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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)

2017 THIRD QUARTERLY REPORT

1. IMPORTANT NOTICE

- 1.1** The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”) of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (“GYBYS” or the “Company”) and its directors, supervisors and senior management collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this quarterly report and confirm that there are no false information, misleading statements or material omissions in this quarterly report.
- 1.2** All directors of the Company (the “Director”) attended the 4th meeting of the seventh session of the Board held on 20 October 2017 by means of telephone conference and have exercised their voting rights thereat.
- 1.3** The financial reports of the Company and its subsidiaries (collectively, the “Group”), and the Company for the third quarter ended 30 September 2017 (the “Reporting Period”) are prepared in accordance with the China Accounting Standards for Business Enterprises, which are unaudited.
- 1.4** Mr. Li Chuyuan (chairperson of the Board), Mr. Li Hong (general manager) and Ms. Yao Zhizhi (deputy director of Finance and the head of finance department) declared that they warranted that the financial reports contained in this quarterly report were true, accurate and complete.
- 1.5** This quarterly report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

2. BASIC INFORMATION ON THE COMPANY

2.1 Principal financial data

Items	As at 30 September 2017 (Unaudited)	As at 31 December 2016 (Audited)	Increase/ (Decrease) as compared with 31 December 2016 (%)
Total assets <i>(RMB'000)</i>	27,025,105	25,897,170	4.36
Net assets attributable to the shareholders of the Company <i>(RMB'000)</i>	18,373,480	17,345,080	5.93
Equity per share attributable to the shareholders of the Company <i>(RMB)</i>	11.30	10.67	5.93

Items	1 January 2017 – 30 September 2017 (Unaudited)	1 January 2016 – 30 September 2016 (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2016 (%)
Net cash flow from operating activities <i>(RMB'000)</i>	1,811,423	2,468,381	(26.61)
Net cash flow from operating activities per share <i>(RMB)</i>	1.11	1.52	(26.61)

Items	1 January 2017 – 30 September 2017 (Unaudited)	1 January 2016 – 30 September 2016 (Unaudited)	Increase/ (Decrease) as compared with the corresponding period of 2016 (%)
Income from operations (<i>RMB'000</i>)	15,966,932	15,543,685	2.72
Net profit attributable to the shareholders of the Company (<i>RMB'000</i>)	1,485,651	1,056,422	40.63
Net profit attributable to the shareholders of the Company after deducting non-recurring items (<i>RMB'000</i>)	1,444,976	870,624	65.97
Basic earnings per share (<i>RMB</i>)	0.914	0.795	14.97
Diluted earnings per share (<i>RMB</i>)	0.914	0.795	14.97
Ratio of weighted average return on net assets (%)	8.21	10.72	A decrease of 2.51 percentage points
Ratio of weighted average return on net assets after deducting non-recurring items (%)	7.99	8.84	A decrease of 0.85 percentage point

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

(2) Non-recurring items include:

Items	1 July 2017 – 30 September 2017 (RMB'000)	1 January 2017 – 30 September 2017 (RMB'000)	Notes
Gain/(Loss) on disposal of non-current assets	(254)	(1,414)	
Government subsidies recognized as gain/(loss)	25,849	92,926	This is the amount of government subsidies received by the Company's subsidiaries which was transferred to non-operating income in the Reporting Period.
Gain/(Loss) on changes in fair value arising from 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	(119)	(1,314)	
Write-off provision for impairment of accounts receivable undergoing independent test	31	949	
Other non-operating income and expenses excluding the above items	(14,141)	(42,126)	
Income tax effect	(1,750)	(8,415)	
Effect on minority interest	28	69	
Total	<u>9,644</u>	<u>40,675</u>	

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

As at 30 September 2017, the Company had 63,704 shareholders in total, among which, 63,677 shareholders held the Renminbi-denominated ordinary shares (A Shares) and 27 shareholders held 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		
				Shares status	Number of shares (share)	Class of shares
Guangzhou Pharmaceutical Holdings Company (“GPHL”)	732,305,103	45.04	148,338,467	Nil	0	Domestic shares
HKSCC Nominees Limited	219,605,469	13.51	0	Nil	0	H shares
Guangzhou State-owned Asset Development Holdings Limited	87,976,539	5.41	87,976,539	Nil	0	Domestic shares
Guangzhou China Life Urban Development Industry Investment Enterprise (Limited Partnership)	73,313,783	4.51	73,313,783	Nil	0	Domestic shares
China Securities Finance Corporation Limited	67,989,997	4.18	0	Nil	0	Domestic shares
Shanghai Yunfeng Xinchuang Equity Investment Center (Limited Partnership)	21,222,410	1.31	21,222,410	pledged	21,222,410	Domestic shares
Central Huijin Asset Management Co., Ltd.	15,260,700	0.94	0	Nil	0	Domestic shares
The Industrial and Commercial Bank of China Co., Ltd.-Southern Consumption Vitality Flexibly Configured Mixed Initiate Securities Investment Funds	8,264,228	0.51	0	Nil	0	Domestic shares
The National Social Security Fund 115 Combination	7,160,633	0.44	0	Nil	0	Domestic shares
Bank of China Co., Ltd. – Huaxia New Economy Flexible Configuration of Mixed-type Securities Investment Fund	4,940,150	0.30	0	Nil	0	Domestic shares

