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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)

## 2016 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 truthfulness, accuracy and completeness of the information contained in this quarterly report and confirm that there are no false information, misleading statements or material omissions in this quarterly report.
- 1.2** The directors of the company attended the 22nd meeting of the sixth session of the Board, among whom, Mr. Wong Lung Tak Patrick, an independent non-executive director, attended the meeting by means of telephone.
- 1.3** The financial reports of the Company and its subsidiaries (collectively, the “Group”), and the Company for the first quarter ended 31 March 2016 (the “Reporting Period”) are prepared in accordance with the China Accounting Standards for Business Enterprises, which are unaudited.
- 1.4** Mr. Li Chuyuan (chairman of the Board), Mr. Wu Changhai (an executive director and deputy general manager) and Ms. Yao Zhizhi (Head of the finance department) declared that they warranted that the financial reports contained in this quarterly report were true and complete.
- 1.5** This 2016 first quarterly report published in Hong Kong is prepared pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (the “HKEx”) and Part XIVA of the Securities and Futures Ordinance (Cap. 571).
- 1.6** This quarterly report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

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

### 2.1 Principal financial data

Items	As at 31 March 2016 (Unaudited)	As at 31 December 2015 (Audited)	Increase/ (Decrease) as compared with 31 December 2015 (%)
Total assets ( <i>RMB'000</i> )	<b>16,955,003</b>	15,870,577	6.83
Shareholders' equity attributable to the shareholders of the Company ( <i>RMB'000</i> )	<b>8,859,623</b>	8,450,814	4.84
Net assets per share attributable to the shareholders of the Company ( <i>RMB</i> )	<b>6.86</b>	6.55	4.84

Items	1 January – 31 March 2016  (Unaudited)	1 January – 31 March 2015  After Restatement (Unaudited)	Before Restatement (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2015 (%)  After Restatement
Net cash flows from operating activities ( <i>RMB'000</i> )	<b>743,266</b>	243,682	238,588	205.01
Net cash flows from operating activities per share ( <i>RMB</i> )	<b>0.58</b>	0.19	0.18	205.08

Items	The Reporting Period (1 January – 31 March 2016)  (Unaudited)	1 January – 31 March 2015		Increase/ (Decrease) as compared with the corresponding period of 2015 (%)
		After Restatement (Unaudited)	Before Restatement (Unaudited)	After Restatement
Income from operations (RMB'000)	<b>5,050,889</b>	4,733,064	4,730,148	6.71
Net profit attributable to the shareholders of the Company (RMB'000)	<b>409,319</b>	364,306	365,128	12.36
Net profit attributable to the shareholders of the Company after deducting non-recurring items (RMB'000)	<b>393,748</b>	352,790	354,418	11.61
Basic earnings per share (RMB)	<b>0.317</b>	0.282	0.283	12.38
Diluted earnings per share (RMB)	<b>0.317</b>	0.282	0.283	12.38
Weighted average return on net assets (%)	<b>4.73</b>	4.62	4.61	An increase of 0.11 percentage point
Ratio of weighted average return on net assets after deducting non-recurring items (%)	<b>4.55</b>	4.47	4.47	An increase of 0.08 percentage point

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

(2) The Company acquired 100% equity interest in Guangzhou Pharmaceutical Research General Institute Co., Ltd under the same parent company in the third quarter of 2015, and the financial statements for the first quarter of 2015 were restated in accordance with relevant accounting standards.

(3) Non-recurring items include:

<b>Items (1 January – 31 March 2016)</b>	<b>Amount</b>	<b>Notes</b>
	<i>(RMB'000)</i>	
Losses on disposal of non-current assets	(131)	
Government subsidies recognized in profits or losses	29,534	This is the amount of government subsidies received by the Company's subsidiaries which was transferred to non-operating income in the Reporting Period.
Gains or losses from changes in fair value of financial assets and liabilities held for trading except for hedging contracts and disposal of financial assets and liabilities held for trading and available-for-sale financial assets	(1,013)	
Loss from entrusted loans	(433)	
Other non-operating income and expenses excluding the above items	(9,182)	
Income tax effect	(2,772)	
Effect on minority interest	(432)	
Total	<u><u>15,571</u></u>	

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

As at 31 March 2016, there were 63,883 shareholders of the Company in total, among which, 63,856 shareholders holding the Renminbi-denominated ordinary shares (A Shares) and 27 shareholders holding overseas listed foreign shares (H Shares).

Shareholders	Number of shares held as at the end of the Reporting Period (share)	Approximate percentage of the total issued share capital (%)	Number of shares subject to selling restrictions held (share)	Number of shares pledged or locked (share)	Nature of shares
Guangzhou Pharmaceutical Holdings Company (“GPHL”)	583,966,636	45.23	34,839,645	Nil	Domestic shares
HKSCC Nominees Limited	219,599,479	17.01	Nil	Unknown	H shares
China Securities Finance Corporation Limited	36,406,934	2.82	Nil	Unknown	Domestic shares
Central Huijin Investment Limited	15,260,700	1.18	Nil	Unknown	Domestic shares
China Merchants Bank Company Limited – Hui Tian Fu Medical Service Flexibly Configured Mixed Securities Investment Funds	15,061,765	1.17	Nil	Unknown	Domestic shares
The Industrial and Commercial Bank of China Co., Ltd. – Southern Consumption Vitality Flexibly Configured Mixed Initiate Securities Investment Funds	9,945,228	0.77	Nil	Unknown	Domestic shares
New China Life Insurance Co., Ltd. -Dividend-Group Dividend-018L-FH001 Hu	6,380,585	0.49	Nil	Unknown	Domestic shares
Agricultural Bank of China Co., Ltd.-Fu Guo Zhong Zheng State-owned Enterprises Reform Index Hierarchical Securities Investment Fund	6,177,121	0.48	Nil	Unknown	Domestic shares
Zhao Xuguang	6,135,806	0.48	Nil	47,500	Domestic shares
The National Social Security Fund – One Two Combination	5,000,000	0.39	Nil	Unknown	Domestic shares
Explanation on the connection or parties acting in concert among the above shareholders	(1)	According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of clients.			
	(2)	The Company was not aware of any connection among the above top ten shareholders, or whether they were parties acting in concert as provided in the “Rules Governing the Disclosure of Change in Shareholders’ Shareholding in Listed Companies”.			

