

TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED

Third Quarter 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

	The Group					
	3-month period from 1 July to 30 September 2015 RMB'000	3-month period from 1 July to 30 September 2014 RMB'000	Change %	9-month period from 1 January to 30 September 2015 RMB'000	9-month period from 1 January to 30 September 2014 RMB'000	Change %
<b>Revenue</b>	<b>1,663,330</b>	1,750,757	-5	<b>5,025,011</b>	5,085,717	-1
Cost of Sales	<b>(1,228,546)</b>	(1,283,803)	-4	<b>(3,469,489)</b>	(3,546,663)	-2
<b>Gross Profit</b>	<b>434,784</b>	466,954	-7	<b>1,555,522</b>	1,539,054	1
<b>Other Items of Income:</b>						
Interest Income	<b>2,731</b>	1,953	40	<b>5,397</b>	4,378	23
Dividend Income	-	-	n.m	<b>487</b>	419	16
Other Gains	<b>65,808</b>	5,063	n.m	<b>115,574</b>	15,557	n.m
<b>Other Items of Expense:</b>						
Marketing and Distribution Costs	<b>(317,751)</b>	(325,615)	-2	<b>(1,019,570)</b>	(1,005,244)	1
Research and Development Costs	<b>(12,700)</b>	(16,469)	-23	<b>(50,012)</b>	(46,145)	8
Administrative Expenses	<b>(62,001)</b>	(69,352)	-11	<b>(196,790)</b>	(196,106)	-
Finance Costs	<b>(6,623)</b>	(9,013)	-27	<b>(24,355)</b>	(32,275)	-25
Other Losses	<b>(1,643)</b>	(1,098)	50	<b>(6,833)</b>	(2,334)	n.m
Share of Profit of Associates	<b>9,142</b>	23,490	-61	<b>21,753</b>	49,341	-56
<b>Profit Before Income Tax</b>	<b>111,747</b>	75,913	47	<b>401,173</b>	326,645	23
Income Tax Expense	<b>(16,863)</b>	(11,855)	42	<b>(63,835)</b>	(52,386)	22
<b>Profit, Net of Tax</b>	<b>94,884</b>	64,058	48	<b>337,338</b>	274,259	23

	<u>The Group</u>					
	<b>3-month period from 1 July to 30 September 2015 RMB'000</b>	3-month period from 1 July to 30 September 2014 RMB'000	Change %	<b>9-month period from 1 January to 30 September 2015 RMB'000</b>	9-month period from 1 January to 30 September 2014 RMB'000	Change %
<b>Other Comprehensive Income:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Fair Value Gain / (Loss) on re-measuring Available-For-Sale Investments, Net of Tax	<b>(24,451)</b>	10,660	n.m	<b>(11,359)</b>	11,018	n.m
Share of Other Comprehensive Income / (Loss) of Associates	<b>(4,617)</b>	1,579	n.m	<b>(1,958)</b>	1,707	n.m
Other Comprehensive Income/(Loss) for the Year, Net	<b>(29,068)</b>	12,239	n.m	<b>(13,317)</b>	12,725	n.m
<b>Total Comprehensive Income</b>	<b>65,816</b>	76,297	-14	<b>324,021</b>	286,984	13
<b>Profit, Net of Tax Attributable to:</b>						
Owners of the Parent	<b>96,168</b>	58,509	64	<b>334,787</b>	256,837	30
Non-Controlling Interests	<b>(1,284)</b>	5,549	n.m	<b>2,551</b>	17,422	-85
	<b>94,884</b>	64,058	48	<b>337,338</b>	274,259	23

	The Group					
	3-month period from 1 July to 30 September 2015 RMB'000	3-month period from 1 July to 30 September 2014 RMB'000	Change %	9-month period from 1 January to 30 September 2015 RMB'000	9-month period from 1 January to 30 September 2014 RMB'000	Change %
<b>Total Comprehensive Income Attributable to:</b>						
Owners of the Parent	<b>67,100</b>	70,748	-5	<b>321,470</b>	269,562	19
Non-Controlling Interests	<b>(1,284)</b>	5,549	n.m	<b>2,551</b>	17,422	-85
	<b>65,816</b>	76,297	-14	<b>324,021</b>	286,984	13