The top ten shareholders of the Company not subject to selling restrictions

Shareholders	Number of shares without selling restrictions (share)	Class and number of shares	
		Class	Number (share)
GPHL	583,966,636	Domestic shares	732,305,103
HKSCC Nominees Limited	219,605,469	H shares	219,605,469
China Securities Finance Corporation Limited	67,989,997	Domestic shares	67,989,997
Central Huijin Asset Management Co., Ltd.	15,260,700	Domestic shares	15,260,700
The Industrial and Commercial Bank of China Co., Ltd. – Southern Consumption Vitality Flexibly Configured Mixed Initiate Securities Investment Funds	8,264,228	Domestic shares	8,264,228
The National Social Security Fund 115 Combination	7,160,633	Domestic shares	7,160,633
Bank of China Co., Ltd. – Huaxia New Economy Flexible Configuration of Mixed-type Securities Investment Fund	4,940,150	Domestic shares	4,940,150
Agricultural Bank of China Co., Ltd. – Invesco Great Wall CSI 300 Enhanced Index Securities Investment Fund	4,656,608	Domestic shares	4,656,608
Agricultural Bank of China Co., Ltd. – Invesco Great Wall Energy and Infrastructure Balanced Securities Investment Fund	4,652,634	Domestic shares	4,652,634
Zhao Xuguang	4,049,900	Domestic shares	4,049,900
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 its 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”.	
Explanation on the restoration of voting rights of shareholder holding the preferred shares and the number of shares held	Nil		

2.3 The total number of shareholders holding the preferred shares, the top ten shareholders holding preferred shares 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 30 September 2017 (RMB'000)	As at 31 December 2016 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Advances to suppliers	273,601	414,074	(33.92)	This is mainly due to the decrease in amount prepaid by the Group for purchasing raw materials and packaging materials as at 30 September 2017.
Other current assets	1,918,205	520,191	268.75	This is mainly due to the increase in the structured deposits and financing products purchased by the Group, and the decrease in input value-added tax not deducted by the subsidiaries as at 30 September 2017.
Development costs	1,700	3,017	(43.65)	This is mainly due to the transferred-out of the Group's development costs for the Reporting Period as at 30 September 2017.
Other non-current assets	0	35,970	(100.00)	This is mainly due to the property transfer procedures of the purchase of assets of the Group have been completed as at 30 September 2017.

Items	As at 30 September 2017 (RMB'000)	As at 31 December 2016 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Short-term borrowings	11,550	25,215	(54.19)	This is mainly due to the decrease in bank borrowings as the Group gradually repaid the banks loans as at 30 September 2017.
Advances from customers	957,163	1,552,886	(38.36)	This is mainly due to the decrease in advances for goods from distributors by the Group as at 30 September 2017.
Taxes payables	214,837	384,192	(44.08)	This is mainly due to the decrease in value-added tax and corporate income tax which had not been paid by the Group as at 30 September 2017.
Other payables	3,006,779	2,267,982	32.58	This is mainly due to the increase in the accrued expenses of the Group as at 30 September 2017.
Current portion of non-current liabilities	31,822	0	100.00	As at 30 September 2017, the long-term borrowings of the Group due within one year measured at this account item.
Long-term borrowings	0	33,502	(100.00)	As at 30 September 2017, the long-term borrowings of the Group due within one year measured at current portion of non-current liabilities.
Other non-current liabilities	50,225	0	100.00	As at 30 September 2017, the Group obtained the equity of the company in which it invested, and performed the obligations confirmed by the agreement and the articles of Association.

