013 and performance period ended 27 June 2015
Whether timely and strictly performed	Being performed
Solution	N/A

3.3.4 Regulating connected transactions

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
Undertakings	<ol style="list-style-type: none">1. After completion of the Major Assets Reorganization, GPLH and its controlled subsidiaries (“subsidiaries”, excluding GYBYS and its subsidiaries) should minimize and regulate connected transactions with the Company. If there is any unavoidable connected transaction, GPLH and its controlled subsidiaries will sign agreement with GYBYS in accordance with laws and perform legal procedures. They will also fulfill the information disclosure obligations and pursue the reporting and approval procedures according to the requirements of relevant laws and regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Listing Rules of Hong Kong Stock Exchange and the Articles of Association of Guangzhou Pharmaceutical Company Limited, and warrant that it will not harm the legitimate rights and interests of the subsisting the Company after completion of the Major Assets Reorganization and its other shareholders.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 undertaking	Commitment made on 29 February 2012 and no expiry
Any period for performance	N/A
Whether timely and strictly performed	Being performed
Solution	N/A

3.3.5 Restricting the sale of shares

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
Undertakings	Within 36 months from the registration date of such shares, GPLH and its associate companies will not transfer the shares they acquired as a result of GYBYS'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 China Securities Regulatory Commission and Shanghai Stock Exchange ("SSE").
Time and period of undertaking	The undertaking was given on 29 February 2012 and shall remain effective for a long term
Any period for performance	GYBYS completed the registration of its newly issued shares on 5 July 2013, and the performance period will end on 5 July 2016
Whether timely and strictly performed	Being performed
Solution	N/A

3.3.6 Undertakings related to trademarks

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder
Undertakings	<ol style="list-style-type: none">1. GPLH undertakes that, within two years from the date of satisfying any conditions set out below, it will legally transfer the trademarks in Wang Lao Ji series (25 in total) and 4 other trademarks (comprising trademarks with registration numbers of 125321, 214168, 538308 and 5466324) to the Company according to requirements of laws and regulations then in force:<ol style="list-style-type: none">(1) 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(2) Hung To (Holdings) Company Limited (鴻道(集團)有限公司) legally ceases to own the right of pre-emption

Item	Content
	<p>2. In addition to the original undertaking letter, GPHL further undertakes as follows:</p>
	<p>On the basis of the original promise made, GPHL has further made the promise as follows: After all of the legal disputes regarding the trademark of Wang Lao Ji have been resolved and within two years commencing from the transferable day, GPHL 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 GPHL after the Execution Day (inclusive of today) for the “Supplementary Agreement to the Agreement of Trademark Custody”. The Company may obtain such by cash or by issuing shares for purchasing assets wherein the transfer price shall be legally confirmed based on such appraisal value as issued by an appraisal institute possessing the professional qualification of engaging in securities and as confirmed in the asset appraisal report verified by the State-owned assets authority.</p>

Time and period of undertaking	The undertaking was given on 29 February 2012 and GPHL has given supplementary undertakings respect of the relevant contents on 15 June 2012, and the effective period shall continue until the undertaking is fully performed.
Any period for performance	Considering the legal dispute of Wang Lao Ji trademark, the performance period will end on 20 January 2015
Whether timely and strictly performed	Being performed
Solution	N/A