(\*) prepared under International Financial Reporting Standards

n.m Not Meaningful

	The Group			
	3-month period from 1 July to 30 September 2015 RMB'000	3-month period from 1 July to 30 September 2014 RMB'000	9-month period from 1 January to 30 September 2015 RMB'000	9-month period from 1 January to 30 September 2014 RMB'000
Profit, Net of Tax is arrived at after crediting / (charging):				
Dividend income	-	-	<b>487</b>	419
Other income including interest income	<b>8,069</b>	6,772	<b>45,125</b>	19,211
Gain / (loss) on disposal of property, plant and equipment	<b>(150)</b>	(99)	<b>(525)</b>	(478)
Gain on disposal of an associate	<b>60,459</b>	-	<b>75,717</b>	-
Reversal of allowance for doubtful debts and bad debts written-off	<b>(1,306)</b>	183	<b>(5,479)</b>	206
Foreign exchange gain / (loss)	<b>(177)</b>	(477)	<b>(700)</b>	(441)
Interest on borrowings	<b>6,623</b>	9,013	<b>24,355</b>	32,275
Depreciation and amortization	<b>14,125</b>	15,045	<b>57,773</b>	65,392

Employment termination benefits	-	462	-	898
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**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**

	<u>The Group</u>		<u>The Company</u>	
	<b>30 September 2015 RMB'000</b>	31 December 2014 RMB'000	<b>30 September 2015 RMB'000</b>	31 December 2014 RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	<b>890,354</b>	870,231	<b>713,745</b>	732,802
Investment properties	<b>27,577</b>	26,710	<b>25,803</b>	24,878
Land use rights	<b>180,087</b>	183,596	<b>149,701</b>	153,064
Intangibles assets	<b>9,377</b>	9,488	<b>4,373</b>	4,882
Investment in subsidiaries	-	-	<b>314,366</b>	314,366
Investment in associates	<b>517,565</b>	542,053	<b>428,279</b>	510,431
Other assets, non-current	<b>17,657</b>	15,539	<b>14,011</b>	15,946
Other financial assets, non-current	<b>286,657</b>	319,499	<b>69,702</b>	83,065
Deferred tax assets	<b>88,122</b>	88,122	<b>83,920</b>	83,920
<b>Total non-current assets</b>	<b>2,017,396</b>	2,055,238	<b>1,803,900</b>	1,923,354
<b>Current assets</b>				
Inventories	<b>1,054,295</b>	859,891	<b>825,969</b>	645,638
Trade and other receivables	<b>1,587,239</b>	1,693,613	<b>1,411,123</b>	1,515,793
Other asset, current	<b>378,933</b>	197,530	<b>299,623</b>	154,449
Cash and cash equivalents	<b>1,103,440</b>	630,935	<b>925,535</b>	408,586
<b>Total current assets</b>	<b>4,123,907</b>	3,381,969	<b>3,462,250</b>	2,724,466
<b>Total assets</b>	<b>6,141,303</b>	5,437,207	<b>5,266,150</b>	4,647,820
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	<b>768,872</b>	739,308	<b>768,872</b>	739,308
Share premium	<b>1,198,818</b>	414,042	<b>1,198,818</b>	414,042
Other reserves	<b>357,763</b>	371,080	<b>435,699</b>	447,058
Retained earnings	<b>1,463,238</b>	1,239,347	<b>1,258,979</b>	1,095,568
<b>Total equity attributable to owners of the parent</b>	<b>3,788,691</b>	2,763,777	<b>3,662,368</b>	2,695,976
Non-controlling interests	<b>181,058</b>	182,860	-	-
<b>Total equity</b>	<b>3,969,749</b>	2,946,637	<b>3,662,368</b>	2,695,976

