

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
	2015 RMB'000	2014 RMB'000	%
Revenue	7,080,552	7,086,879	-
Cost of Sales	(5,036,856)	(4,985,259)	1
Gross Profit	2,043,696	2,101,620	-3
Interest Income	7,874	5,832	35
Dividend Income	1,134	1,080	5
Other Gains	136,532	35,661	n.m
Marketing and Distribution Costs	(1,265,974)	(1,366,133)	-7
Research and Development Costs	(72,790)	(71,003)	3
Administrative Expenses	(269,415)	(275,775)	-2
Finance Costs	(35,555)	(50,995)	-30
Other Losses	(44,478)	(16,042)	n.m
Share of Profit From Equity-Accounted Associates	33,937	66,634	-49
Profit Before Income Tax	534,961	430,879	24
Income Tax Expense	(79,303)	(51,442)	54
Profit, Net of Tax	455,658	379,437	20
Other Comprehensive Income Items that may be reclassified subsequently to profit or loss:			
Available-For-Sale Investments, Net of Tax	3,331	23,648	-86
Share of Other Comprehensive Income From Equity-Accounted Associates, Net of Tax	1,667	1,913	-13
Other Comprehensive Income for the Year, Net of Tax	4,998	25,561	-80
Total Comprehensive Income for the Year	460,656	404,998	14

	The Group		Change
	2015 RMB'000	2014 RMB'000	%
Profit, Net of Tax attributable to:			
Owners of the Parent	449,490	357,801	26
Non-Controlling Interests	6,168	21,636	-71
	455,658	379,437	20

Total Comprehensive Income for the year attributable to:			
Owners of the Parent	454,488	383,362	19
Non-Controlling Interests	6,168	21,636	-71
	460,656	404,998	14

(*) prepared under International Financial Reporting Standards

n.m Not Meaningful

	Group	
	2015 RMB'000	2014 RMB'000
Profit, Net of Tax is arrived at after crediting / (charging):		
Dividend income	1,134	1,080
Other income including interest income	70,203	41,493
Losses on disposal / written off of property, plant and equipment, intangible assets and land use rights, net	(1,106)	(580)
Gain on disposals of interests in associates, net	74,077	-
Allowance for impairment on trade receivables	(13,325)	(2,221)
Foreign currency translation losses, net	(643)	(877)
Interest on borrowings	(32,675)	(47,850)
Depreciation and amortisation	(77,031)	(88,841)
Employment termination benefits	(9,755)	(8,303)
Inventories written down – reversal / (loss)	126	(3,438)
Allowance for impairment on other receivables	(19,648)	(623)

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	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	921,476	870,231	721,936	732,802
Investment properties	27,311	26,710	25,556	24,878
Land use rights	178,929	183,596	148,580	153,064
Intangibles assets	9,042	9,488	3,911	4,882
Investments in subsidiaries	-	-	300,146	314,366
Investments in associates	531,220	542,053	428,279	510,431
Other financial assets, non-current	304,501	319,499	86,983	83,065
Deferred tax assets	82,410	88,122	78,606	83,920
Other assets, non-current	15,467	15,539	13,766	15,946
Total non-current assets	2,070,356	2,055,238	1,807,763	1,923,354
Current assets				
Inventories	974,155	859,891	742,780	645,638
Trade and other receivables	1,538,956	1,693,613	1,415,055	1,515,793
Other financial assets, current	201,494	-	201,494	-
Other assets, current	175,808	197,530	164,940	154,449
Cash and cash equivalents	1,108,107	630,935	884,523	408,586
Total current assets	3,998,520	3,381,969	3,408,792	2,724,466
Total assets	6,068,876	5,437,207	5,216,555	4,647,820
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	768,873	739,308	768,873	739,308
Share premium	1,198,817	414,042	1,198,817	414,042
Retained earnings	1,532,323	1,239,347	1,323,934	1,095,568
Other reserves	421,696	371,080	496,007	447,058
Equity attributable to equity holders of the parent	3,921,709	2,763,777	3,787,631	2,695,976
Non-controlling interests	183,466	182,860	-	-
Total equity	4,105,175	2,946,637	3,787,631	2,695,976