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder, the Company

Item	Content
Undertakings	<p>GPLH and the Company mutually undertake as follows in relation to transactions under the Trademark Custody Agreement between Guangzhou Pharmaceutical Company Limited and Guangzhou Pharmaceutical Holdings Limited (the “Agreement”):</p>
	<ol style="list-style-type: none"> <li data-bbox="683 427 1522 846">1. Both parties will enter into a supplemental agreement (“Supplemental Agreement”) to the Agreement as soon as possible after the Agreement becoming effective and before they enter into the first new or renewal licensing agreement relating to the licensing of Wang Lao Ji trademarks in custody under the Agreement, with the specific arrangement for new/renewal trademark license to be negotiated by the parties separately. Both parties also agreed that the Supplemental Agreement shall <ol style="list-style-type: none"> <li data-bbox="743 900 1522 1017">(i) embody the requirement for GPLH to pay the Company a basic custody fee of RMB1 million per year as set out in the Agreement; and <li data-bbox="743 1070 1522 1187">(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 GPLH. <li data-bbox="683 1219 1522 1698">2. Both parties further undertake that the Supplemental Agreement they entered into in the future under the above arrangement will comply with applicable provisions of the listing rules of HKEx and SSE (including but not limited to the requirements of Chapter 14A of the Listing Rules of HKEx and Chapter 10 of the Listing Rules of SSE relating to continuing connected transactions/connected transactions in the ordinary course of business, including that the Supplemental Agreement must specify its validity term, the estimated annual cap of custody income, other terms that must be set out, and etc.).
Time and period of undertaking	Commitment made on 26 March 2012 and no expiry
Any period for performance	N/A
Whether timely and strictly performed	Being performed
Solution	N/A

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

Item	Content
	<p>2. If the transfer of those trademarks has not been completed by the end of the abovementioned undertaking period, GPLH 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.).”</p> <p>3. To fully indemnify the Company and other third parties 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.</p>
Time and period of undertaking	The undertaking was given on 28 June 2012 and GPLH made further undertakings on 23 April 2014 for the relevant contents, and the effective period shall continue until the undertaking is fully performed.
Any period for performance	N/A
Whether timely and strictly performed	Being performed
Solution	N/A

3.3.7 Undertakings related to properties with legal defects

Item	Content
Background of undertakings	Undertakings related to Major Assets Reorganization
Undertaking entity	Controlling shareholder

Undertakings

1. GPHL will promote the development of the subsisting listed company, protect the interests of minority investors, and proactively take measures to solve the issue of Baiyunshan properties with legal defects in titles to ensure that the interests of the subsisting listed company and investors are not jeopardised.
2. Guaranteeing that the subsisting listed company will be able to continue occupying and using such properties after completion of the merger and that it will not incur any additional cost nor suffer any material adverse impact due to such issue.
3. After completion of the merger, GPHL will fully compensate the Company within 2 months from the date of incurring of the actual losses (not including the tax normally incurred in respect of changing the registration name and transfer in relation to the properties and the land premium in relation to the changes from non-granted landuse rights to granted land-use rights) in case there are any penalties imposed on or losses incurred by the Company due to the legal defects in the building ownership or land use rights of the Baiyunshan properties to be acquired by the Company, and such losses include but not limited to all economic losses in connection with any civil, administration and criminal liabilities, to ensure that the Company and minority investors will not suffer any damage thereunder.

Time and period of undertaking

The undertaking was given on 29 February 2012 and shall remain effective for a long term

Any period for performance

N/A

Whether timely and strictly performed

Being performed

Solution

N/A

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

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

Applicable Not applicable

4 APPENDIX

4.1 Balance Sheet

As at 31 March 2014

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of the Reporting Period (RMB)	At the end of the Reporting Period (RMB)	At the beginning of the Reporting Period (RMB)
ASSETS				
Current assets:				
Cash	1,953,274,394.58	1,935,681,740.06	372,720,120.06	462,902,261.84
Deposit reservation for balance	–	–	–	–
Lending funds	–	–	–	–
Trading financial assets	3,138,841.10	3,362,667.20	3,138,841.10	3,362,667.20
Notes receivable	1,601,504,041.90	1,326,353,755.90	690,718,051.94	491,846,637.36
Accounts receivable	1,190,107,771.63	973,184,749.11	168,166,672.39	134,987,242.57
Prepayment	760,226,081.07	613,882,321.78	33,313,129.62	35,096,096.56
Premiums receivable	–	–	–	–
Reinsurance accounts receivable	–	–	–	–
Provision of cession receivable	–	–	–	–
Interest receivable	–	–	–	–
Dividend receivable	–	–	338,320,048.84	213,565,667.45
Other receivables	179,844,141.85	181,145,718.26	959,139,412.47	943,517,098.26
Redemptory monetary capital for sale	–	–	–	–
Inventories	2,269,290,185.37	2,245,829,748.05	301,597,304.37	372,106,673.49
Non-current assets due within 1 year	–	–	–	–
Other current assets	18,442,185.86	19,347,581.15	1,986,629.10	1,666,244.75
Total current assets	7,975,827,643.36	7,298,788,281.51	2,869,100,209.89	2,659,050,589.48
Non-currents assets:				
Issuing of entrusted loans and advances	–	–	–	–
Available-for-sale financial assets	16,495,463.26	17,608,107.28	15,004,000.00	16,093,000.00
The held-to-maturity	–	–	–	–
Long-term receivables	–	–	–	–
Long-term equity investment	1,985,975,828.27	1,972,490,292.04	3,493,033,249.16	3,382,596,132.60
Investments properties	243,638,874.92	246,309,245.37	226,203,521.07	228,088,909.74