**2.3 The total number of shareholders holding the preferred shares, the top ten shareholders holding preferred share and the top ten shareholders holding the preferred shares without selling restrictions of the Company as at the end of the Reporting Period**

Applicable  Not applicable

**3. MAJOR EVENTS**

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

Applicable  Not applicable

Items	As at 31 March 2016 (RMB'000)	As at 31 December 2015 (RMB'000)	Fluctuation (%)	Reason of fluctuation
Other current assets	72,746	108,318	(32.84)	As at 31 March 2016, the decrease was due to decrease in the deductible VAT amount of the Group.
Development costs	3,729	5,509	(32.31)	The decrease was mainly due to the decrease in the Group's R & D capital investment as at 31 March 2016.
Taxes payable	221,073	74,514	196.68	Decrease was mainly due to the increase in the enterprise income tax and value-added taxes payable of the Group as at 31 March 2016.
Deferred income	687,065	183,588	274.24	As at 31 March 2016, government subsidies for relocation received by the Company's subsidiaries increased.

Items	1 January – 31 March 2016 (RMB'000)	1 January – 31 March 2015 (RMB'000) (After Restatement)	Fluctuation (%)	Reason of fluctuation
Selling and distribution expenses	1,188,454	887,598	33.90	During the Reporting Period, the Group actively carried out the marketing work and increased the sales expenses.
Asset impairment losses	5,101	2,277	124.01	During the Reporting Period, increase was mainly due to the increase in the asset impairment losses as compared with the corresponding period of last year.
Gain/(Loss) arising from change in fair value	(1,013)	1,035	(197.82)	Decrease was mainly due to the fall in the share price of Zhongzhi and Harbin Pharmaceutical Group held by the Company during the Reporting Period.
Investment income	93,590	45,175	107.17	Increase was due to the increase in investment income of the Company recognized by way of equity method for the Reporting Period.
Non-operating income	35,678	14,315	149.23	Increase was due to the increase in the government compensation for demolition and government subsidies received by the Company's subsidiaries during the Reporting Period..
Non-operating expenses	15,458	761	1,932.32	Increase was due to the expenses related to demolition by the government of the Company's subordinated enterprises incurred during the Reporting Period.
Net cash flows from operating activities	743,266	243,682	205.01	Increase was due to the increase in compensation for demolition received by the Company's subordinated enterprises during the Reporting Period.
Net cash flows from financing activities	(50,559)	107,585	(146.99)	Decrease was due to the increase in repayment of bank loans of the Group during 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 its beneficial owner

Applicable  Not applicable

#### 3.3.1 Equity incentive implemented by listed company

Item	Content
Background of the undertaking	Undertakings in connection with equity division reform
Party given the undertaking	Controlling shareholder
Details of the undertaking	<ol style="list-style-type: none"><li>1. In order to improve the value of the listed company, after the reform, the controlling shareholder of the Company, GPHL will, to the extent permitted by laws and regulations and subject to the approval of the supervision authority, support the Company to set up an equity incentive mechanism as the prerequisite for management to fulfill their rights of options based on the performance growth of the listed company.</li><li>2. On the basis of the original undertakings, GPHL made further undertakes: in order to fully mobilize the initiative and creativity of the management team of the listed company, realize the sustainable development and improve the value of the listed company, GPHL undertakes that it will, to the extent permitted by laws and regulations and subject to the approvals of the supervisory authorities, monitor and support Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited to set up incentive scheme for long and medium term within three years from the date of this undertaking letter, which scheme shall stipulate the growth in profits of the Company as a condition and link to market value.</li></ol>
Time and period of the undertaking	The original undertaking was given in March 2006. On 25 June 2014, GPHL supplemented the original undertaking. The undertaking remains valid until it has been fully performed.
Valid period for performance	Up to 25 June 2017
Whether strictly and timely performed	Being performed
Specification	Yes



### 3.3.2 Independence of listed company

Item	Content
Background of the undertakings	Undertakings related to major assets reorganization (the “Major Assets Reorganization”)
Party given the undertaking	Controlling shareholder
Details of the undertaking	<ol style="list-style-type: none"> <li data-bbox="775 363 1509 795">1. After completion of the Major Assets Reorganization, GPLH, the controlling shareholder of the Company, will comply with the requirements of relevant laws and regulations, regulatory documents and the Articles of Association of the Company, and exercise shareholder’s right according to laws and will not affect the independence of the Company by exerting its influence as a controlling shareholder and will maintain the integrity and independence of the Company in respect of assets, employees, finance, organization and business.</li> <li data-bbox="775 846 1509 953">2. The undertaking letter will remain effective so long as the Company legally and validly exists and GPLH owns controlling interest in the Company.</li> </ol>
Time and period of the undertaking	The undertaking was given on 29 February 2012 and is valid permanently.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

