

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

Full Year Financial Statement (*) And Dividend Announcement

1(a) A statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	<u>The Group</u>		Change
	2014 RMB'000	2013 RMB'000	%
Revenue	7,086,879	6,010,137	18
Cost of Sales	(4,985,259)	(4,137,339)	20
Gross Profit	2,101,620	1,872,798	12
Other Items of Income			
Interest Income	5,832	6,402	-9
Dividend Income	1,080	1,422	-24
Other Gains	35,661	76,845	-54
Other Items of Expense			
Marketing and Distribution Costs	(1,366,133)	(1,206,078)	13
Research and Development Costs	(71,003)	(62,300)	14
Administrative Expenses	(275,775)	(264,171)	4
Finance Costs	(50,995)	(55,534)	-8
Other Losses	(16,042)	(10,069)	59
Share of Profit From Equity-Accounted Associates	66,634	58,111	15
Profit Before Income Tax	430,879	417,426	3
Income Tax Expense	(51,442)	(56,473)	-9
Profit, Net of Tax	379,437	360,953	5
Other Comprehensive Income Items that may be reclassified subsequently to profit or loss:			
Available-For-Sale Investments, Net of Tax	23,648	1,202	n.m
Share of Other Comprehensive Income From Equity-Accounted Associates, Net of Tax	1,913	949	n.m
Other Comprehensive Income for the Year, Net of Tax	25,561	2,151	n.m
Total Comprehensive Income for the Year	404,998	363,104	12

	The Group		Change
	2014 RMB'000	2013 RMB'000	%
Profit, Net of Tax attributable to:			
Owners of the Parent	357,801	352,264	2
Non-Controlling Interests	21,636	8,689	n.m
	379,437	360,953	5

Total Comprehensive Income for the year attributable to:			
Owners of the Parent	383,362	354,415	8
Non-Controlling Interests	21,636	8,689	n.m
	404,998	363,104	12

(*) prepared under International Financial Reporting Standards

n.m Not Meaningful

	Group	
	2014 RMB'000	2013 RMB'000
Profit, Net of Tax is arrived at after crediting / (charging):		
Dividend income	1,080	1,422
Other income including interest income	41,493	22,972
Losses on disposal of property, plant and equipment, intangible assets and land use rights, net	(580)	(1,197)
Gain on disposal of an associate	-	44,153
Allowance for impairment on trade receivables (loss) / reversal	(2,221)	15,346
Foreign currency translation (loss) / gain, net	(877)	776
Interest on borrowings	(47,850)	(52,116)
Depreciation and amortisation	(88,841)	(88,621)
Employment termination benefits	(8,303)	(6,290)
Impairment losses on inventories	(3,438)	(510)
Allowance for impairment on other receivables	(623)	(2,072)

1(b)(i) A Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	870,231	886,215	732,802	775,596
Investment properties	26,710	27,658	24,878	25,747
Land use rights	183,596	188,602	153,064	157,549
Intangibles assets	9,488	9,984	4,882	6,071
Investments in subsidiaries	-	-	314,366	305,606
Investments in associates	542,053	524,766	510,431	509,531
Other financial assets, non-current	319,499	334,829	83,065	55,243
Deferred tax assets	88,122	84,819	83,920	78,293
Other assets, non-current	15,539	17,853	15,946	13,046
Total non-current assets	2,055,238	2,074,726	1,923,354	1,926,682
Current assets				
Inventories	859,891	816,887	645,638	635,786
Trade and other receivables	1,693,613	1,448,984	1,515,793	1,306,909
Other financial assets, current	-	51,250	-	-
Other assets, current	197,530	125,752	154,449	85,514
Cash and cash equivalents	630,935	744,730	408,586	496,614
Total current assets	3,381,969	3,187,603	2,724,466	2,524,823
Total assets	5,437,207	5,262,329	4,647,820	4,451,505
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	739,308	739,308	739,308	739,308
Share premium	414,042	414,042	414,042	414,042
Retained earnings	1,239,347	954,190	1,095,568	825,893
Other reserves	371,080	309,840	447,058	387,731
Equity attributable to equity holders of the parent	2,763,777	2,417,380	2,695,976	2,366,974
Non-controlling interests	182,860	157,584	-	-
Total equity	2,946,637	2,574,964	2,695,976	2,366,974