Items	Consolidated		The Company	
	At the	At the	At the	At the
	end of the Reporting Period (RMB)	beginning of the Reporting Period (RMB)	end of the Reporting Period (RMB)	beginning of the Reporting Period (RMB)
Fixed assets	1,728,014,539.10	1,731,881,945.85	455,261,027.70	458,451,623.08
Construction in progress	422,672,597.32	335,422,694.18	64,437,233.48	61,761,556.59
Construction supplies	—	—	—	—
Disposal of fixed assets	—	—	—	—
Productive biological asset	—	—	—	—
Oil-and-gas assets	—	—	—	—
Intangible assets	366,278,923.45	368,856,694.63	265,286,181.61	266,747,080.35
Development expenses	4,016,517.68	3,716,517.68	2,500,000.00	2,200,000.00
Goodwill	—	—	—	—
Long-term deferred expenses	7,491,926.37	7,099,055.93	379,555.02	448,929.68
Deferred income tax assets	269,958,839.90	266,950,316.92	36,085,358.53	36,608,854.15
Other non-current assets	—	—	—	—
Total non-current assets	5,044,543,510.27	4,950,334,869.88	4,558,190,126.57	4,452,996,086.19
Total assets	13,020,371,153.63	12,249,123,151.39	7,427,290,336.46	7,112,046,675.67
Liabilities and shareholders' equity:				
Current liabilities:				
Short-term borrowings	521,350,307.71	509,651,500.77	240,000,000.00	250,000,000.00
Borrowings from central bank	—	—	—	—
Deposits from customers and interbank	—	—	—	—
Loans from other banks	—	—	—	—
Trading financial liabilities	—	—	—	—
Notes payable	177,598,719.56	130,773,655.25	—	—
Accounts payable	2,097,173,573.02	1,470,360,537.61	210,366,651.33	210,276,551.36
Advances payable	711,196,922.88	875,579,547.32	57,638,000.05	73,149,096.14
Financial assets sold for repurchase	—	—	—	—
The fees and commissions	—	—	—	—
Salary payable	265,579,690.96	334,427,927.83	66,345,478.45	60,386,689.87
Taxes payable	381,985,493.68	403,383,688.38	80,981,378.46	59,481,082.89
Interests payable	890,414.88	675,414.98	890,414.88	675,414.98
Dividend payable	42,247,227.88	113,513,301.13	131,852.00	77,540,856.01
Other payables	1,282,844,999.47	1,211,712,507.04	466,810,932.70	475,829,440.43
Dividend payable for reinsurance	—	—	—	—
Reserve fund for insurance contracts	—	—	—	—
Receivings from vicariously traded securities	—	—	—	—
Acting underwriting securities	—	—	—	—
Non-current liabilities due within 1 year	—	—	—	—