### 3.3.3 Avoiding competition

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	<ol style="list-style-type: none"> <li data-bbox="775 321 1511 1076">1. After completion of the Major Assets Reorganization, GPHL and its controlled subsidiaries should avoid engaging in business and operations which substantially compete with those of the subsisting the Company after completion of the Major Assets Reorganization (“new GPC”), and avoid increasing investment in companies and enterprises, other than new GPC and its subsidiaries, which engages in business and operations which substantially compete with those of new GPC. GPHL will not and will procure its subsidiaries not to engage in the same or similar business of new GPC in order to avoid direct or indirect competition with the operation and business of new GPC. In addition, GPHL will voluntarily and will vigorously procure its subsidiaries to give up competition with new GPC if GPHL and its subsidiaries will bring unfair impact on new GPC in respect of market shares, business opportunities and allocation of resources.</li> <li data-bbox="775 1119 1511 1278">2. GPHL is willing to bear the economic losses and/or additional costs directly and/or indirectly suffered or incurred by new GPC due to any breach of the above undertakings.</li> <li data-bbox="775 1321 1511 1438">3. The undertaking letter will remain effective so long as GPC legally and validly exists and GPHL owns controlling interest in GPC.</li> </ol>
Time and period of the undertaking	The undertaking was given on 29 February 2012 and is valid permanently.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

### 3.3.4 Regulating connected transactions

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	<p>1. After completion of the Major Assets Reorganization, GPHL and its subsidiaries should minimize and regulate connected transactions with new GPC. If there is any unavoidable connected transaction, GPHL and its controlled subsidiaries will sign agreement with new GPC in accordance with laws and perform legal procedures. They will also fulfill the information disclosure obligations and pursue the reporting and approval procedures according to the requirements of relevant laws and regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Listing Rules of Hong Kong Stock Exchange and the Articles of Association of Guangzhou Pharmaceutical Company Limited, and warrant that it will not undermine the legitimate rights and interests of the subsisting GPC after completion of the Major Assets Reorganization and its other shareholders.</p> <p>2. The undertaking letter will remain effective so long as GPC legally and validly exists and GPHL owns controlling interest in GPC.</p>
Time and period of the undertaking	The undertaking was given on 29 February 2012 and is valid permanently.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

### 3.3.5 Restricting the sale of shares

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

### 3.3.6 Undertakings related to trademark

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder, the Company
Details of the undertakings	<p>GPHL and the Company mutually undertake as follows in relation to transactions under the Trademark Custody Agreement between Guangzhou Pharmaceutical Company Limited and Guangzhou Pharmaceutical Holdings Limited (the “Agreement”):</p> <ol style="list-style-type: none"> <li>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>(i) embody the requirement for GPHL to pay the Company a basic custody fee of RMB1 million per year as set out in the Agreement; and</li> <li>(ii) specify that 20% of the new licenses fees will be the custody income for the Company and the remaining 80% will be retained by GPHL.</li> </ol> </li> <li>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.).</li> </ol>
Time and period of undertaking	The undertaking was given on 26 March 2012 and remains valid until it has been fully performed.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

### 3.3.7 Undertakings related to properties with legal defects

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. After completion of the merger, GPHL will fully compensate the Company within 2 months from the date of incurring of the actual losses (not including the tax normally incurred in respect of changing the registration name and transfer in relation to the properties and the land premium in relation to the changes from non-granted landuse rights to granted land-use rights) in case there are any penalties imposed on or losses incurred by the Company due to the legal defects in the building ownership or land use rights of the Baiyunshan properties to be acquired by the Company, and such losses include but not limited to all economic losses in connection with any civil, administration and criminal liabilities, to ensure that the Company and minority investors will not suffer any damage there under.</li> </ol>
Time and period of undertaking	The undertaking was given on 29 February 2012 and is valid permanently.
Valid period for performance	N/A
Whether timely and strictly performed	Being performed
Specification	Yes

### 3.3.8 Undertakings related to trademarks which has not completed the transfer procedures

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	<p>As at 28 June 2013, the registration formalities for the transfer of 388 trademarks within the assets to be acquired to the Company were not yet completed. The consideration for these trademarks was RMB51.1416 million, mainly including two categories: GPLH's grant of use of 54 major trademarks under its six major series namely "Chen Li Ji", "Pan Gao Shou", "Xing Qun", "Zhong Yi", "Qi Xing" and "Jing Xiu Tang" to the Company and its subsidiaries, and GPLH's 334 trademarks which are registered domestically and overseas for joint or defensive purpose (including 277 domestic trademarks and 57 overseas trademarks).</p> <p>With respect to the trademarks being acquired under the Major Assets Reorganization but still pending for registration of transfer, GPLH undertook to:</p> <ol style="list-style-type: none"> <li>1. process the transfer of those trademarks to the Company as soon as possible;</li> <li>2. ensure that the Company can use these trademarks without having to pay consideration before the transfer of those assets;</li> <li>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.</li> </ol>

Item	Content
	<p>Upon the original undertakings, GPLH made further undertaking:</p> <ol style="list-style-type: none"> <li data-bbox="775 257 1506 476">1. The transfer of all those trademarks to GYBYS will be completed within 3 years from the date of this undertaking letter issued. The Company ensures that GYBYS can use these trademarks without having to pay consideration before the transfer of those trademarks;</li> <li data-bbox="775 519 1506 1002">2. If the transfer of those trademarks has not been completed by the end of the abovementioned undertaking period, the Company will pay compensation to GYBYS in cash within 10 working days according to the valuation of the trademarks which has not been transferred (in accordance with the Asset valuation on the properties and trademarks held by Guangzhou Pharmaceutical Holdings Limited intended to be acquired through private placement of additional shares by Guangzhou Pharmaceutical Company Limited (Zhong Tian Heng Ping Ping Zi [2012] No. 26) issued by China Valuer International Co., Ltd.).”</li> <li data-bbox="775 1044 1506 1449">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.</li> </ol>
Time and period of the undertaking	The original undertaking was given on 28 June 2012. GPLH gave a supplemental undertaking in respect of the relevant contents on 23 April 2014. The undertaking remains valid until it has been fully performed.
Valid period for performance	performance period is up to 23 April 2017
Whether timely and strictly performed	Basically fully performed
Specification	Yes