	<u>The Group</u>		<u>The Company</u>	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	9,316	8,504	9,316	8,504
Trade payables, non-current	47,652	53,947	47,408	53,507
Other liabilities, non-current	66,412	66,173	41,165	39,680
Total non-current liabilities	123,380	128,624	97,889	101,691
Current liabilities				
Income tax payable	10,264	8,735	5,731	4,886
Trade and other payables	1,229,789	1,380,160	960,561	1,095,889
Other financial liabilities	535,650	921,700	320,000	720,000
Other liabilities, current	64,618	51,351	44,743	29,378
Total current liabilities	1,840,321	2,361,946	1,331,035	1,850,153
Total liabilities	1,963,701	2,490,570	1,428,924	1,951,844
Total equity and liabilities	6,068,876	5,437,207	5,216,555	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

As at 31/12/2015		As at 31/12/2014	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
138,600	397,050	155,700	766,000

Details of collateral for secured borrowings:

Bank loans of RMB 22 million (2014: RMB 20 million) are secured on legal mortgages over the subsidiaries' property, plant and equipment.

Bank loans totalled of RMB 40 million (2014: RMB 23 million) are guaranteed by the non-controlling shareholder in a subsidiary.

Other loans of RMB 117 million (2014: RMB 136 million) are secured by pledge of the Group 's unquoted bonds in corporations.

Amount repayable after one year

As at 31/12/2015		As at 31/12/2014	
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	
	2015 RMB'000	2014 RMB'000
Cash Flows From Operating Activities		
Profit Before Income Tax	534,961	430,879
Interest Income	(7,874)	(5,832)
Interest Expense	35,555	50,995
Dividend Income	(1,134)	(1,080)
Gain on Maturity and Disposal of Financial Assets	(21,084)	(15,892)
Share of Profits of Equity-Accounted Associates	(33,937)	(66,634)
Net Gain on Disposals of Interests in Associates	(74,077)	-
Depreciation of Property, Plant and Equipment, and Investment Property, and Amortisation of Land Use Rights, Intangible Assets and Other Assets	77,031	88,841
Losses on Disposal of Property, Plant and Equipment, Intangible Assets and Other Non-Current Assets	1,106	640
Impairment of Receivables and Inventories	32,847	6,282
Fair Value Gains on Derivative Financial Instruments	(1,494)	-
Operating Cash Flows Before Changes in Working Capital	541,900	488,199
Inventories	(114,138)	(46,441)
Trade and Other Receivables	119,817	(247,475)
Other Assets	16,290	(71,778)
Trade and Other Payables	(179,185)	233,111
Other Liabilities	13,506	(27,417)
Net Cash Flows From Operations	398,190	328,199
Income Tax Paid	(74,206)	(58,815)
Net Cash Flow From Operating Activities	323,984	269,384

	The Group	
	<u>2015</u> RMB'000	<u>2014</u> RMB'000
<u>Cash Flows From Investing Activities</u>		
Purchase of Property, Plant and Equipment, Investment Property, Land Use Rights and Intangibles Assets	(92,641)	(70,151)
Proceeds From Disposals of Property, Plant and Equipment, Intangible Assets and Other Assets	112	311
Acquisition of Available-For-Sale Financial Assets	(23,969,255)	(21,123,407)
Proceeds From Disposal of Available-For-Sale Financial Assets	23,784,639	21,220,865
Proceeds From Disposal of Interest in Associates	120,000	-
Proceeds From Deemed Disposal of Interest in a Subsidiary	-	1,665
Acquisition of Investment in an Associate	-	(900)
Interest Income Received	35,107	26,197
Cash Restricted in Use	(300,000)	-
Dividends Income Received From Associates and Available-For-Sale Financial Assets	1,648	53,240
Net Cash Flow (Used in) / From Investing Activities	(420,390)	107,820
<u>Cash Flows From Financing Activities</u>		
Issue of Shares	814,340	-
Increase in Capital Contributed by Non-Controlling Interests	1,725	6,850
Proceeds From New Borrowings	807,050	1,038,000
Repayments of Borrowings	(1,174,000)	(1,311,000)
Proceeds From Other Borrowings	36,810,400	38,776,320
Repayment of Other Borrowings	(36,834,764)	(38,878,324)
Dividends Paid to Equity Owners	(110,395)	(69,413)
Distribution to Non-Controlling Interests	(7,287)	(4,430)
Interest Expense Paid	(33,491)	(49,003)
Cash Restricted in Use	28,725	11,638
Net Cash Flows From / (Used in) Financing Activities	302,303	(479,362)
Net Increase / (Decrease) in Cash and Cash Equivalents	205,897	(102,158)
Effect of Exchange Rate Changes on Cash and Cash Equivalents Held	-	1
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	557,062	659,219
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance	762,959	557,062