	<u>The Group</u>		<u>The Company</u>	
	<b>30 September 2015 RMB'000</b>	31 December 2014 RMB'000	<b>30 September 2015 RMB'000</b>	31 December 2014 <b>RMB'000</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	<b>6,500</b>	8,504	<b>6,500</b>	8,504
Trade payables, non-current	<b>53,947</b>	53,947	<b>53,507</b>	53,507
Other liabilities, non-current	<b>68,010</b>	66,173	<b>42,532</b>	39,680
<b>Total non-current liabilities</b>	<b>128,457</b>	128,624	<b>102,539</b>	101,691
<b>Current liabilities</b>				
Income tax payable	<b>17,603</b>	8,735	<b>15,328</b>	4,886
Trade and other payables	<b>1,418,396</b>	1,380,160	<b>1,073,229</b>	1,095,889
Other financial liabilities, current	<b>456,700</b>	921,700	<b>290,000</b>	720,000
Other liabilities, current	<b>150,398</b>	51,351	<b>122,686</b>	29,378
<b>Total current liabilities</b>	<b>2,043,097</b>	2,361,946	<b>1,501,243</b>	1,850,153
<b>Total liabilities</b>	<b>2,171,554</b>	2,490,570	<b>1,603,782</b>	1,951,844
<b>Total equity and liabilities</b>	<b>6,141,303</b>	5,437,207	<b>5,266,150</b>	4,647,820

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

<u>The Group</u>			
<b>As at 30/09/2015</b>		<b>As at 31/12/2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>128,700</b>	<b>328,000</b>	155,700	766,000

Details of collateral for secured borrowings:

As at 30 September 2015 and 31 December 2014, bank loans of RMB 20 million are secured on legal mortgages over the subsidiaries' property, plant and equipment. Bank loans totalled of RMB 23 million are guaranteed by the non-controlling shareholder in a subsidiary. Other loans of RMB 136 million are secured by pledge of quoted bonds of corporations of the Group of the same amount.

**Amount repayable after one year**

<u>The Group</u>			
<b>As at 30/09/2015</b>		<b>As at 31/12/2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
-	-	-	-

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

	<u>The Group</u>			
	<b>3-month period from 1 July to 30 September 2015 RMB'000</b>	3-month period from 1 July to 30 September 2014 RMB'000	<b>9-month period from 1 January to 30 September 2015 RMB'000</b>	9-month period from 1 January to 30 September 2014 RMB'000
<b><u>Cash Flows from Operating Activities</u></b>				
Profit Before Income Tax	111,747	75,913	401,173	326,645
Interest Income	(2,731)	(1,953)	(5,397)	(4,378)
Interest Expense	6,623	9,013	24,355	32,275
Dividend Income	-	-	(487)	(419)
Gain Upon Maturity of Held-to-Maturity Investments	(3,009)	(3,067)	(10,678)	(8,575)
Share of Loss/( Profit) of Equity-Accounted Associates	(9,142)	(23,490)	(21,753)	(49,341)
Gain on Disposal of Associates	(60,459)	-	(75,717)	-
Depreciation and Amortisation of Property, Plant and Equipment, Investment Properties, Land Use Rights and Intangible Assets	14,125	15,045	57,773	65,392
Loss / (Gain) on Disposals of Property, Plant and Equipment, Intangible Assets and Other Non-Current Assets	150	99	525	478
Impairment / (Reversal of Impairment) of Receivables and Inventories	1,306	(183)	5,479	(206)
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>58,610</b>	<b>71,377</b>	<b>375,273</b>	<b>361,871</b>
Inventories	(34,892)	(2,048)	(205,670)	(127,979)
Trade and Other Receivables	(151,150)	(39,709)	104,060	136,455
Other assets	(3,807)	59,440	(181,403)	(187,878)
Trade and Other Payables	(19,288)	(23,290)	35,666	68,960
Other liabilities	99,012	13,889	99,047	4,574
<b>Net Cash Flows From Operations</b>	<b>(51,515)</b>	<b>79,659</b>	<b>226,973</b>	<b>256,003</b>
Income Tax Paid	(25,534)	(20,408)	(57,840)	(46,121)
<b>Net Cash Flows (Used in) / From Operating Activities</b>	<b>(77,049)</b>	<b>59,251</b>	<b>169,133</b>	<b>209,882</b>