Items	1 January 2017 – 30 September 2017 (RMB'000)	1 January 2016 – 30 September 2016 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Taxes and surcharges	164,057	118,978	37.89	According to Provisions Concerning the Accounting Treatments on Value-Added Tax, property tax, land use tax, vehicle and vessel tax and stamp tax of the Group reclassified from management fees to this account from May 2016.
Financial expenses	(112,695)	(55,002)	(104.89)	During the Reporting Period, this is mainly due to the improvement in the Group's fund management, reduction in bank borrowings, improvement in the efficiency of capital operation, increase in interest income and reduction in financial cost as a result of the Group's reasonable fund allocation and improvement in the structure of deposits.
Asset impairment losses	3,227	857	276.63	During the Reporting Period, this is mainly due to the increase in the impairment loss provided by the Group.
Profit arising from the changes in fair value	(1,314)	(693)	(89.51)	During the Reporting Period, this is mainly due to decline in the prices of shares held by the Company in AVIC Helicopter Co., Ltd. and Harbin Pharmaceutical Group Co., Ltd.
Other income	44,436	0	100.00	According to Accounting Standards for Business Enterprises No. 16 – Government grants, the government grants related to daily activities of the Group after 1 January 2017 measured at this account item.

Items	1 January 2017 – 30 September 2017 (RMB'000)	1 January 2016 – 30 September 2016 (RMB'000)	Fluctuation (%)	Reasons for fluctuation
Non-operating income	102,544	280,460	(63.44)	This is mainly due to the decrease in subsidies received from the government by the Group for the Reporting Period.
Net cash flows from investing activities	(1,537,016)	(383,287)	(301.01)	This is mainly due to the increase in the structured deposits and financing products purchased by the Group for the Reporting Period as compared with the corresponding period of last year.
Net cash flows from financing activities	(482,432)	7,473,584	(106.46)	This is mainly due to the decrease in investment fund received and repayment of bank borrowings by the Group for the Reporting Period as compared with the corresponding period of last year.

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

Applicable Not applicable

3.3 Performance of the overdue undertakings which have not been fulfilled during the Reporting Period

Applicable Not applicable

3.4 Warning and explanation for negative impact on profit in respect of the beginning of 2017 up to the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2016

Applicable Not applicable

3.5 Changes of the scope of consolidation compared with the most recent financial report

Applicable Not applicable

During the Reporting Period, there had been an increase of two companies in the scope of consolidation:

3.5.1 In August 2017, Guangzhou Wang Lao Ji Great Health Industry Co., Ltd (the “Wang Lao Ji Great Health”), a wholly-owned subsidiary of the Company, established Guangzhou Wang Lao Ji Great Health Electronic Business Co., Ltd, the registered capital of which is RMB10 million and the proportion of the capital contributed by Wang Lao Ji Great Health represented 100% of the registered capital.

3.5.2 In August 2017, Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd (the “Cai Zhi Lin”), a wholly-owned subsidiary of the Company, established Meizhou Guangyao Cai Zhi Lin Pharmaceutical Co., Ltd, the registered capital of which is RMB10 million and the proportion of the capital contributed by Cai Zhi Lin represented 100% of the registered capital.