Items	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of the Reporting Period (RMB)	At the end of the Reporting Period (RMB)	At the beginning of the Reporting Period (RMB)
Other current liabilities	—	—	—	—
Total current liabilities	5,480,867,350.04	5,050,078,080.31	1,123,164,707.87	1,207,339,131.68
Non-current liabilities:				
Long-term borrowings	8,627,418.40	8,627,419.10	8,627,418.40	8,627,419.10
Bonds payable	—	—	—	—
Long-term payable	22,488,352.34	22,215,752.40	7,874,824.33	7,802,224.39
Special payables	20,963,925.00	19,058,160.00	405,765.00	—
Estimated liabilities	500,191.19	500,191.19	500,191.19	500,191.19
Deferred income tax liabilities	3,293,188.84	3,475,327.44	3,122,791.48	3,301,646.15
Other non-current liabilities	115,299,460.64	122,931,526.01	37,088,889.16	37,507,212.17
Total non-current liabilities	171,172,536.41	176,808,376.14	57,619,879.56	57,738,693.00
Total liabilities	5,652,039,886.45	5,226,886,456.45	1,180,784,587.43	1,265,077,824.68
Shareholders' equity:				
Share capital	1,291,340,650.00	1,291,340,650.00	1,291,340,650.00	1,291,340,650.00
Capital reserves	2,492,840,178.61	2,493,788,078.69	2,456,013,131.92	2,456,941,082.91
Less: Treasury shares	—	—	—	—
The special reserve	—	—	—	—
Surplus reserves	723,819,753.76	723,819,753.76	351,211,319.16	351,211,319.16
Generic risk reserve	—	—	—	—
Retained profits	2,648,207,891.17	2,330,514,583.35	2,147,940,647.95	1,747,475,798.92
Exchange difference on foreign currency capital	(7,377,372.28)	(7,695,173.92)	—	—
Shareholders' equity attributable to the Shareholders of the Company	7,148,831,101.26	6,831,767,891.88		
Minority interests	219,500,165.92	190,468,803.06		
Total shareholders' equity	7,368,331,267.18	7,022,236,694.94	6,246,505,749.03	5,846,968,850.99
Total liabilities and shareholders' equity	13,020,371,153.63	12,249,123,151.39	7,427,290,336.46	7,112,046,675.67

4.2 Income Statement

1 January — 31 March 2014

Items	Consolidated		The Company	
	The Reporting Period	The corresponding period of 2013 (After Restatement)	The Reporting Period	The corresponding period of 2013
	(RMB)	(RMB)	(RMB)	(RMB)
1. Total income from operations	4,675,666,271.89	4,154,100,103.15	830,469,359.69	24,949,258.19
Including: income from operations	4,675,666,271.89	4,154,100,103.15	830,469,359.69	24,949,258.19
Interest Income	—	—	—	—
Premiums earned	—	—	—	—
Fee and commission income	—	—	—	—
2. Total cost from operations	4,328,596,463.03	3,884,786,523.13	723,526,216.25	12,395,651.61
Including: cost of operations	3,056,678,150.14	2,681,608,341.73	506,839,488.85	952,839.91
Interest expense	—	—	—	—
Fee and commission expense	—	—	—	—
Surrenders	—	—	—	—
Net claims paid	—	—	—	—
Net reserves for insurance contracts	—	—	—	—
Policyholder dividends	—	—	—	—
Reinsurance expenses	—	—	—	—
Less: sales taxes and surcharges	40,781,072.92	39,560,722.07	9,835,494.89	1,544,048.00
Sales expenses	916,797,151.65	847,409,185.23	117,439,823.29	54,721.80
General and administrative expenses	309,938,619.88	301,697,239.76	83,238,251.37	7,734,863.85
Finance expenses	624,760.13	10,296,180.77	6,027,185.15	2,109,178.05
Asset impairment loss	3,776,708.31	4,214,853.57	145,972.70	—
Add: Gain from changes in fair value	(223,826.10)	464,323.50	(223,826.10)	464,323.50
Investment income	62,310,617.67	50,544,270.39	322,317,433.79	36,863,868.42
Including: Share of profits from associates and joint venture	62,543,767.29	50,789,017.29	45,579,417.55	32,814,810.32
Exchange gains	—	—	—	—
3. Operating profit	409,156,600.43	320,322,173.91	429,036,751.13	49,881,798.50
Add: Non-operating income	11,121,776.03	5,668,222.92	943,524.31	200.00
Less: Non-operating expenses	2,463,467.17	476,283.25	925,240.84	—
Including: Loss from disposal of non-current assets	1,097,272.20	193,073.37	247,021.01	—