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	8,504	4,331	8,504	4,331
Trade payables, non-current	53,947	55,179	53,507	54,580
Other liabilities, non-current	66,173	75,287	39,680	50,440
Total non-current liabilities	128,624	134,797	101,691	109,351
Current liabilities				
Income tax payable	8,735	11,507	4,886	9,507
Trade and other payables	1,380,160	1,173,093	1,095,889	928,766
Other financial liabilities	921,700	1,289,200	720,000	978,000
Other liabilities, current	51,351	78,768	29,378	58,907
Total current liabilities	2,361,946	2,552,568	1,850,153	1,975,180
Total liabilities	2,490,570	2,687,365	1,951,844	2,084,531
Total equity and liabilities	5,437,207	5,262,329	4,647,820	4,451,505

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2014		As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
155,700	766,000	245,200	1,044,000

Details of collateral for secured borrowings:

Bank loans of RMB 20 million (2013: RMB 15 million) are secured on legal mortgages over the subsidiaries' property, plant and equipment.

Bank loans totalled of RMB 23 million (2013: RMB 33 million) are guaranteed by the non-controlling shareholder in a subsidiary.

Other loans of RMB 136 million (2013: RMB 230 million) are secured by pledge of quoted bonds of corporations of the Group of the same amount.

Amount repayable after one year

As at 31/12/2014		As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group	
	2014 RMB'000	2013 RMB'000
Cash Flows From Operating Activities		
Profit Before Income Tax	430,879	417,426
Interest Income	(5,832)	(6,402)
Interest Expense	50,995	55,534
Dividend Income	(1,080)	(1,422)
Gain Upon Disposal of Held-to-Maturity Investments	(15,892)	(1,804)
Share of Profit of Equity-Accounted Associates	(66,634)	(58,111)
Gain on Disposal of Interests in an Associate	-	(44,153)
Depreciation and Amortisation of Property, Plant and Equipment, Investment Property, Land Use Rights and Intangible Assets	88,841	88,621
Loss on Disposal of Property, Plant and Equipment, Intangible Assets and Other Non-Current Assets	640	1,197
Impairment / (Reversal) of Receivables and Inventories	6,282	(12,764)
Operating Cash Flows Before Changes in Working Capital	488,199	438,122
Inventories	(46,441)	(45,487)
Trade and Other Receivables	(247,475)	(248,363)
Other Assets	(71,778)	20,543
Trade and Other Payables	233,111	131,462
Other Liabilities	(27,417)	2,424
Net Cash Flows From Operations	328,199	298,701
Income Tax Paid	(58,815)	(81,444)
Net Cash Flow From Operating Activities	269,384	217,257

	The Group	
	<u>2014</u> RMB'000	<u>2013</u> RMB'000
<u>Cash Flows From Investing Activities</u>		
Purchase of Property, Plant and Equipment, Intangibles, Land Use Rights and Investment Property	(70,151)	(72,422)
Proceeds From Disposals of Property, Plant and Equipment, Intangible Assets and Other Assets	311	530
Acquisition of Available-For-Sale Financial Assets	(21,123,407)	(3,155,768)
Proceeds From Disposal of Available-For-Sale Financial Assets	21,220,865	2,823,496
Proceeds From Disposals of an Associate	-	60,000
Proceeds From Deemed Disposal of a Subsidiary	1,665	-
Acquisition of Investments in an Associate	(900)	-
Interest Income Received	5,832	6,402
Dividends Income Received From Associates and Available-For-Sale Financial Assets	73,605	177,947
Net Cash Flow From / (Used in) Investing Activities	107,820	(159,815)
<u>Cash Flows From Financing Activities</u>		
Increase in Capital Contributed by Non-Controlling Interest	6,850	9,850
Proceeds From New Borrowings	1,038,000	1,599,000
Repayments of Borrowings	(1,311,000)	(1,414,000)
Proceeds From Other Borrowings	38,776,320	3,005,682
Repayment of Other Borrowings	(38,878,324)	(2,776,275)
Dividends Paid to Equity Owners	(69,413)	(105,168)
Distribution to Non-Controlling Interests	(4,430)	(2,830)
Interest Expense Paid	(49,003)	(49,792)
Cash Restricted Maturing / (in Use) After 3 Months	11,638	(10,224)
Net Cash Flows (Used in) / From Financing Activities	(479,362)	256,243
Net (Decrease) / Increase in Cash and Cash Equivalents	(102,158)	313,685
Effect of Exchange Rate Changes on Cash and Cash Equivalents Held	1	879
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	659,219	344,655
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance	557,062	659,219