4. APPENDIX

4.1 Financial Report

Consolidated Balance Sheet
As at 30 September 2017

Items	At the end of the Reporting Period (RMB)	At the beginning of 2017 (RMB)
Current assets:		
Cash at bank and on hand	12,603,511,283.48	12,821,007,880.23
Settlement provisions	–	–
Placements	–	–
Financial assets based on fair value to confirm profit or loss	4,712,033.53	6,026,123.94
Derivative financial assets	–	–
Notes receivable	1,548,434,433.40	1,604,767,885.21
Accounts receivable	1,118,055,018.77	1,108,363,607.29
Advances to suppliers	273,600,752.90	414,073,610.15
Premiums receivable	–	–
Receivables from reinsurers	–	–
Reinsurance contract reserve	–	–
Interest receivable	–	–
Dividend receivable	49,741,933.45	52,938,523.45
Other receivables	261,219,211.14	205,120,876.85
Financial assets purchased under resale agreements	–	–
Inventories	2,686,155,636.86	2,781,495,711.45
Classified as assets held for sale	–	–
Current portion of non-current assets	–	–
Other current assets	<u>1,918,204,562.39</u>	<u>520,191,094.03</u>
Total current assets	<u>20,463,634,865.92</u>	<u>19,513,985,312.60</u>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2017 (RMB)
Non-currents assets:		
Entrusted loans and advances	-	-
Available-for-sale financial assets	328,946,393.21	327,889,324.24
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investment	2,465,079,611.97	2,290,443,462.70
Investments properties	220,377,373.08	228,575,391.31
Fixed assets	2,032,330,142.12	2,107,109,957.69
Construction in progress	292,477,019.23	255,276,101.16
Construction materials	-	-
Disposal of fixed assets	-	-
Production of biological assets	-	-
Oil and gas assets	-	-
Intangible assets	721,637,296.93	668,305,151.10
Development costs	1,700,000.00	3,017,046.84
Goodwill	11,499,562.74	11,499,562.74
Long-term prepaid expenses	45,230,291.62	37,939,444.42
Deferred tax assets	442,192,923.94	417,159,182.77
Other non-current assets	-	35,970,282.97
	<hr/>	<hr/>
Total non-current assets	<u>6,561,470,614.84</u>	<u>6,383,184,907.94</u>
Total assets	<u><u>27,025,105,480.76</u></u>	<u><u>25,897,170,220.54</u></u>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2017 (RMB)
Current liabilities:		
Short-term borrowings	11,550,000.00	25,215,424.88
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	394,694,743.14	320,811,521.98
Accounts payable	2,342,861,529.64	2,267,279,067.87
Advances from customers	957,163,033.30	1,552,885,731.40
Financial assets sold under repurchase agreements	-	-
Fee and commission payable	-	-
Employee benefits payable	470,055,493.38	546,523,380.87
Taxes payable	214,836,990.41	384,192,155.39
Interests payable	256,555.65	257,658.10
Dividend payable	46,155,579.75	57,301,541.02
Other payables	3,006,778,752.66	2,267,981,520.69
Payables to reinsurers	-	-
Insurance contract	-	-
Brokerage deposits	-	-
Acting underwriting securities	-	-
Classified as liabilities held for sale	-	-
Current portion of non-current liabilities	31,822,315.98	-
Other current liabilities	-	-
Total current liabilities	<u>7,476,174,993.91</u>	<u>7,422,448,002.20</u>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2017 (RMB)
Non-current liabilities:		
Long-term borrowings	–	33,502,083.03
Debentures payable	–	–
Including: Preferred shares	–	–
Sustainable debts	–	–
Long-term payable	20,252,449.73	20,558,783.65
Long-term employee benefits payable	331,903.20	316,733.72
Payables for specific projects	16,669,375.74	16,842,773.80
Provisions	56,286,792.36	61,045,873.15
Deferred income	571,102,223.60	612,084,162.58
Deferred tax liabilities	94,766,176.07	76,581,360.14
Other non-current liabilities	50,225,000.00	–
Total non-current liabilities	<u>809,633,920.70</u>	<u>820,931,770.07</u>
Total liabilities	<u>8,285,808,914.61</u>	<u>8,243,379,772.27</u>
Shareholders' equity:		
Share capital	1,625,790,949.00	1,625,790,949.00
Other equity instruments	–	–
Including: Preferred shares	–	–
Sustainable debts	–	–
Capital surplus	9,875,198,586.25	9,875,172,584.68
Less: Treasury shares	–	–
Other comprehensive Income	7,732,416.89	9,788,066.97
Special reserves	–	–
Surplus reserves	1,052,034,418.97	1,052,034,418.97
General risk reserve	–	–
Undistributed profits	5,812,723,603.86	<u>4,782,293,720.24</u>
Total equity attributable to the Shareholders of the parent Company	18,373,479,974.97	17,345,079,739.86
Minority interests	365,816,591.18	<u>308,710,708.41</u>
Total shareholders' equity	<u>18,739,296,566.15</u>	<u>17,653,790,448.27</u>
Total liabilities and shareholders' equity	<u>27,025,105,480.76</u>	<u>25,897,170,220.54</u>

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Parent Company Balance Sheet
As at 30 September 2017