### 3.3.9 Undertakings related to trademarks

Item	Content
Background of the undertakings	Undertakings related to Major Assets Reorganization
Party given the undertaking	Controlling shareholder
Details of the undertakings	<ol style="list-style-type: none"> <li data-bbox="775 314 1511 832">1. GPLH undertakes that, within 2 years from the date of satisfying any conditions set out below, it will legally transfer the trademarks in Wang Lao Ji series (25 in total) and 4 other trademarks (comprising trademarks with registration numbers of 125321, 214168, 538308 and 5466324) to the Company according to requirements of laws and regulations then in force: (i) Upon the expiry on 1 May 2020, or earlier when the license agreement and its supplemental agreement were invalidated/void/terminated as determined by the arbitration institution, or earlier when the agreement was terminated or released as agreed between the parties; or (ii) Hung To (Holdings) Company Limited (鴻道(集團)有限公司) legally ceases to own the right of pre-emption</li> <li data-bbox="775 874 1511 1693">2. On the basis of the original undertaking, Guangzhou Pharmaceutical Holdings Limited further undertakes as follows: After all of the legal disputes regarding the trademark of Wang Lao Ji have been resolved and within 2 years commencing from the transferable day, Guangzhou Pharmaceutical Holdings Limited shall, pursuant to the provisions of the effective laws and regulations then and after the relevant procedures regarding the reporting for approval have been processed, legally transfer to the Company such 29 trademarks of the series of “Wang Lao Ji” together with such other trademarks related to Wang Lao Ji and 4 trademarks obtained and owned in legal manner by Guangzhou Pharmaceutical Holdings Limited after the Execution Day (inclusive of today) for the “Supplementary Agreement to the Agreement of Trademark Custody”. The Company may obtain such by cash or by issuing shares for purchasing assets wherein the transfer price shall be legally confirmed based on such appraisal value as issued by an appraisal institute possessing the professional qualification of engaging in securities and as confirmed in the asset appraisal report verified by the State-owned assets authority.</li> </ol>
Time and period of the undertaking	The original undertaking was given on 29 February 2012 and GPLH made supplement to relevant contents on 15 June 2012, the period of validity is up to the date on which the undertakings is fully performed.
Valid period for performance	No

Item	Content
Whether timely and strictly performed	<p>In December 2014, the Company received the Letter of Amendment to the Undertakings of Injection of Wang Lao Ji Trademark Series from GPLH, which proposed to amend the performance period of the former undertakings to “two years since the commencing date of the judgment on the law case of red can decoration”, due to the disputes of red can decoration.</p> <p>As approved at the 8th meeting of the sixth session of the Board of the Company, the resolution on the amendment to the performance period of injection of Wang Lao Ji trademark series was submitted to the first extraordinary general meeting in 2015 held on 13 March 2015 and was approved.</p>
Specification	Yes

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

**3.4 Warning and explanation for negative impact on profit in respect of the beginning of 2016 up to the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2015**