Cash and Cash Equivalents in Consolidated Statement of Cash Flows:		
Amount as Shown in the Statement of Financial Position	630,935	744,730
Restricted Bank Deposits for Bank Notes Payables	(73,873)	(85,511)
Cash and Cash Equivalents for Consolidated Cash Flows Statement Purposes at End of the Year	557,062	659,219

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

All in RMB'000

Group	Share capital	Share premium	Other Reserves	Retained earnings	Parent sub-total	Non-controlling interests	Total equity
Balance at 1 January 2014	739,308	414,042	309,840	954,190	2,417,380	157,584	2,574,964
Total Comprehensive Income for the Year	-	-	25,561	357,801	383,362	21,636	404,998
Dividends paid	-	-	-	(36,965)	(36,965)	-	(36,965)
Appropriation of Statutory Common Reserve	-	-	35,679	(35,679)	-	-	-
Increase in Capital contributed by Non-controlling Interests	-	-	-	-	-	8,515	8,515
Distribution to Non-controlling Interests	-	-	-	-	-	(4,875)	(4,875)
Balance at 31 December 2014	739,308	414,042	371,080	1,239,347	2,763,777	182,860	2,946,637

Group	Share capital	Share premium	Other Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	739,308	414,042	273,625	709,922	2,136,897	141,875	2,278,772
Total Comprehensive Income for the Year	-	-	2,151	352,264	354,415	8,689	363,104
Dividends paid	-	-	-	(73,932)	(73,932)	-	(73,932)
Appropriation of Statutory Common Reserve	-	-	34,064	(34,064)	-	-	-
Increase in Capital contributed by Non-controlling Interests	-	-	-	-	-	9,850	9,850
Distribution to Non-controlling Interests	-	-	-	-	-	(2,830)	(2,830)
Balance at 31 December 2013	739,308	414,042	309,840	954,190	2,417,380	157,584	2,574,964

All in RMB'000

Company	Share capital	Share premium	Other Reserves	Retained earnings	Total equity
Balance at 1 January 2014	739,308	414,042	387,731	825,893	2,366,974
Total Comprehensive Income for the Year	-	-	23,648	342,319	365,967
Dividends paid	-	-	-	(36,965)	(36,965)
Appropriation of Statutory Common Reserve	-	-	35,679	(35,679)	-
Balance at 31 December 2014	739,308	414,042	447,058	1,095,568	2,695,976

Company	Share capital	Share premium	Other Reserves	Retained earnings	Total equity
Balance at 1 January 2013	739,308	414,042	352,465	504,072	2,009,887
Total Comprehensive Income for the Year	-	-	1,202	429,817	431,019
Dividends paid	-	-	-	(73,932)	(73,932)
Appropriation of Statutory Common Reserve	-	-	34,064	(34,064)	-
Balance at 31 December 2013	739,308	414,042	387,731	825,893	2,366,974

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There has been no change in the Company's share capital since 31 December 2013.

The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 December 2014 and 31 December 2013.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

		As at 31 December 2014	As at 31 December 2013
Number of issued shares excluding treasury shares	:	739,308,720	739,308,720
Number of treasury shares held	:	NIL	NIL

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statement), or an equivalent standard)

These figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and audited in accordance with International Standards on Auditing.

3. Where the figures have been audited or reviewed, the auditor’s report (including any qualification or emphasis of matter)

Report on the Financial Statements

We have audited the accompanying financial statements of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

RSM Chio Lim LLP
Public Accountants and Chartered Accountants

8 Wilkie Road,
#03-08 Wilkie Edge,
Singapore 228095

30 March 2015

Partner-in-charge: Chan Weng Keen
Effective from year ended 31 December 2012

Ruihua Certified Public Accountants LLP
Certified Public Accountants

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No. 8, XiBinhe Road, YongDing Men
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People's Republic of China 100077

30 March 2015

Partner-in-charge: Luo Jun
Effective from year ended 31 December 2013

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied

The Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) that are relevant to its operations and effective on the beginning of its current reporting year on 1 January 2014. The adoption of these new and revised IFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current and prior periods.

Except for the above, the Group has applied the same accounting policies and methods of computation as presented in the audited financial statements of the Group for the reporting year ended 31 December 2013.