Items	At the end of the Reporting Period (RMB)	At the beginning of 2017 (RMB)
Current assets:		
Cash at bank and on hand	6,517,594,408.51	8,358,861,097.11
Financial assets based on fair value to confirm profit or loss	4,712,033.53	6,026,123.94
Derivative financial assets	-	-
Notes receivable	758,750,979.85	586,068,682.00
Accounts receivable	242,612,902.97	334,495,199.70
Advances to suppliers	7,457,645.91	6,765,642.36
Interest receivable	-	-
Dividend receivable	164,787,473.24	227,303,087.42
Other receivables	1,515,723,461.72	1,497,826,949.82
Inventories	451,331,219.81	350,901,854.94
Classified as assets held for sale	-	-
Current portion of non-current assets	-	-
Other current assets	<u>1,500,987,797.07</u>	<u>311,191.58</u>
Total current assets	<u>11,163,957,922.61</u>	<u>11,368,559,828.87</u>
Non-currents assets:		
Available-for-sale financial assets	325,231,253.51	324,384,253.51
Held-to-maturity investments	-	-
Long-term receivables	-	-
Long-term equity investment	5,193,593,640.52	4,150,739,999.55
Investments properties	210,538,346.55	216,673,097.32
Fixed assets	475,362,420.65	492,475,829.83
Construction in progress	31,966,331.39	10,418,008.58
Construction materials	-	-
Fixed assets pending for disposal	-	-
Production of biological assets	-	-
Oil and gas assets	-	-
Intangible assets	372,493,542.99	376,892,173.85
Development costs	900,000.00	2,217,046.84
Goodwill	-	-
Long-term prepaid expenses	2,112,167.02	2,303,114.09
Deferred tax assets	58,199,543.56	58,199,543.56
Other non-current assets	<u>-</u>	<u>-</u>
Total non-current assets	<u>6,670,397,246.19</u>	<u>5,634,303,067.13</u>
Total assets	<u>17,834,355,168.80</u>	<u>17,002,862,896.00</u>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2017 (RMB)
Current liabilities:		
Short-term borrowings	154,431,644.92	184,431,644.92
Financial liabilities based on fair value to confirm profit or loss	-	-
Derivative financial liabilities	-	-
Notes payable	1,080,981.59	-
Accounts payable	224,033,801.64	189,679,883.62
Advances from customers	51,944,308.53	14,149,991.14
Employee benefits payable	76,767,455.73	55,444,007.49
Taxes payable	72,191,180.49	84,161,748.85
Interests payable	-	-
Dividend payable	477,452.11	224,299.47
Other payables	1,049,539,856.70	597,717,008.34
Classified as liabilities held for sale	-	-
Current portion of non-current liabilities	-	-
Other current liabilities	-	-
Total current liabilities	<u>1,630,466,681.71</u>	<u>1,125,808,583.83</u>
Non-current liabilities:		
Long-term borrowings	-	-
Debentures payable	-	-
Including: Preferred shares	-	-
Sustainable debts	-	-
Long-term payable	7,802,224.39	7,802,224.39
Long-term employee benefits payable	-	-
Payables for specific projects	-	-
Provisions	151,203,747.19	98,550,055.19
Deferred income	101,152,489.69	74,971,856.94
Deferred tax liabilities	4,190,605.02	4,063,555.02
Other non-current liabilities	-	-
Total non-current liabilities	<u>264,349,066.29</u>	<u>185,387,691.54</u>
Total liabilities	<u><u>1,894,815,748.00</u></u>	<u><u>1,311,196,275.37</u></u>

Items	At the end of the Reporting Period (RMB)	At the beginning of 2017 (RMB)
Shareholders' equity:		
Share capital	1,625,790,949.00	1,625,790,949.00
Other equity instruments	-	-
Including: Preferred shares	-	-
Sustainable debts	-	-
Capital surplus	9,820,201,497.46	9,820,175,495.89
Less: Treasury shares	-	-
Other comprehensive Income	11,907,371.73	11,187,421.73
Special reserves	-	-
Surplus reserves	679,425,984.37	679,425,984.37
Undistributed profits	<u>3,802,213,618.24</u>	<u>3,555,086,769.64</u>
Total shareholders' equity	<u>15,939,539,420.80</u>	<u>15,691,666,620.63</u>
Total liabilities and shareholders' equity	<u>17,834,355,168.80</u>	<u>17,002,862,896.00</u>

Legal Representative: *Manager of the Financial Work:* *Manager of Finance Department:*
Mr. Li Chuyuan **Mr. Li Hong** **Ms. Yao Zhizhi**

Consolidated Income Statement
1 January – 30 September 2017

Items	1 July – 30 September 2017 (RMB)	1 July – 30 September 2016 (RMB)	1 January – 30 September 2017 (RMB)	1 January – 30 September 2016 (RMB)
1. Revenue	4,851,593,362.61	4,686,415,546.92	15,966,931,822.52	15,543,684,867.01
Including: Income from operations	4,851,593,362.61	4,686,415,546.92	15,966,931,822.52	15,543,684,867.01
Interest Income	-	-	-	-
Premiums earned	-	-	-	-
Fee and commission income	-	-	-	-
2. Total cost from operations	4,516,888,584.18	4,497,229,054.04	14,448,965,375.07	14,613,127,370.72
Including: Cost of operations	3,103,855,973.96	3,108,408,347.72	10,059,300,334.93	9,843,647,883.56
Interest expense	-	-	-	-
Fee and commission expense	-	-	-	-
Surrenders	-	-	-	-
Net claims paid	-	-	-	-
Net reserves for insurance contracts	-	-	-	-
Policyholder dividends	-	-	-	-
Reinsurance expenses	-	-	-	-
Taxes and surcharges	47,048,430.25	33,045,950.98	164,057,108.41	118,978,132.23
Selling and distribution expenses	959,776,113.82	996,507,447.43	3,196,585,212.79	3,625,188,427.81
General and administrative expenses	428,701,364.23	385,355,447.66	1,138,491,043.41	1,079,457,974.26
Financial expenses	(27,636,165.78)	(25,169,309.96)	(112,695,335.57)	(55,001,857.30)
Asset impairment losses	5,142,867.70	(918,829.79)	3,227,011.10	856,810.16
Add: Profit arising from the changes in fair value	(119,088.60)	290,510.40	(1,314,090.41)	(693,426.53)
Investment income	38,319,325.34	29,414,666.39	189,253,527.83	174,700,042.30
Including: Share of profits from associates and jointly controlled entities	32,384,706.77	28,136,425.40	179,222,913.73	173,408,026.60
Exchange gains	-	-	-	-
Other income	14,940,509.46	-	44,436,107.68	-
3. Operating profit	387,845,524.63	218,891,669.67	1,750,341,992.55	1,104,564,112.06
Add: Non-operating income	30,291,208.22	76,791,389.13	102,543,734.34	280,460,051.95
Including: Gain on disposal of Non-current assets	347,309.94	3,242.04	358,109.94	316,557.08
Less: Non-operating expenses	18,835,472.99	15,358,231.05	53,156,375.66	45,563,477.33
Including: Losses from disposal of non-current assets	601,793.14	359,908.67	1,772,114.29	1,058,412.90
4. Total profit	399,301,259.86	280,324,827.75	1,799,729,351.23	1,339,460,686.68