Applicable     Not applicable

**3.5 Explanation on changes in the scope of consolidation of the Group as compared with the recent annual report**

Applicable     Not applicable

#### 4. APPENDIX

##### 4.1 Prepared in accordance with PRC Accounting Standards

###### *Consolidated Balance Sheet*

*As at 31 March 2016*

Items	At the end of the Reporting Period (RMB)	At the beginning of 2016 (RMB)
<b>Current assets:</b>		
Cash at bank and on hand	4,708,909,349.22	4,118,291,426.52
Settlement provisions	—	—
Placements	—	—
Financial assets based on fair value to confirm profit or loss	5,487,104.90	6,499,789.60
Derivative financial assets	—	—
Notes receivable	1,856,227,061.44	1,450,035,581.39
Accounts receivable	1,147,133,354.86	1,051,642,996.39
Advances to suppliers	289,551,192.85	316,795,764.49
Premiums receivable	—	—
Receivables from reinsurers	—	—
Reinsurance contract reserve	—	—
Interest receivable	—	—
Dividend receivable	—	—
Other receivables	203,701,167.16	209,264,412.47
Financial assets purchased under resale agreements	—	—
Inventories	2,448,754,037.28	2,543,866,145.35
Classified as assets held for sale	—	—
Current portion of non-current assets	—	—
Other current assets	72,746,048.25	108,317,835.73
<b>Total current assets</b>	<b>10,732,509,315.96</b>	<b>9,804,713,951.94</b>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2016 (RMB)
<b>Non-currents assets:</b>		
Entrusted loans and advances	-	-
Available-for-sale financial assets	<b>376,911,903.39</b>	328,372,231.24
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investment	<b>2,201,407,125.65</b>	2,111,212,976.44
Investments properties	<b>238,865,541.03</b>	234,615,086.24
Fixed assets	<b>1,921,220,626.10</b>	1,933,901,738.15
Construction in progress	<b>577,313,052.80</b>	555,906,380.17
Construction materials	-	-
Disposal of fixed assets	-	-
Production of biological assets	-	-
Oil and gas assets	-	-
Intangible assets	<b>537,970,245.94</b>	540,174,651.69
Development costs	<b>3,729,098.53</b>	5,509,098.53
Goodwill	<b>2,282,952.18</b>	2,282,952.18
Long-term prepaid expenses	<b>25,277,222.36</b>	24,112,146.30
Deferred tax assets	<b>337,515,997.71</b>	329,776,054.32
Other non-current assets	-	-
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>6,222,493,765.69</b>	6,065,863,315.26
	<hr/>	<hr/>
<b>Total assets</b>	<b>16,955,003,081.65</b>	15,870,577,267.20
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Items	At the end of the Reporting Period (RMB)	At the beginning of 2016 (RMB)
<b>Current liabilities:</b>		
Short-term borrowings	594,218,467.28	629,683,464.69
Borrowings from central banks	-	-
Deposits and deposits by banks	-	-
Funds borrowed	-	-
Financial liabilities at fair value through profit or loss	-	-
Derivative financial liabilities	-	-
Notes payable	239,685,222.56	292,607,099.65
Accounts payable	2,555,104,608.00	2,636,474,108.05
Advances from customers	969,913,164.90	974,514,210.30
Financial assets sold under repurchase agreements	-	-
Fee and commission payable	-	-
Employee benefits payable	317,290,175.86	413,029,738.15
Taxes payable	221,073,082.44	74,514,458.11
Interests payable	333,381.02	359,628.56
Dividend payable	52,065,413.32	52,066,098.91
Other payables	2,044,602,359.95	1,755,251,103.41
Payables to reinsurers	-	-
Insurance contract	-	-
Brokerage deposits	-	-
Acting underwriting securities	-	-
Classified as liabilities held for sale	-	-
Current portion of non-current liabilities	-	-
Other current liabilities	-	-
<b>Total current liabilities</b>	<b>6,994,285,875.33</b>	<b>6,828,499,909.83</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	31,207,712.25	39,755,174.34
Debentures payable	-	-
Including: Preferred shares	-	-
Sustainable debts	-	-
Long-term payable	21,307,499.34	22,219,899.34
Long-term employee benefits payable	295,042.39	296,646.40
Payables for specific projects	19,970,560.00	19,058,160.00
Provisions	62,898,837.86	64,162,534.32
Deferred income	687,065,137.80	183,587,858.83
Deferral tax liabilities	30,756,441.38	29,063,935.23
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>853,501,231.02</b>	<b>358,144,208.46</b>
<b>Total liabilities</b>	<b>7,847,787,106.35</b>	<b>7,186,644,118.29</b>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2016 (RMB)
<b>Shareholders' equity:</b>		
Share capital	<b>1,291,079,250.00</b>	1,291,079,250.00
Other equity instruments	-	-
Including: Preferred shares	-	-
Sustainable debts	-	-
Capital surplus	<b>2,346,432,807.66</b>	2,346,435,108.64
Less: Treasury shares	-	-
Other comprehensive Income	<b>(1,240,153.36)</b>	(732,678.19)
Special reserves	-	-
Surplus reserves	<b>930,522,262.36</b>	930,522,262.36
General risk reserve	-	-
Undistributed profits	<b>4,292,829,069.64</b>	3,883,510,490.48
	<hr/>	<hr/>
<b>Total equity attributable to the Shareholders of the parent Company</b>	<b>8,859,623,236.30</b>	8,450,814,433.29
Minority interests	<b>247,592,739.00</b>	233,118,715.62
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>9,107,215,975.30</b>	8,683,933,148.91
	<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities and shareholders' equity</b>	<b>16,955,003,081.65</b>	15,870,577,267.20
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*Legal Representative:*  
**Mr. Li Chuyuan**

*Director of the Financial Work:*  
**Mr. Wu Changhai**

*Manager of Finance Department:*  
**Ms. Yao Zhizhi**

**Parent Company Balance Sheet**

As at 31 March 2016

Items	At the end of the Reporting Period (RMB)	At the beginning of 2016 (RMB)
<b>Current assets:</b>		
Cash at bank and on hand	1,012,713,990.64	992,260,432.73
Financial assets based on fair value to confirm profit or loss	5,487,104.90	6,499,789.60
Derivative financial assets	-	-
Notes receivable	707,556,044.00	432,494,330.23
Accounts receivable	252,575,255.02	367,642,513.31
Advances to suppliers	7,599,051.83	10,283,339.24
Interest receivable	-	-
Dividend receivable	172,818,764.28	200,930,968.29
Other receivables	1,143,915,884.70	1,099,573,150.44
Inventories	289,425,829.08	373,333,246.04
Classified as assets held for sale	-	-
Current portion of non-current assets	-	-
Other current assets	937,904.02	349,406.68
	<hr/>	<hr/>
<b>Total current assets</b>	<b>3,593,029,828.47</b>	<b>3,483,367,176.56</b>
<b>Non-currents assets:</b>		
Available-for-sale financial assets	323,416,253.51	276,380,753.51
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investment	4,034,663,172.73	3,884,977,707.45
Investments properties	222,946,733.42	225,037,945.52
Fixed assets	497,653,671.82	475,499,950.79
Construction in progress	126,534,090.91	138,529,406.52
Construction materials	-	-
Fixed assets pending for disposal	-	-
Production of biological assets	-	-
Oil and gas assets	-	-
Intangible assets	270,499,806.16	272,001,250.47
Development costs	2,217,046.84	3,997,046.84
Goodwill	-	-
Long-term prepaid expenses	2,133,045.78	578,686.87
Deferred tax assets	34,033,633.94	34,033,633.94
Other non-current assets	-	-
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>5,514,097,455.11</b>	<b>5,311,036,381.91</b>
	<hr/>	<hr/>
<b>Total assets</b>	<b>9,107,127,283.58</b>	<b>8,794,403,558.47</b>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2016 (RMB)
<b>Current liabilities:</b>		
Short-term borrowings	80,000,000.00	80,000,000.00
Financial liabilities at fair value through profit or loss	-	-
Derivative financial liabilities	-	-
Notes payable	-	-
Accounts payable	148,949,428.90	164,807,485.98
Advances from customers	42,315,808.63	113,379,962.09
Employee benefits payable	59,394,135.93	77,538,021.54
Taxes payable	75,762,253.88	48,847,537.91
Interests payable	96,458.33	73,458.32
Dividend payable	156,225.47	156,225.47
Other payables	1,224,342,358.69	1,085,613,978.86
Classified as liabilities held for sale	-	-
Current portion of non-current liabilities	-	-
Other current liabilities	-	-
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>1,631,016,669.83</b>	<b>1,570,416,670.17</b>
	<hr/>	<hr/>
<b>Non-current liabilities:</b>		
Long-term borrowings	-	-
Debentures payable	-	-
Including: Preferred shares	-	-
Sustainable debts	-	-
Long-term payable	7,876,324.33	7,876,324.33
Long-term employee benefits payable	-	-
Payables for specific projects	-	-
Provisions	55,049,411.19	46,244,031.19
Deferred income	75,510,533.45	62,576,138.23
Deferral tax liabilities	4,097,094.48	4,541,769.48
Other non-current liabilities	-	-
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>142,533,363.45</b>	<b>121,238,263.23</b>
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>1,773,550,033.28</b>	<b>1,691,654,933.40</b>
	<hr/> <hr/>	<hr/> <hr/>