5. If there are any change in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Refer to Paragraph 4 above.

6. Earnings per share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	<u>The Group</u>	
	2014	2013
	RMB	RMB
Earnings per ordinary share for the period based on net profits after deducting any provision for preference dividends:		
Based on weighted average number of ordinary share on issue	0.48	0.48

Diluted earnings per share is the same as basic earnings per share as the Company does not have any potential ordinary shares that have a dilutive effect on earnings per share as at the end of the period reported on.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	2014 RMB	2013 RMB	2014 RMB	2013 RMB
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	3.74	3.27	3.65	3.20

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.

(a) Revenue:

The Group's revenue for the financial year ended 31 December 2014 ("FY2014") was approximately RMB 7,087 million, an increase of approximately RMB 1,077 million, or 18%, from RMB 6,010 million for the financial year ended 31 December 2013 ("FY2013"). The increase was due to strengthening the control of the marketing process, and creating innovative marketing models to boost sales through brand influence.

(b) Gross profit margin:

The Group's gross profit in FY2014 increased by approximately 12% from approximately RMB 1,873 million in FY2013 to approximately RMB 2,102 million. Gross profit margin decreased from 31.2% in FY2013 to 29.7% in FY2014. The decrease in gross profit margin was mainly due to the increase in the percentage of revenue contributed by the Group's allocation businesses which generally yields lower gross profit margins.

(c) Other operating income:

Other gains in FY2014 was approximately RMB 36 million, a decrease of approximately RMB 41 million over the previous year, which was RMB 77 million. The decrease in other gains was mainly attributable to a decrease in gains on disposal of associate in FY2013.

(d) Major expenses:

(i) Marketing and Distribution costs in FY2014 was approximately RMB 1,366 million, an increase of approximately RMB 160 million, or 13% over the previous year. The increase in Marketing and Distribution costs was due mainly to an increase in advertising expenses, so as to build greater brand awareness for the Group's products.

(ii) Administration expenses in FY2014 increased by approximately RMB 12 million, from approximately RMB 264 million in FY2013 to approximately RMB 276 million. The increase in administrative expenses was mainly due to an increase in the salaries of employees.

(iii) Other losses in FY2014 increased by approximately RMB 6 million, from approximately RMB 10 million in FY2013 to approximately RMB 16 million. The increase in other losses was mainly due to the increase in accrual for employment termination benefits and impairment allowance on trade receivables and inventories.

(iv) Finance costs in FY2014 decreased by approximately RMB 5 million or 8% from approximately RMB 56 million to approximately RMB 51 million. The decrease in finance costs was mainly due to repayments of loans and lower interest rates during the financial year.

(e) Shares of results of associated companies:

The Group's share of results of associated companies in FY2014 increased by RMB 9 million, or 15%, from approximately RMB 58 million in FY2013 to approximately RMB 67 million. This was mainly because Sino-American Tianjin Smithkline & French Lab., Ltd. and Baxter Healthcare (Tianjin) Co., Ltd.'s profit in FY2014 increased over the last year.

(f) Total comprehensive income:

The Group's total comprehensive income (net of tax) in FY2014 was approximately RMB 405 million, an increase of 12% over the previous year. The profit attributable to equity holders of parent (net of tax) in FY2014 was approximately RMB 358 million, an increase of approximately RMB 6 million, or 2%, from FY2013.

(g) Major changes in statement of financial positions:

As at 31 December 2014, the Group's cash and cash equivalents amounted to approximately RMB 631 million, which is a decrease of approximately RMB 114 million, or 15% over last year. As at 31 December 2014, the Group's short-term borrowings were approximately RMB 922 million, which is a decrease of approximately RMB 368 million, or 29% over last year. This is contributed by the partial repayment of short-term borrowings.

Trade and other receivables was approximately RMB 1,694 million at 31 December 2014, which is an increase of approximately RMB 245 million, or 17% over last year. The increase in trade and other receivables was mainly due to trade receivables increased by approximately RMB 321 million. Inventories increased by 5% to approximately RMB 860 million to meet the anticipated higher sales in the coming months.

Other current assets increased by approximately 57% or RMB 72 million to approximately RMB 198 million as at 31 December 2014. This was mainly attributed to the increase in procurement of which advance payments are required.

Investments in associates increased by 3% to approximately RMB 542 million, which is mainly attributable to the Group's share of the associates' profits in FY2014.