	The Group	
	<u>2015</u> RMB'000	<u>2014</u> RMB'000
Cash and Cash Equivalents in Consolidated Statement of Cash Flows:		
Amount as Shown in the Statement of Financial Position	1,108,107	630,935
Cash and Cash Equivalents Restricted in Use	(345,148)	(73,873)
Cash and Cash Equivalents for Consolidated Cash Flows Statement Purposes at End of the Year	762,959	557,062

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-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 for the Year	-	-	4,998	449,490	454,488	6,168	460,656
Issue of New Shares	29,565	784,775	-	-	814,340	-	814,340
Dividends paid	-	-	-	(110,896)	(110,896)	-	(110,896)
Appropriation of Statutory Common Reserve	-	-	45,618	(45,618)	-	-	-
Increase in Capital contributed by Non-controlling Interests	-	-	-	-	-	1,725	1,725
Distribution to Non-controlling Interests	-	-	-	-	-	(7,287)	(7,287)
Balance at 31 December 2015	768,873	1,198,817	421,696	1,532,323	3,921,709	183,466	4,105,175

Group	Share capital	Share premium	Other Reserves	Retained earnings	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

All in RMB'000

Company	Share capital	Share premium	Other Reserves	Retained earnings	Total equity
Balance at 1 January 2015	739,308	414,042	447,058	1,095,568	2,695,976
Total Comprehensive Income for the Year	-	-	3,331	384,880	388,211
Issue of New Shares	29,565	784,775	-	-	814,340
Appropriation of Statutory Common Reserve	-	-	45,618	(45,618)	-
Dividends paid	-	-	-	(110,896)	(110,896)
Balance at 31 December 2015	768,873	1,198,817	496,007	1,323,934	3,787,631

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
Appropriation of Statutory Common Reserve	-	-	35,679	(35,679)	-
Dividends paid	-	-	-	(36,965)	(36,965)
Balance at 31 December 2014	739,308	414,042	447,058	1,095,568	2,695,976

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.

On 10 July 2015, the Company carried out a share placement exercise and issued 29,564,356 “A” shares with par value of RMB 1.00 for cash at RMB 28.28 each on the Shanghai Stock Exchange.

The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 December 2015 and 31 December 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 31 December 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

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 2015, 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 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 true and fair financial statements and to maintain accountability of assets, whether due to fraud or error.

Auditors' 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 International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, 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

28 March 2016

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

Ruihua Certified Public Accountants LLP
Certified Public Accountants

5-11F, West Tower,
No. 8, XiBinhe Road, YongDing Men
DongCheng District, Beijing,
People's Republic of China 100077

28 March 2016

Partner-in-charge: Jiang Bin
Effective from year ended 31 December 2015

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 2015. 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 2014.

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>	
	2015	2014
	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	0.60	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	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	5.10	3.74	4.93	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 for the financial year ended 31 December 2015 ("FY2015") was approximately RMB 7,081 million, a decrease of approximately RMB 6 million, or 0.09%, from RMB 7,087 million for the financial year ended 31 December 2014 ("FY2014"). The decrease was mainly due to the decrease in sales of western medicine.

(b) Gross profit margin:

The Group's gross profit in FY2015 decreased by approximately 3% from approximately RMB 2,102 million in FY2014 to approximately RMB 2,044 million. Gross profit margin decreased from 30% in FY2014 to 29% in FY2015. The decrease in gross profit margin was mainly due to the decrease in sales of western medicine.

(c) Other operating income:

Other gains in FY2015 were approximately RMB 137 million, an increase of approximately RMB 101 million over the previous year, which was RMB 36 million. 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 relocation.

(d) Major expenses:

(i) Marketing and Distribution costs in FY2015 was approximately RMB 1,266 million, a decrease of approximately RMB 100 million, or 7% over the previous year.