Items	At the end of the Reporting Period (RMB)	At the beginning of 2016 (RMB)
<b>Shareholders' equity:</b>		
Share capital	<b>1,291,079,250.00</b>	1,291,079,250.00
Other equity instruments	-	-
Including: Preferred shares	-	-
Sustainable debts	-	-
Capital surplus	<b>2,291,435,718.87</b>	2,291,438,019.85
Less: Treasury shares	-	-
Other comprehensive Income	<b>10,632,915.74</b>	13,102,882.57
Special reserves	-	-
Surplus reserves	<b>557,913,827.76</b>	557,913,827.76
Undistributed profits	<b>3,182,515,537.93</b>	2,949,214,644.89
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>7,333,577,250.30</b>	7,102,748,625.07
	<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities and shareholders' equity</b>	<b>9,107,127,283.58</b>	8,794,403,558.47
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*Legal Representative:*  
**Mr. Li Chuyuan**

*Director of the Financial Work:*  
**Mr. Wu Changhai**

*Manager of Finance Department:*  
**Ms. Yao Zhizhi**

## Consolidated Income Statement

1 January-31 March 2016

Items	1 January – 31 March 2016 (RMB)	1 January – 31 March 2015 (RMB) (After Restatement)
<b>1. Revenue</b>	<b>5,050,888,725.01</b>	4,733,063,829.17
Including: Income from operations	<b>5,050,888,725.01</b>	4,733,063,829.17
Interest Income	–	–
Premiums earned	–	–
Fee and commission income	–	–
<b>2. Total cost from operations</b>	<b>4,649,878,463.66</b>	4,326,622,440.38
Including: Cost of operations	<b>3,049,994,401.19</b>	3,062,311,478.27
Interest expense	–	–
Fee and commission expense	–	–
Surrenders	–	–
Net claims paid	–	–
Net reserves for insurance contracts	–	–
Policyholder dividends	–	–
Reinsurance expenses	–	–
Taxes and surcharges	<b>45,979,906.73</b>	43,711,546.45
Selling and distribution expenses	<b>1,188,453,821.58</b>	887,598,454.29
General and administrative expenses	<b>369,699,372.01</b>	340,666,113.87
Financial expenses	<b>(9,350,337.05)</b>	(9,942,386.68)
Asset impairment losses	<b>5,101,299.20</b>	2,277,234.18
Add: Gain/(Loss) arising from change in fair value	<b>(1,012,684.70)</b>	1,035,217.60
Investment income	<b>93,590,025.16</b>	45,174,841.20
Including: Share of profits from associates and jointly controlled entities	<b>93,590,025.16</b>	45,575,452.76
Exchange gains	–	–
<b>3. Operating profit</b>	<b>493,587,601.81</b>	452,651,447.59
Add: Non-operating income	<b>35,677,709.29</b>	14,314,998.22
Including: Gain on disposal of Non-current assets	<b>190,261.65</b>	20,107.68
Less: Non-operating expenses	<b>15,457,788.14</b>	760,596.80
Including: Losses from disposal of non-current assets	<b>321,677.06</b>	107,470.28
<b>4. Total profit</b>	<b>513,807,522.96</b>	466,205,849.01
Less: Income tax expense	<b>90,109,683.44</b>	93,240,155.57
<b>5. Net profit</b>	<b>423,697,839.52</b>	372,965,693.44
Net profit attributable to the shareholders of the Company	<b>409,318,579.16</b>	364,305,943.90
Minority interests	<b>14,379,260.36</b>	8,659,749.54

Items	1 January – 31 March 2016 (RMB)	1 January – 31 March 2015 (RMB) (After Restatement)
<b>6. After-tax net income of other comprehensive income</b>	<b>(512,712.12)</b>	2,011,959.81
After-tax net income of other comprehensive income attributable to the parent company owner	<b>(507,475.17)</b>	(808,360.41)
Items will not be classified into profit or loss when satisfied with certain conditions at following accounting period	–	–
(1) Changes as a result of remeasurement of net defined benefit plan liability or asset	–	–
(2) Portion of items will not be classified into profit or loss when under equity method	–	–
Items will be classified into profit or loss when satisfied with certain conditions at following accounting period	<b>(507,475.17)</b>	(808,360.41)
(1) Portion of items will be classified into profit or loss when under equity method	<b>49,858.17</b>	(60,983.96)
(2) Profit or loss arising from changes in fair value of available for sale financial assets	<b>(635,126.69)</b>	(880,485.35)
(3) Profit or loss arising from reclassification of held to maturity investments as available for sale financial assets	–	–
(4) The effective hedging portion of profit or loss arising from cash flow hedging instruments	–	–
(5) Differences arising from translation of foreign currency financial statements	<b>77,793.35</b>	133,108.90
(6) Others	–	–
After-tax net income of other comprehensive income attributable to minority shareholders equity	<b>(5,236.95)</b>	2,820,320.22
<b>7. Total comprehensive income</b>	<b>423,185,127.40</b>	<b>374,977,653.25</b>
(1) Total comprehensive income attributable to the shareholders of the Company	<b>408,811,103.99</b>	363,497,583.49
(2) Comprehensive income attributable to the shareholders of minority shareholders' equity	<b>14,374,023.41</b>	11,480,069.76
<b>8. Earnings per share</b>		
(1) Basic earnings per share	<b>0.317</b>	0.282
(2) Diluted earnings per share	<b>0.317</b>	0.282