Items	Consolidated		The Company	
	The Reporting Period	The corresponding period of 2013 (After Restatement)	The Reporting Period	The corresponding period of 2013
	(RMB)	(RMB)	(RMB)	(RMB)
4. Total profit	417,814,909.29	325,514,113.58	429,055,034.60	49,881,998.50
Less: Income tax expense	85,964,196.85	54,233,850.76	28,590,185.57	4,099,917.35
5. Net profit	331,850,712.44	271,280,262.82	400,464,849.03	45,782,081.15
Including: Net profit made by the entities being absorbed before the combination	–	117,106,686.39		
Net profit attributable to the shareholders of the Company	317,693,307.82	262,197,341.17		
Minority interest	14,157,404.62	9,082,921.65		
6. Earnings per share				
(1) Basic earnings per share	0.246	0.208		
(2) Diluted earnings per share	0.246	0.208		
7. Other comprehensive income	(630,509.44)	529,727.98	(927,950.99)	745,875.76
Items will be classified into profit or loss when satisfied with certain conditions at following accounting period	(630,509.44)	529,727.98	(927,950.99)	745,875.76
Items will not be classified into profit or loss when satisfied with certain conditions at following accounting period	–	–	–	–
8. Total comprehensive income	331,220,203.00	271,809,990.80	399,536,898.04	46,527,956.91
(1) Comprehensive income attributable to the shareholders of the Company	317,063,209.38	262,728,655.40		
(2) Comprehensive income attributable to the shareholders of minority interest	14,156,993.62	9,081,335.40		

4.3 Cash Flow Statement

1 January — 31 March 2014

Items	Consolidated		The Company	
	The reporting period (RMB)	The corresponding period of 2013 (After Restatement) (RMB)	The reporting period (RMB)	The corresponding period of 2013 (RMB)
1. Cash flow from operating activities				
Cash received from sale of goods and rendering of services	3,751,898,937.08	3,649,288,700.35	365,188,542.44	757,097.18
Net increase of customer deposits and interbank deposit payment	—	—	—	—
Net increase in borrowing from the central bank	—	—	—	—
Net increase in funds borrowed from other financial institutions	—	—	—	—
Cash from insurance premium of the original contract	—	—	—	—
Net cash from reinsurance business	—	—	—	—
Net increase of the insured savings and investment fund	—	—	—	—
Net increase from the disposal of tradable financial assets	—	—	—	—
Cash from interest, fee and commission	—	—	—	—
Net increase of funds borrowed	—	—	—	—
Net increase repurchase business financing	—	—	—	—
Refund of tax and levies	16,404,661.13	20,333,293.29	—	—
Other cash received relating to operating activities	59,527,355.87	53,512,203.87	95,412,806.68	15,089,934.79
Sub-total of cash inflow from operating activities	3,827,830,954.08	3,723,134,197.51	460,601,349.12	15,847,031.97
Cash paid for goods and services	2,040,661,896.12	1,821,538,929.08	169,686,434.17	100,204.22
Net increase of customer loans and advances	—	—	—	—