Items	1 July – 30 September 2017 (RMB)	1 July – 30 September 2016 (RMB)	1 January – 30 September 2017 (RMB)	1 January– 30 September 2016 (RMB)
Less: Income tax expense	61,147,908.49	46,195,506.10	270,606,331.34	242,203,268.51
5. Net profit	<u>338,153,351.37</u>	<u>234,129,321.65</u>	<u>1,529,123,019.89</u>	<u>1,097,257,418.17</u>
Net profit attributable to the shareholders of the Company	327,511,292.05	224,615,728.31	1,485,651,349.34	1,056,422,250.20
Minority interests	10,642,059.32	9,513,593.34	43,471,670.55	40,835,167.97
6. After-tax net income of other comprehensive income	(1,219,496.02)	2,386,005.33	(2,052,339.34)	12,081,216.54
Other comprehensive net income after tax attributable to shareholders' equity of the parent company	(1,220,459.16)	2,386,607.28	(2,055,650.08)	12,086,694.27
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	(1,220,459.16)	2,386,607.28	(2,055,650.08)	12,086,694.27
(1) Portion of items will be classified into profit or loss when under equity method	–	(172,276.18)	–	(95,411.50)
(2) Profit or loss arising from changes in fair value of available for sale financial assets	45,175.98	1,082,822.76	887,896.41	8,442,912.76
(3) Profit or loss arising from reclassification of held to maturity investments as available for sale financial assets	–	–	–	–

Items	1 July – 30 September 2017 (RMB)	1 July – 30 September 2016 (RMB)	1 January – 30 September 2017 (RMB)	1 January– 30 September 2016 (RMB)
(4) The effective hedging portion of profit or loss arising from cash flow hedging instruments	-	-	-	-
(5) Differences arising from translation of foreign currency financial statements	(1,265,635.14)	1,476,060.70	(2,943,546.49)	3,739,193.01
(6) Others	-	-	-	-
After-tax net income of other comprehensive income attributable to minority shareholders equity	963.14	(601.95)	3,310.74	(5,477.73)
7. Total comprehensive income	336,933,855.35	236,515,326.98	1,527,070,680.55	1,109,338,634.71
Total comprehensive income attributable to the shareholders of the Company	326,290,832.89	227,002,335.59	1,483,595,699.26	1,068,508,944.47
Comprehensive income attributable to the shareholders of minority shareholders' equity	10,643,022.46	9,512,991.39	43,474,981.29	40,829,690.24
8. Earnings per share				
(1) Basic earnings per share	0.20	0.17	0.91	0.80
(2) Diluted earnings per share	0.20	0.17	0.91	0.80

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Income Statement of the Parent Company