Legal Representative:  
Mr. Li Chuyuan

Director of the Financial Work:  
Mr. Wu Changhai

Manager of Finance Department:  
Ms. Yao Zhizhi

***Income Statement of the Company***  
*1 January-31 March 2016*

<b>Items</b>	<b>1 January – 31 March 2016 (RMB)</b>	1 January – 31 March 2015 (RMB)
<b>1. Revenue</b>	<b>758,962,617.27</b>	839,735,209.86
Less: Cost of sales	<b>345,826,820.57</b>	428,523,084.45
Taxes and surcharges	<b>12,906,292.05</b>	10,649,749.38
Selling and distribution expenses	<b>136,689,676.26</b>	160,374,074.99
General and administrative expenses	<b>93,141,402.23</b>	100,866,957.88
Financial expenses	<b>2,284,146.93</b>	5,162,400.92
Asset impairment loss	<b>(1,150,390.56)</b>	(2,190.30)
Add: Gain/(Loss) arising from change in fair value	<b>(1,012,684.70)</b>	1,035,217.60
Investment income	<b>78,137,908.09</b>	56,110,669.60
Including: Share of profits from associates and jointly controlled entities	<b>78,137,908.09</b>	49,357,503.38
<b>2. Operating profit</b>	<b>246,389,893.18</b>	191,307,019.74
	<hr/>	<hr/>
Add: Non-operating income	<b>9,828,595.69</b>	2,638,441.19
Including: Gains on disposal of Non-current assets	–	582.52
Less: Non-operating expenses	<b>595,081.84</b>	443,335.61
Including: Losses from disposal of non-current assets	–	179,991.28
<b>3. Total profit</b>	<b>255,623,407.03</b>	193,502,125.32
	<hr/>	<hr/>
Less: Income tax expenses	<b>22,322,513.99</b>	20,417,178.72
<b>4. Net profit</b>	<b>233,300,893.04</b>	173,084,946.60
	<hr/> <hr/>	<hr/> <hr/>
<b>5. Other comprehensive income</b>	<b>(2,469,966.83)</b>	(832,358.96)
Items will not be classified into profit or loss when satisfied with certain conditions at following accounting period	–	–
(1) Changes as a result of remeasurement of net defined benefit plan liability or asset	–	–
(2) Portion of items will not be classified into profit or loss when under equity method	–	–

<b>Items</b>	<b>1 January – 31 March 2016 (RMB)</b>	1 January – 31 March 2015 (RMB)
Items will be classified into profit or loss when satisfied with certain conditions at following accounting period	<b>(2,469,966.83)</b>	(832,358.96)
(1) Portion of items will be classified into profit or loss when under equity method	<b>49,858.17</b>	(60,983.96)
(2) Profit or loss arising from changes in fair value of available for sale financial assets	<b>(2,519,825.00)</b>	(771,375.00)
(3) Profit or loss arising from reclassification of held to maturity investments as available for sale financial assets	–	–
(4) The effective hedging portion of profit or loss arising from cash flow hedging instruments	–	–
(5) Differences arising from translation of foreign currency financial statements	–	–
(6) Others	–	–
<b>6. Total comprehensive income</b>	<b><u>230,830,926.21</u></b>	<b><u>172,252,587.64</u></b>
<b>7. Earnings per share</b>		
(1) Basic earnings per share	–	–
(2) Diluted earnings per share	–	–

*Legal Representative:*  
**Mr. Li Chuyuan**

*Director of the Financial Work:*  
**Mr. Wu Changhai**

*Manager of Finance Department:*  
**Ms. Yao Zhizhi**

## Consolidated Cash Flow Statement

1 January-31 March 2016

Items	1 January – 31 March 2016 (RMB)	1 January – 31 March 2015 (RMB) (After Restatement)
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	3,791,194,321.87	4,097,405,535.27
Customer deposits and interbank net increase in deposits	–	–
Net increase in borrowings from central banks	–	–
Borrowing funds from other financial institutions	–	–
Net increase	–	–
Receipt of the original insurance contract cash	–	–
Net cash received from reinsurance business	–	–
Net increase in policyholders' deposits and investments	–	–
Net increase of disposal of trading financial assets	–	–
Charge interest, fees and commissions	–	–
Net increase of capital borrowed	–	–
Net increase in repo operations funds	–	–
Refund of tax and surcharges	2,178,759.92	15,646,352.99
Cash received relating to other operating activities	598,174,630.20	83,662,359.63
<b>Sub-total of cash inflows</b>	<b>4,391,547,711.99</b>	<b>4,196,714,247.89</b>
Cash paid for goods and services	1,830,956,193.14	2,338,942,068.57
Net increase in loans and advances to customers	–	–
Central banks and interbank deposits Cash	–	–
Pay the original insurance contract paid in cash	–	–
Payment of interest, fees and commissions	–	–
Policyholder dividends paid in cash	–	–
Cash paid to and on behalf of employees	894,521,101.86	880,937,122.64
Payments of taxes and surcharges	349,315,570.41	368,321,865.41
Cash paid relating to other operating activities	573,488,786.99	364,831,097.08
<b>Sub-total of cash outflows</b>	<b>3,648,281,652.40</b>	<b>3,953,032,153.70</b>
<b>Net cash flows from operating activities</b>	<b>743,266,059.59</b>	<b>243,682,094.19</b>
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investment	–	–
Cash received from returns on investment income	–	48,500,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	224,656.70	381,507.00
Net cash received from sales of subsidiaries	–	–
Cash received from other investing activities	–	1,900.27
<b>Sub-total of cash inflows</b>	<b>224,656.70</b>	<b>48,883,407.27</b>