Items	Consolidated		The Company	
	The reporting period	The corresponding period of 2013 (After Restatement)	The reporting period	The corresponding period of 2013
	(RMB)	(RMB)	(RMB)	(RMB)
Net increase of the central bank and trade	–	–	–	–
Cash of the original insurance contract claims payment	–	–	–	–
Cash payable of interest, fees and commissions	–	–	–	–
Cash payable of dividend payment policy	–	–	–	–
Cash paid to and on behalf of employees	764,330,206.84	563,334,877.08	149,955,007.86	3,146,920.44
Taxes paid	431,987,620.36	310,155,429.05	78,795,681.85	3,935,908.67
Cash paid relating to other operating activities	425,375,558.31	421,243,913.27	37,411,806.71	10,997,989.07
Sub-total of cash outflow from operating activities	3,662,355,281.63	3,116,273,148.48	435,848,930.59	18,181,022.40
Net cash flow from operating activities	165,475,672.45	606,861,049.03	24,752,418.53	(2,333,990.43)
2. Cash flows from investing activities				
Cash received from investment	–	–	–	–
Cash received from investment income	40,621,954.09	45,795.56	51,222,410.42	4,000,000.00
Cash paid for disposal of fixed assets, intangible assets and other long-term assets	165,990.22	18,695.00	854.70	–
Net cash receivable of disposal of subsidiaries and other business units	–	–	–	–
Other cash received from investing activities	3,083.35	2,134.42	101,247,143.33	82,237,204.05
Sub-total of cash inflows from investing activities	40,791,027.66	66,624.98	152,470,408.45	86,237,204.05
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	125,466,080.05	55,943,074.03	5,950,407.58	421,505.00
Cash paid for purchase of investments	–	4,500,000.00	64,860,000.00	–

Items	Consolidated		The Company	
	The reporting period	The corresponding period of 2013 (After Restatement)	The reporting period	The corresponding period of 2013
	(RMB)	(RMB)	(RMB)	(RMB)
Net increase of the pledge loan	–	–	–	–
Cash paid for purchasing subsidiaries	–	–	–	–
Other cash paid in relation to investing activities	530,894.64	565,089.93	105,530,894.64	94,565,089.93
Sub-total of cash outflows from investing activities	125,996,974.69	61,008,163.96	176,341,302.22	94,986,594.93
Net cash flows from investing activities	(85,205,947.03)	(60,941,538.98)	(23,870,893.77)	(8,749,390.88)
3. Cash flows from financing activities				
Proceeds from absorbing investments	4,365,919.00	–	–	–
Including: Cash received from minority shareholders from subsidiaries	–	–	–	–
Cash received from borrowings	82,253,358.80	71,100,000.00	–	–
Cash from issue bonds	–	–	–	–
Other proceeds relating to financing activities	8,400,000.00	–	–	–
Sub-total of cash inflows from financing activities	95,019,277.80	71,100,000.00	–	–
Repayment of borrowings	70,540,232.86	97,067,807.78	10,000,000.00	–
Cash paid for distribution of dividends, profits or interests	84,245,468.73	10,379,488.08	81,063,666.54	–
Including: Dividend and profit payable to minority shareholders from subsidiaries	602,700.00	–	–	–
Other cash paid in relating to financing activities	–	–	–	2,549,999.99
Sub-total of cash outflows from financing activities	154,785,701.59	107,447,295.86	91,063,666.54	2,549,999.99
Net cash flows from financing activities	(59,766,423.79)	(36,347,295.86)	(91,063,666.54)	(2,549,999.99)

Items	Consolidated		The Company	
	The reporting period (RMB)	The corresponding period of 2013 (After Restatement) (RMB)	The reporting period (RMB)	The corresponding period of 2013 (RMB)
4 Effects of foreign exchange rate changes on cash and cash equivalents	1,875,747.40	(1,025,280.11)	–	–
5. Net increase in cash and cash equivalents	23,379,049.03	508,546,934.08	(90,182,141.78)	(13,633,381.30)
Add: Cash and cash equivalents at the beginning of the period	1,918,952,286.86	1,114,346,524.75	462,902,261.84	141,232,654.49
6. Cash and cash equivalents at the end of the period	1,941,331,335.89	1,622,893,458.83	372,720,120.06	127,599,273.19

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 28 April 2014

As at the date of this report, the Board of the Company comprises Mr. Li Chuyuan, Mr. Chen Mao, Ms. Liu Juyan, Ms. Cheng Ning, Mr. Ni Yidong, Mr. Wu Changhai and Mr. Wang Wenchu as executive directors, and Mr. Wong Lung Tak Patrick, Mr. Qiu Hongzhong, Mr. Fang Shuting and Mr. Chu Xiaoping as independent non-executive directors.