	The Group			
	3-month period from 1 July to 30 September 2015 RMB'000	3-month period from 1 July to 30 September 2014 RMB'000	9-month period from 1 January to 30 September 2015 RMB'000	9-month period from 1 January to 30 September 2014 RMB'000
<b><u>Cash Flows From Investing Activities</u></b>				
Purchase of Property, Plant and Equipment, Intangibles, Land Use Rights and Investment Properties	(25,610)	(20,632)	(65,848)	(41,739)
Acquisition of Investment in Available-for-Sale and Held-to-Maturity Financial Assets	(2,231,273)	(5,285,366)	(15,513,302)	(14,337,937)
Proceeds From Disposal of Available-For-Sale Financial Assets	2,291,192	5,244,964	15,529,466	14,378,106
Proceeds From Disposal of an Associates	80,000	-	120,000	-
Dividends Income Received From Available-For-Sale Financial Assets and Associates	6,037	7,406	19,464	12,245
Proceeds From Disposals of Property, Plant and Equipment, Intangible Assets and Other Assets	58	80	139	188
Interest Income Received	2,731	1,953	5,397	4,378
<b>Net Cash Flows From / (Used in) Investing Activities</b>	<b>123,135</b>	<b>(51,595)</b>	<b>95,316</b>	<b>15,241</b>
<b><u>Cash Flows From Financing Activities</u></b>				
Proceeds From Issue of New Shares	(395)	-	815,555	-
Increase in Capital contributed by Non-controlling interest	1,725	3,910	1,725	6,850
Proceeds From New Borrowings	222,000	20,000	678,000	605,000
Proceeds From Other Borrowings	10,928,454	10,262,847	29,445,874	30,543,258
Dividends Paid to Equity Owners	(48,878)	(18,948)	(110,304)	(53,044)
Distribution to Non-Controlling Interests	-	(393)	(6,078)	(4,430)
Interest Expense Paid	(10,993)	(12,030)	(25,205)	(34,862)
Repayment of Borrowings	(538,000)	(57,000)	(1,116,000)	(840,000)
Repayment of Other Borrowings	(10,987,880)	(10,229,288)	(29,475,510)	(30,593,422)



	<u>The Group</u>			
	<b>3-month period from 1 July to 30 September 2015 RMB'000</b>	3-month period from 1 July to 30 September 2014 RMB'000	<b>9-month period from 1 January to 30 September 2015 RMB'000</b>	9-month period from 1 January to 30 September 2014 RMB'000
Cash Restricted in Use and/or Maturing After 3 Months	<b>21,356</b>	16,476	<b>(2,011)</b>	37,358
<b>Net Cash Flows From/(Used in) Financing Activities</b>	<b>(412,611)</b>	(14,426)	<b>206,046</b>	(333,292)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	<b>(366,525)</b>	(6,770)	<b>470,495</b>	(108,169)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	(476)	-	(441)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	<b>1,394,082</b>	557,855	<b>557,062</b>	659,219
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b>	<b>1,027,557</b>	550,609	<b>1,027,557</b>	550,609

<b>Cash and Cash Equivalents in Consolidated Statement of Cash Flows</b>				
Amount as Shown in the Statement of Financial Positions	<b>1,103,440</b>	598,762	<b>1,103,440</b>	598,762
Less: Cash and Cash Equivalent Restricted in Use	<b>(75,883)</b>	(48,153)	<b>(75,883)</b>	(48,153)
Cash and Cash Equivalents for Consolidated Statement of Cash Flows Purpose at End of the Period	<b>1,027,557</b>	550,609	<b>1,027,557</b>	550,609