Property, plant and equipment decreased by approximately RMB 16 million or 2% to RMB 870 million.

(h) Changes in cash flow position:

In FY2014, the Group recorded net cash inflow from operating activities of approximately RMB 269 million.

Cash inflow from investment activities was approximately RMB 108 million in FY2014.

Cash outflow used in financing activities was approximately RMB 479 million in FY2014.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Nil.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any know factors or events that may affect the group in the next reporting period and the next 12 months

The Group has managed to overcome the difficulties caused by the increases in the competition of pharmaceutical marketing, employees' salaries and financing costs, and improved its operating results in recent years. Taking into account the competitive environment, the Group is continuing to carry out its established policies in order to improve its capabilities in the following areas: -

- (1) strengthening its innovation efforts to accelerate the transformation and upgrading of the Group;
- (2) expanding its marketing programs to improve sale;
- (3) strengthening technology innovation of the Group;
- (4) expanding its production ; and
- (5) strengthening the internal controls, risk management and the industrial management of the Group to enhance the Group's management.

11. Dividend

(a) Current Financial Period Reported On

The Directors propose to seek approval from the shareholders of the Company (the "Shareholders") for declaring a final dividend of RMB 110,896,308 on the basis of RMB 1.5 for every 10 shares in the capital of the Company. Such proposed declaration of dividends will be subject to approval by Shareholders at the forthcoming annual general meeting to be held on 15 May 2015, and thus has not been included as a liability in these financial statements of the Company and/or Group. Upon obtaining the Shareholders' approval, the proposed dividend is payable in respect of all issued ordinary shares in the capital of the Company as at the end of the FY2014.

The proposed dividend is subject to applicable tax rates as set out below:

(i) S-Shares

The dividend payable to S-Shareholders shall be subject to a tax rate of 10% under the PRC tax law.

(ii) A-Shares

The dividend payable to A-Shareholders shall be subject to the differential tax rates as set out in the PRC tax law. A-Shareholders should consult their own tax advisers concerning the tax consequences in relation to any dividends paid by the Company.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend was declared for the corresponding period of the immediately preceding financial year.

(c) Date payable

To be announced by the Company upon approval being granted by the Shareholders at the annual general meeting to be held on 15 May 2015, for the payment of the final dividend.

(d) Books closure date

To be announced by the Company upon approval being granted by the Shareholders at the annual general meeting to be held on 15 May 2015, for the payment of the final dividend.

(e) If no dividend has been declared/recommended, a statement to that effect

Not applicable.

12. Interested Person Transaction disclosure

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the Company discloses the aggregate value of interested person transactions as follows:-

In RMB'000

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under a shareholders' mandate pursuant to Rule 920 of SGX Listing Manual (excluding transactions less than S\$100,000)
Total	NIL	NIL

13. Financial Information by Operating Segments

The financial information by operating segments for the Group is as follows:

2014	Revenue	Cost of sales	Operating profit
	RMB'000	RMB'000	RMB'000
Chinese medicine	4,167,850	2,265,602	1,902,248
Western medicine	2,413,943	2,262,833	151,110
Others	485,146	401,665	83,481
Total	7,066,939	4,930,100	2,136,839

2013	Revenue	Cost of sales	Operating profit
	RMB'000	RMB'000	RMB'000
Chinese medicine	3,695,837	2,029,896	1,665,941
Western medicine	2,029,328	1,872,348	156,980
Others	265,283	189,462	75,821
Total	5,990,448	4,091,706	1,898,742

The Group operates predominantly in the PRC.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable

15. A breakdown of sales as follows:

	Group		
	2014	2013	Increase/ (Decrease)
	RMB'000	RMB'000	%
(a) Sales reported for first half year	3,334,960	3,078,453	8%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	210,201	193,616	9%
(c) Sales reported for second half year	3,751,919	2,931,684	28%
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	169,236	167,337	1%

16. A breakdown of the total annual dividend (in dollar value) for the issue's latest full year and its previous full year

	FY2014 RMB'000	FY2013 RMB'000
Ordinary - Interim	-	73,932
- Final (Proposed)	110,896	36,965
Preference	N.A.	N.A.
Total	110,896	110,897

17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholders of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of its knowledge, belief and information, as of the date hereof, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director, Chief Executive Officer or Substantial Shareholder of the Company.