1 January – 30 September 2017

Items	1 July – 30 September 2017 (RMB)	1 July – 30 September 2016 (RMB)	1 January – 30 September 2017 (RMB)	1 January – 30 September 2016 (RMB)
1. Revenue	705,705,772.02	647,709,786.78	2,307,386,530.70	2,109,002,055.70
Less: Cost of sales	324,377,356.04	313,856,720.30	1,011,972,800.84	991,408,058.95
Taxes and surcharges	9,322,978.60	6,898,394.93	34,284,500.92	29,810,597.87
Selling and distribution expenses	114,336,859.83	99,696,981.76	386,004,846.71	359,946,522.28
General and administrative expenses	144,665,526.66	124,779,328.44	321,349,026.83	320,256,332.10
Financial expenses	(12,983,328.06)	(8,564,425.28)	(63,906,656.98)	(4,136,429.83)
Asset impairment losses	(911,173.87)	5,535,014.06	(2,462,250.01)	7,085,618.64
Add: Profit arising from the changes in fair value	(119,088.60)	290,510.40	(1,314,090.41)	(693,426.53)
Investment income	42,099,614.47	31,826,649.13	165,162,887.10	160,768,834.36
Including: Share of profits from associates and jointly controlled entities	31,985,214.47	30,650,352.21	154,847,139.40	162,935,299.66
Other income	1,219,802.76	–	3,097,337.76	–
2. Operating profit	<u>170,097,881.45</u>	<u>137,624,932.10</u>	<u>787,090,396.84</u>	<u>564,706,763.52</u>
Add: Non-operating income	1,898,716.07	4,856,499.46	5,722,985.24	17,144,636.92
Including: Gains on disposal of Non-current assets	62,941.75	3,242.04	63,741.75	19,472.52
Less: Non-operating expenses	186,893.90	1,068,508.02	1,448,370.97	1,788,728.78
Including: Losses from disposal of non-current assets	32,156.33	13,083.02	786,201.86	19,782.96
3. Total profit	<u>171,809,703.62</u>	<u>141,412,923.54</u>	<u>791,365,011.11</u>	<u>580,062,671.66</u>
Less: Income tax expenses	20,994,499.67	16,306,235.51	89,016,696.79	59,335,874.80
4. Net profit	<u><u>150,815,203.95</u></u>	<u><u>125,106,688.03</u></u>	<u><u>702,348,314.32</u></u>	<u><u>520,726,796.86</u></u>

Items	1 July – 30 September 2017 (RMB)	1 July – 30 September 2016 (RMB)	1 January – 30 September 2017 (RMB)	1 January – 30 September 2016 (RMB)
5. Other comprehensive income	–	(18,001.18)	719,950.00	(2,409,536.50)
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	–	(18,001.18)	719,950.00	(2,409,536.50)
(1) Portion of items will be classified into profit or loss when under equity method	–	(172,276.18)	(127,050.00)	(95,411.50)
(2) Profit or loss arising from changes in fair value of available for sale financial assets	–	154,275.00	847,000.00	(2,314,125.00)
(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	–	–	–	–
6. Total comprehensive income	<u>150,815,203.95</u>	<u>125,088,686.85</u>	<u>703,068,264.32</u>	<u>518,317,260.36</u>

Items	1 July – 30 September 2017 (RMB)	1 July – 30 September 2016 (RMB)	1 January – 30 September 2017 (RMB)	1 January – 30 September 2016 (RMB)
7. Earnings per share				
(1) Basic earnings per share	-	-	-	-
(2) Diluted earnings per share	-	-	-	-

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Consolidated Cash Flow Statement

1 January – 30 September 2017

Items	1 January – 30 September 2017 (RMB)	1 January – 30 September 2016 (RMB)
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	12,296,202,127.25	13,423,052,755.44
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 taxes and surcharges	4,464,593.89	4,316,234.92
Cash received relating to other operating activities	351,459,037.36	955,804,584.72
Sub-total of cash inflows	12,652,125,758.50	14,383,173,575.08
Cash paid for goods and services	4,921,722,927.91	6,388,681,203.25
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	2,449,679,050.70	2,338,703,489.78
Payments of taxes and surcharges	1,626,658,393.17	1,317,140,384.61
Cash paid relating to other operating activities	1,842,642,301.56	1,870,267,186.46
Sub-total of cash outflows	10,840,702,673.34	11,914,792,264.10
Net cash flows from operating activities	1,811,423,085.16	2,468,381,310.98

Items	1 January – 30 September 2017 (RMB)	1 January – 30 September 2016 (RMB)
2. Cash flows from investing activities		
Cash received from disposal of investments	792,520,000.00	194,009,818.38
Cash received from returns on investments	52,218,820.00	11,236,284.83
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	137,366.97	498,031.70
Net cash received from sales of subsidiaries	–	–
Cash received from other investing activities	645,119.55	5,450,861.37
Sub-total of cash inflows	845,521,306.52	211,194,996.28
Cash paid to acquire fixed assets, intangible assets and other long-term assets	117,616,943.16	156,491,483.88
Cash paid to acquire investments	2,264,920,000.00	436,000,000.00
Net increase in loans	–	–
Net cash paid for acquire subsidiaries	–	–
Cash paid relating to other investing activities	–	1,990,385.70
Sub-total of cash outflows	2,382,536,943.16	594,481,869.58
Net cash flows from investing activities	(1,537,015,636.64)	(383,286,873.30)
3. Cash flows from financing activities		
Cash received from capital contributions	10,320,000.00	7,876,087,481.43
Including: Cash received from capital contributions by minority shareholders to subsidiaries	10,320,000.00	–
Cash received from borrowings	22,323,817.22	273,440,278.77
Cash received from issuance of bonds	–	–
Cash received relating to other financing activities	–	–
Sub-total of cash inflows	32,643,817.22	8,149,527,760.20
Cash repayments of borrowings	37,669,009.15	647,093,996.01
Cash payments for interest expenses and distribution of dividends or profits	477,406,949.06	27,435,801.89
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	20,824,902.43	9,089,283.15
Cash payments relating to other financing activities	–	1,414,292.86
Sub-total of cash outflows	515,075,958.21	675,944,090.76
Net cash flows from financing activities	(482,432,140.99)	7,473,583,669.44