**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

<u>The Group</u>	Share capital	Share premium	Other Reserves	Retained earnings	Parent sub-total	Non-cont rolling interests	Total equity
Balance at 1 January 2015	739,308	414,042	371,080	1,239,347	2,763,777	182,860	2,946,637
Total Comprehensive Income / (Loss) for the Year	-	-	(13,317)	334,787	321,470	2,551	324,021
Dividends	-	-	-	(110,896)	(110,896)	-	(110,896)
Issue of New Shares	29,564	784,776	-	-	814,340	-	814,340
Increase in Capital contributed by Non-controlling Interests	-	-	-	-	-	1,725	1,725
Distribution to Non-controlling Interests	-	-	-	-	-	(6,078)	(6,078)
Balance at 30 September 2015	768,872	1,198,818	357,763	1,463,238	3,788,691	181,058	3,969,749

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	-	-	12,725	256,837	269,562	17,422	286,984
Dividends	-	-	-	(36,965)	(36,965)	-	(36,965)
Increase in Capital contributed by Non-controlling Interests	-	-	-	-	-	8,515	8,515
Distribution to Non-controlling Interests	-	-	-	-	-	(4,430)	(4,430)
Balance at 30 September 2014	739,308	414,042	322,565	1,174,062	2,649, 977	179,091	2,829,068

All in RMB'000

<u>The Company</u>	<b>Share capital</b>	<b>Share premium</b>	<b>Other Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
Balance at 1 January 2015	739,308	414,042	447,058	1,095,568	2,695,976
Total Comprehensive Income / (Loss) for the Year	-	-	(11,359)	274,307	262,948
Issue of New Shares	29,564	784,776	-	-	814,340
Dividends	-	-	-	(110,896)	(110,896)
Balance at 30 September 2015	768,872	1,198,818	435,699	1,258,979	3,662,368

Balance at 1 January 2014	739,308	414,042	387,731	825,894	2,366,975
Total Comprehensive Income for the Year	-	-	11,018	212,573	223,591
Dividends	-	-	-	(36,965)	(36,965)
Balance at 30 September 2014	739,308	414,042	398,749	1,001,502	2,553,601

**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.**

The Company does not have any treasury shares or shares that may be issued on conversion of any outstanding convertibles as at 30 September 2015 and 30 September 2014.

**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 30 September 2015	As at 31 December 2014
Number of issued shares excluding treasury shares	:	768,873,076	739,308,720
Number of treasury shares held	:	NIL	NIL

Note: For the new allotment of shares, the proceeds were received on 26 June 2015 but the new shares were issued and registered on 10 July 2015. Hence, the number of issued shares was increased to 768,873,076 with effect from 10 July 2015.

**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"). They have not been audited or reviewed.

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

Not applicable.

**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”), being standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective on the beginning of its current reporting year on 1 January 2015. The adoption of these new and revised IFRSs did not result in significant 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 2014.

**5. If there are any changes 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>			
	<b>3-month period from 1 July to 30 September 2015 RMB</b>	3-month period from 1 July to 30 September 2014 RMB	<b>9-month period from 1 January to 30 September 2015 RMB</b>	9-month period from 1 January to 30 September 2014 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 in issue	<b>0.13</b>	0.08	<b>0.45</b>	0.35

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**

	<u>The Group</u>		<u>The Company</u>	
	<b>30 September 2015 RMB</b>	31 December 2014 RMB	<b>30 September 2015 RMB</b>	31 December 2014 RMB
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	<b>4.93</b>	3.74	<b>4.76</b>	3.65

**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 in the third quarter of FY2015 ("3Q FY2015") was approximately RMB 1,663 million, a decrease of approximately RMB 87 million, or 5%, from RMB 1,750 million in the third quarter of FY2014 ("3Q FY2014"). For the 9 months ended 30 September 2015 ("9M 2015"), the Group recorded a revenue of approximately RMB 5,025 million, a decrease of approximately RMB 61 million, approximately 1% over the corresponding period in FY2014. The decrease was mainly due to the decrease in sales of western medicine.