(ii) Research and Development costs in FY2015 increased by approximately RMB 2 million, to approximately RMB 73 million.

(iii) Administrative expenses in FY2015 decreased by approximately RMB 6 million, from approximately RMB 276 million in FY2014 to approximately RMB 269 million.

(iv) Finance costs in FY2015 decreased by approximately RMB 15 million or 30% from approximately RMB 51 million to approximately RMB 36 million. The decrease in financial costs was mainly due to the decrease in loan amounts and interest rates.

(v) Other losses in FY2015 increased by approximately RMB 28 million, from approximately RMB 16 million in FY2014 to approximately RMB 44 million. The increase in other losses was mainly due to the increase in allowance for doubtful debts.

(e) Shares of results of associated companies:

The Group's share of results of associated companies in FY2015 decreased by RMB 33 million, or 49%, from approximately RMB 67 million in FY2014 to approximately RMB 34 million. This was mainly because Sino-American Tianjin Smithkline & French Lab., Ltd.'s profit in FY2015 decreased compared to FY2014.

(f) Total comprehensive income:

The Group's total comprehensive income (net of tax) in FY2015 was approximately RMB 461 million, an increase of 14% over the previous year. The total comprehensive income attributable to equity holders of parent (net of tax) in FY2015 was approximately RMB 454 million, an increase of approximately RMB 71 million, or 19%, from FY2014.

(g) Major changes in statement of financial positions:

As at 31 December 2015, the Group's cash and cash equivalents amounted to approximately RMB 1,108 million, which is an increase of approximately RMB 477 million, or 76% over last year. As at 31 December 2015, the Group's short-term borrowings were approximately RMB 536 million, which is a decrease of approximately RMB 386 million, or 42% over last year. This is contributed by the partial repayment of short-term borrowings.

Trade and other receivables was approximately RMB 1,539 million at 31 December 2015, which is a decrease of approximately RMB 155 million, or 9% over last year. Notes receivable decreased by approximately RMB 78 million. Trade receivables decreased by approximately RMB 41 million. Inventories increased by 13% to approximately RMB 974 million to meet the anticipated higher sales in the coming months.

Other current assets decreased by approximately 11% or RMB 22 million to approximately RMB 176 million as at 31 December 2015. This was mainly attributed to the decrease in procurement of which advance payments are required.

Investments in associates decreased by 2% to approximately RMB 531 million, which is mainly attributable to the decrease in the Group's share of the associates' profits and 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 51 million or 6% to RMB 921 million.

(h) Changes in cash flow position:

In FY2015, the Group recorded net cash inflow from operating activities of approximately RMB 324 million.

Cash outflow used in investment activities was approximately RMB 420 million in FY2015.

Cash inflow from financing activities was approximately RMB 302 million in FY2015.

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

Not applicable.

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 downward pressure for the pricing of the pharmaceutical products in recent years, the Group 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 Group is continuing to carry out established policies 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 management of the Group to enhance its development.

The Board believes that with the above measures, and barring unforeseen circumstances, the Group is optimistic that it would achieve a favorable performance for 2016.

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 115,330,961.4 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 16 May 2016, 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 FY2015.

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 16 May 2016, 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 16 May 2016, 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:

2015	Revenue	Cost of sales	Gross profit
	RMB'000	RMB'000	RMB'000
Chinese medicine	4,361,732	(2,525,068)	1,836,664
Western medicine	2,162,446	(2,026,420)	136,026
Others	556,374	(485,368)	71,006
Total	7,080,552	5,036,856	2,043,696

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	505,086	(456,824)	48,262
Total	7,086,879	4,985,259	2,101,620

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		
	2015	2014	Increase/ (Decrease)
	RMB'000	RMB'000	%
(a) Sales reported for first half year	3,361,681	3,334,960	0.8%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	242,454	210,201	15%
(c) Sales reported for second half year	3,718,871	3,751,919	-0.9%
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	213,204	169,236	26%

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

	FY2015 RMB'000	FY2014 RMB'000
Ordinary - Interim	-	-
- Final (Proposed)	115,331	110,896
Preference	N.A.	N.A.
Total	115,331	110,896

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.