Items	1 January – 30 September 2017 (RMB)	1 January – 30 September 2016 (RMB)
4. Effects of foreign exchange rate changes on cash and cash equivalents	<u>431,887.11</u>	<u>566,656.37</u>
5. Net increase in cash and cash equivalents	(207,592,805.36)	9,559,244,763.49
Add: Cash and cash equivalents at the beginning of the period	<u>12,586,469,786.51</u>	<u>3,807,603,553.98</u>
6. Cash and cash equivalents at the end of the period	<u>12,378,876,981.15</u>	<u>13,366,848,317.47</u>

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

Cash Flow Statement of the Parent Company
1 January – 30 September 2017

Items	1 January – 30 September 2017 (RMB)	1 January – 30 September 2016 (RMB)
1. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	1,377,823,387.91	1,386,361,990.58
Refund of taxes and surcharges	–	–
Cash received relating to other operating activities	235,974,289.64	429,699,241.85
Sub-total of cash inflows	<u>1,613,797,677.55</u>	<u>1,816,061,232.43</u>
Cash paid for goods and services	221,255,365.04	224,435,939.31
Cash paid to and on behalf of employees	310,696,026.97	447,498,642.49
Payments of taxes and surcharges	322,868,364.20	298,586,141.73
Cash paid relating to other operating activities	138,112,145.24	151,759,623.68
Sub-total of cash outflows	<u>992,931,901.45</u>	<u>1,122,280,347.21</u>
Net cash flows from operating activities	<u>620,865,776.10</u>	<u>693,780,885.22</u>
2. Cash flows from investing activities		
Cash received from disposal of investments	–	–
Cash received from returns on investments	459,219,469.86	126,550,345.05
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	65,700.00	58,800.00
Net cash received from sales of subsidiaries	–	–
Cash received from other investing activities	787,380,390.72	556,880,370.87
Sub-total of cash inflows	<u>1,246,665,560.58</u>	<u>683,489,515.92</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	34,003,072.51	8,115,525.94
Cash paid to acquire investments	2,438,000,500.00	141,600,000.00
Net cash paid for acquire subsidiaries	–	–
Cash paid relating to other investing activities	750,331,644.92	624,986,574.61
Sub-total of cash outflows	<u>3,222,335,217.43</u>	<u>774,702,100.55</u>
Net cash flows from investing activities	<u>(1,975,669,656.85)</u>	<u>(91,212,584.63)</u>

Items	1 January – 30 September 2017 (RMB)	1 January – 30 September 2016 (RMB)
3. Cash flows from financing activities		
Cash received from capital contributions	–	7,872,387,481.43
Cash received from borrowings	154,431,644.92	214,431,644.92
Cash received from issuance of bonds	–	–
Cash received relating to other financing activities	–	–
Sub-total of cash inflows	<u>154,431,644.92</u>	<u>8,086,819,126.35</u>
Cash repayments of borrowings	184,431,644.92	110,000,000.00
Cash payments for interest expenses and distribution of dividends or profits	457,820,897.76	3,020,030.03
Cash payments relating to other financing activities	–	288,505,285.07
Sub-total of cash outflows	<u>642,252,542.68</u>	<u>401,525,315.10</u>
Net cash flows from financing activities	<u>(487,820,897.76)</u>	<u>7,685,293,811.25</u>
4. Effects of foreign exchange rate changes on cash and cash equivalents	<u>9.58</u>	<u>–</u>
5. Net increase in cash and cash equivalents	(1,842,624,768.93)	8,287,862,111.84
Add: Cash and cash equivalents at the beginning of the period	<u>8,326,923,391.07</u>	<u>960,889,437.00</u>
6. Cash and cash equivalents at the end of the period	<u>6,484,298,622.14</u>	<u>9,248,751,548.84</u>

Legal Representative:
Mr. Li Chuyuan

Manager of the Financial Work:
Mr. Li Hong

Manager of Finance Department:
Ms. Yao Zhizhi

4.2 Audited Report

Applicable Not applicable

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 20 October 2017

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 and Mr. Wu Changhai as executive directors, and Mr. Chu Xiaoping, Mr. Jiang Wenqi, Mr. Wong Hin Wing and Ms Wang Weihong as independent non-executive directors.