(b) Gross Profit Margin:

The Group's gross profit in 3Q FY2015 decreased by approximately 7% from approximately RMB 467 million in 3Q FY2014 to approximately RMB 435 million. For 9M 2015, the Group's gross profit was approximately RMB 1,556 million compared to approximately RMB 1,539 million in the corresponding period of FY2014, with an increase of approximately 1% amounting to approximately RMB 16 million. The gross profit margin has increased from 30.3% in 9 months ended 30 September 2014 ("9M 2014") to 31% in 9M 2015. The increase was mainly due to the decrease in sales of western medicine, which has low profit margins.

(c) Other Gains:

Other gains in 3Q FY2015 were RMB 66 million. For 9M 2015, the Group's other gains were approximately RMB 116 million, an increase of approximately RMB 100 million over the previous corresponding period. The increase in other gains was mainly due to gain on disposal of equity interest of Tianjin Hualida Biotech Co., Ltd. and Baxter Healthcare (Tianjin) Co. Ltd.

and the incomes from compensation for demolition and relocation.

(d) Major Expenses:

(i) Marketing and Distribution costs in 3Q FY2015 decreased by approximately 2% to approximately RMB 318 million. For 9M 2015, the Marketing and Distribution costs was approximately RMB 1,020 million, an increase of approximately RMB 14 million or 1% over the previous corresponding period.

(ii) Research and Development costs in 3Q FY2015 decreased by approximately RMB 4 million, to approximately RMB 13 million. For 9M 2015, the Research and Development costs increased by approximately RMB 4 million, from approximately RMB 46 million in 9M 2014 to approximately RMB 50 million.

(iii) Administrative expenses in 3Q FY2015 decreased by approximately RMB 7 million, to approximately RMB 62 million. For 9M 2015, the administration expenses increased by approximately RMB 1 million, from approximately RMB 196 million in 9M 2014 to approximately RMB 197 million.

(iv) Finance costs in 3Q FY2015 decreased by approximately 27% to approximately RMB 7 million, while for 9M 2015, the finance costs decreased by approximately RMB 8 million or 25% from approximately RMB 32 million to approximately RMB 24 million. The decrease in financial costs was mainly due to the decrease in loan amounts and interest rates.

(v) Other losses in 3Q FY2015 increased by approximately RMB 0.5 million, while for 9M 2015, the other losses increased by approximately RMB 4.5 million from approximately RMB 2.3 million to approximately RMB 6.8 million. The increase in other losses was mainly due to the increase in allowance for doubtful debts.

(e) Share of Profit of Associates:

The Group's share of results of associated companies in 3Q FY2015 has decreased by approximately RMB 14 million to approximately RMB 9 million. The Group's share of results of associated companies in 9M 2015 decreased by approximately RMB 28 million to approximately RMB 22 million. This was mainly because Sino-American Tianjin Smithkline & French Lab., Ltd.'s profit in 9M 2015 decreased compared to 9M 2014.

(f) Comprehensive Income:

The Group's total comprehensive income (net of tax) in 3Q FY2015 was approximately RMB 66 million, a decrease of 14% over the previous corresponding period. The Group's total comprehensive income (net of tax) in 9M 2015 was approximately RMB 324 million, an increase of approximately RMB 37 million or 13% over the previous corresponding period.

The profit attributable to equity holders of parent (net of tax) in 3Q FY2015 was approximately RMB 96 million, an increase of approximately RMB 38 million, or 64% from RMB 58 million of the corresponding period in 3Q FY2014. The profit attributable to equity holders of parent (net of tax) in 9M 2015 was approximately RMB 335 million, an increase of approximately RMB 78 million, or 30% from RMB 257 million of the corresponding period in 9M 2014.