Items	1 January – 31 March 2016 (RMB)	1 January – 31 March 2015 (RMB) (After Restatement)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	54,463,306.06	138,265,457.65
Cash paid to acquire investments	50,000,000.00	–
Net increase in loans	–	–
Net cash paid for acquire subsidiaries	–	–
Cash paid relating to other investing activities	824,259.41	777,540.54
<b>Sub-total of cash outflows</b>	<b>105,287,565.47</b>	<b>139,042,998.19</b>
<b>Net cash flows from investing activities</b>	<b>(105,062,908.77)</b>	<b>(90,159,590.92)</b>
<b>3. Cash flows from financing activities</b>		
Cash received from capital contributions	100,000.00	–
Including: Cash received from capital contributions by minority shareholders to subsidiaries	100,000.00	–
Cash received from borrowings	164,381,864.77	156,625,433.34
Cash received from issuance of bonds	–	–
Cash received relating to other financing activities	–	–
<b>Sub-total of cash inflows</b>	<b>164,481,864.77</b>	<b>156,625,433.34</b>
Cash repayments of borrowings	208,202,012.18	42,398,350.85
Cash payments for interest expenses and distribution of dividends or profits	6,703,336.37	6,063,082.06
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	685.59	–
Cash payments relating to other financing activities	135,783.68	578,712.34
<b>Sub-total of cash outflows</b>	<b>215,041,132.23</b>	<b>49,040,145.25</b>
<b>Net cash flows from financing activities</b>	<b>(50,559,267.46)</b>	<b>107,585,288.09</b>
<b>4. Effects of foreign exchange rate changes on cash and cash equivalents</b>	<b>60,481.93</b>	<b>35,673.30</b>
<b>5. Net increase in cash and cash equivalents</b>	<b>587,704,365.29</b>	<b>261,143,464.66</b>
Add: Cash and cash equivalents at the beginning of the period	3,837,603,553.99	3,047,970,688.42
<b>6. Cash and cash equivalents at the end of the period</b>	<b>4,425,307,919.28</b>	<b>3,309,114,153.08</b>

Legal Representative:  
Mr. Li Chuyuan

Director of the Financial Work:  
Mr. Wu Changhai

Manager of Finance Department:  
Ms. Yao Zhizhi

*Cash Flow Statement of Company*  
*1 January-31 March 2016*

Items	1 January – 31 March 2016 (RMB)	1 January – 31 March 2015 (RMB)
<b>1. Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services	385,566,667.59	304,697,523.66
Refund of tax and surcharges	–	–
Cash received relating to other operating activities	126,880,954.78	152,092,226.98
<b>Sub-total of cash inflows</b>	<b>512,447,622.37</b>	<b>456,789,750.64</b>
Cash paid for goods and services	77,813,586.16	108,398,732.58
Cash paid to and on behalf of employees	168,160,421.47	168,504,394.68
Payments of taxes and surcharges	88,767,324.54	84,111,926.40
Cash paid relating to other operating activities	71,569,142.92	11,729,746.87
<b>Sub-total of cash outflows</b>	<b>406,310,475.09</b>	<b>372,744,800.53</b>
<b>Net cash flows from operating activities</b>	<b>106,137,147.28</b>	<b>84,044,950.11</b>
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investment	–	–
Cash received from returns on investment income	33,241,189.47	83,997,120.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	–
Net cash received from sales of subsidiaries	–	–
Cash received from other investing activities	190,802,823.53	194,941,183.38
<b>Sub-total of cash inflows</b>	<b>224,044,013.00</b>	<b>278,938,303.99</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,665,856.56	5,017,859.61
Cash paid to acquire investments	121,500,000.00	10,000,000.00
Net cash paid for acquire subsidiaries	–	–
Cash paid relating to other investing activities	182,690,994.34	157,777,540.54
<b>Sub-total of cash outflows</b>	<b>305,856,850.90</b>	<b>172,795,400.15</b>
<b>Net cash flows from investing activities</b>	<b>(81,812,837.90)</b>	<b>106,142,903.84</b>



Items	1 January – 31 March 2016 (RMB)	1 January – 31 March 2015 (RMB)
<b>3. Cash flows from financing activities</b>		
Cash received from capital contributions	–	–
Cash received from borrowings	<b>30,000,000.00</b>	–
Cash received relating to other financing activities	–	25,000,000.00
<b>Sub-total of cash inflows</b>	<b>30,000,000.00</b>	25,000,000.00
Cash repayments of borrowings	<b>30,000,000.00</b>	–
Cash payments for interest expenses and distribution of dividends or profits	<b>778,166.67</b>	1,792,333.32
Cash payments relating to other financing activities	<b>3,383,577.21</b>	3,667,090.47
<b>Sub-total of cash outflows</b>	<b>34,161,743.88</b>	5,459,423.79
<b>Net cash flows from financing activities</b>	<b>(4,161,743.88)</b>	19,540,576.21
<b>4. Effects of foreign exchange rate changes on cash and cash equivalents</b>	–	–
<b>5. Net increase in cash and cash equivalents</b>	<b>20,162,565.50</b>	209,728,430.16
Add: Cash and cash equivalents at the beginning of the period	<b>960,889,437.00</b>	709,868,368.22
<b>6. Cash and cash equivalents at the end of the period</b>	<b>981,052,002.50</b>	919,596,798.38

*Legal Representative:*  
**Mr. Li Chuyuan**

*Director of the Financial Work:*  
**Mr. Wu Changhai**

*Manager of Finance Department:*  
**Ms. Yao Zhizhi**

## 4.2 Audit report

Applicable     Not applicable

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

Guangzhou, the PRC, 27 April 2016

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