(g) Major Changes in Statement of Financial Positions:

As at 30 September 2015, the Group's cash and cash equivalents amounted to approximately RMB 1,103 million, which is an increase of approximately RMB 473 million, or 75% over the balance as at 31 December 2014. The Group's short-term borrowings as at 30 September 2015 amounted to approximately RMB 457 million, which is a decrease of approximately RMB 465 million, or 50% over the balance as at 31 December 2014.

Trade and other receivables decreased by approximately 6% or RMB 106 million to approximately RMB 1,587 million as at 30 September 2015. Notes receivable decreased by approximately RMB 32 million. Trade receivables decreased by approximately RMB 71 million. Inventories increased by 23% to approximately RMB 1,054 million to meet the anticipated higher sales in the coming months.

Other current asset increased by approximately 92% or RMB 181 million to approximately RMB 379 million as at 30 September 2015. This was mainly attributed to the increase in procurement of which advance payments are required.

Investment in associates of the Group decreased by 5% to approximately RMB 518 million, which is mainly attributable to the decrease in the Group's share of the associates' profits after the disposal of the equity interest of Tianjin Hualida Biotech Co., Ltd. and Baxter Healthcare (Tianjin) Co. Ltd..

Property, plant and equipment increased by approximately RMB 20 million to approximately RMB 890 million.

(h) Change in Cash Flow Position:

In 9M 2015, the Group recorded net cash inflow from operating activities of approximately RMB 169 million.

Cash inflow from investment activities was approximately RMB 95 million in 9M 2015.

Cash inflow from financing activities was approximately RMB 206 million in 9M 2015.



**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**

With the current challenging economic conditions and slow growth of the pharmaceutical industry in recent years, the Company expects to face challenges from (i) the increase in costs of raw materials, energy and human resources; and (ii) the uncertainty in government procurement policy for pharmaceuticals.

Taking into account the competitive environment, the Company is continuing to carry out the established policies of the Group in order to improve its capabilities in the following areas: -

- (1) strengthening its marketing plans to enhance the Group's core competitiveness;
- (2) focusing on research and development activities to enhance the Group's competitive edge on technology innovation;
- (3) strengthening the internal controls and information management of the Company to enhance the Group's development.

The Board believes that with the above measures, the Group will continue to have a good positive performance for 2015.

**11. Dividend**

**(a) Current Financial Period Reported On**

No dividend has been declared for the current financial period reported on.

**(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**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Not applicable.

**12. Interested Person Transactions 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. Use of Proceeds

The Company refers to the net proceeds amounting to RMB814,340,000 raised in June 2015 from the placement of 29,564,356 A-Shares in the share capital of the Company at an issue price of RMB 28.28 per A-Share.

As at the date of this announcement, the Group has utilised net proceeds from the placement of approximately RMB814,340,000 as follows:-

Use of Proposed Placement Net Proceeds		Amount allocated RMB	Amount utilised RMB	Balance RMB
Terminal Marketing Network and Promotional System Project		310,420,000	22,607,584.01	287,812,415.99
Bozhou Industrial Park Construction Project	Chinese Medicine Extraction and Preparation Project	127,500,000	0	127,500,000
	Project on Chinese Medicine Decoction Pieces	76,500,000	5,865,000	70,635,000
Wellness and Functional Vegetable Beverages Project		299,920,000	5,062,284.30	294,857,715.70
<b>Total</b>		<b>814,340,000</b>	<b>33,534,868.31</b>	<b>780,805,131.69</b>

As announced on 26 August 2015, an amount of RMB250,000,000 from the Net Proceeds will be used for the cash flow of the Company. Further, as announced on 1 September 2015, 7 September 2015, 28 September 2015, 9 October 2015 and 15 October 2015, an amount of RMB 500 million from the Net Proceeds has been used for the Cash Management.

The above utilisation of the net proceeds is consistent with the intended use of proceeds disclosed in the announcement dated 7 January 2015.

#### **14. Statement Pursuant to SGX Listing Rule 705(5) of the Listing Manual**

The Board of Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Directors which may render the unaudited interim consolidated financial results for the quarter ended 30 September 2015, to be false or misleading in any material respect.