

China National Accord Medicines Corporation Ltd.

The Third Quarterly Report for 2012 (Full Text)

I. Important Notes

Board of Directors and the Supervisory Committee of China National Accord Medicines Corporation Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

The Third Quarterly Financial Report of 2012 has not been audited by CPAs.

All directors of the Company are attended the communication voting Meeting.

Chairman of the Board Mr. Wei Yulin, Director GM Mr. Yan Zhigang, CFO Mr. Wei Pingxiao and Financial Manager Mr. Chi Guoguang hereby confirm that the Financial Report of the Third Quarterly Report is true and complete.

II. Company Profile

(I) Major accounting data and financial indexes

Whether retroactive adjusted on previous financial report or not

☒ Yes ☐ No ☐ Not applicable

	2012.9.30	2011.12.31		Increase/decrease in this period-end over period-end of last year (%)
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	9,050,106,887.81	7,665,759,761.04	7,680,576,330.72	17.83%
Owners' equities attributable to the shareholders of listed company (RMB)	1,656,701,257.46	1,350,217,871.35	1,350,093,276.86	22.71%
Share capital (Share)	288,149,400.00	288,149,400	288,149,400.00	0%
Net assets per share attributable to the shareholders of listed company (RMB/Share)	5.749	4.686	4.685	22.71%
	July- September of 2012	Increase/decrease over the same period of the last year (%)	January- September of 2012	Increase/decrease over the same period of the last year (%)
Total operating income (RMB)	4,693,270,824.15	19.45%	13,496,523,170.35	21.17%
Net profit attributable to the shareholders of listed company (RMB)	117,041,639.67	44.64%	357,075,630.31	45.29%
Net cash flow arising from operating activities (RMB)	--	--	12,085,264.80	106.38%
Net cash flow arising from operating activities per share (RMB/Share)	--	--	0.042	106.38%
Basic earnings per share (RMB/Share)	0.406	44.64%	1.239	45.29%
Diluted earnings per share (RMB/Share)	0.406	44.64%	1.239	45.29%
Weighted average return on equity (%)	7.28%	0.68%	23.73%	2.51%

Weighted average return on equity after deducting non-recurring gains and losses (%)	6.87%	0.54%	23.83%	4.00%
--	-------	-------	--------	-------

Note: (1) Basic EPS and diluted EPS should be listed base on the data attributable to shareholders of listed company;

(2) For the retroactive adjustment on financial data in last period, listed the data after and before adjustment respectively in aspect of period-end of last year and same period of last year.

Items and amount with non-recurring gains/losses deducted

☒ Applicable ☐ Not applicable

Item	Amount from year-begin to period-end (RMB)	Note
Gains and losses from disposal of non-current assets	-8,763,718.90	Mainly due to the property disposal losses RMB 8.83 million from urban renewal relocation in Guangxi Sinopharm Logistic, subsidiary of the Company
Tax refund or exemption out of authorization, with absence of official approval document or accidentally		
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	25,054,139.19	Mainly including: relocation compensation for urban redevelopment RMB 13.26 million, technology reforming subsidy and rewards for hi-tech enterprise RMB 7.71 million and financial discount compensation RMB 3 million
Fund occupation expenses received from non-financial enterprises that reckon into current gains/losses		
Income occurred when investment cost paid by enterprise for obtaining subsidiaries, associates and joint ventures are lower than its share in fair value of net realizable assets of invested units		
Gains and losses from exchange of non-monetary assets		
Gains and losses from entrusted investment or management assets		
Various asset impairment reserve provided for force majeure, such as natural disaster		
Gains/losses from debt reorganization		
Reorganization expenses, such as expenditure for allocation of employees and integration fee		
Gains and losses from excess of transaction which are conducted on a non-fair-valued basis over its fair value		
Current net gains and losses of subsidiaries occurred from combination under the same control commencing from period-begin to combination date	-240,695.14	Net profit of Sinopharm Wuzhou, which acquires under same control, from period-begin to consolidation date (January – February)
Gains and losses from contingent events which has no relation with normal business of the Company		
Gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale		
Reversal of impairment reserve for account receivable with separate impairment testing	1,437,760.48	
gains/ losses from external entrustment loans		
Gains and losses arising from change of fair value of investment properties whose follow-up measurement are at fair value		
Affect upon current gains/losses arising from the one-off adjustment in subject to requirement of laws and rules in		

relation to taxation and accounting		
Income from entrusted custody operation		
Other non-operating income and expenditure except the abovementioned	-19,718,077.99	Mainly refers to the compensation RMB 17.6 million paid for termination of Che Bei project from subsidiary Guangdong Huixin and vary relocation expenses RMB 2.93 million arising from subsidiary Guangxi Sinopharm Logistic, which resulted by the urban redevelopment
Other item that satisfied the definition of non-recurring gains and losses		
Influenced amount of minority shareholders' equity	-834,180.67	
Impact on income tax	1,437,169.78	
Total	-1,627,603.25	--

Note: non-recurring gains/losses are listed before taxation

Explanation on "Other item that satisfied the definition of non-recurring gains and losses" and defined non-recurring gains and losses as recurring gain/loss according to natures and characteristic of self-operation status

Item	Amount involved (RMB)	Note

(II) Total shareholders at period-end and top ten shareholders

Total number of shareholders at the end of report period	12,305		
Particulars about the shares held by the top ten shareholders with unrestricted conditions			
Shareholders	Amount of unrestricted shares held at period-end	Type/amount of shares	
		Type	Amount
SINOPHARM GROUP CO., LTD.	110,459,748	RMB common share	110,459,748
ABC—Jinshun Greatwall Domestic Demand Growth II Stock Fund	7,354,323	RMB common share	7,354,323
ICBC — GUANGFA JUFENG STOCK FUND	7,224,699	RMB common share	7,224,699
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	7,032,720	Domestically listed foreign share	7,032,720
ABC — GREATWALL ANXIN RETURN MIXED FUND	5,940,382	RMB common share	5,940,382
ICBC—Harvest Theme New Power Stock Fund	5,442,238	RMB common share	5,442,238
Finance New Blue-Chip Securities Investment Fund	5,002,143	RMB common share	5,002,143
CCB—Greatwall consumer growth stock fund	4,840,817	RMB common share	4,840,817
VALUE PARTNERS CLASSIC FUND	4,728,704	Domestically listed foreign share	4,728,704
ICBC—UBS SDIC Core Enterprise Stock Fund	4,366,971	RMB common share	4,366,971
Explanation on shareholders	The fund manager of ABC — Greatwall Anxin Return Mixed Fund and CCB-Greatwall consumer growth stock fund all refers to the Greatwall Fund Management Co., Ltd.; it is unknown that there exists no associated relationship or belongs to the consistent		

	actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.
--	---

III. Significant events

(I) Particulars about material changes in items of main accounting statement and financial index, and explanations of reasons

√Applicable □Not applicable

1. Monetary fund: decrease RMB 290.55 million over that of period-begin with growth rate of -30.49%. Main reasons are the increase of operational payment, equity paid for new company purchased and short-term loans paid.
2. Account receivable: increase RMB 1096.34 million over that of period-begin with growth rate of 30.62% mainly due to the soaring balance of account receivable stimulated by raising sales.
3. Other account receivable: increase RMB 19.44 million over that of period-begin with growth rate of 67.82%, which mainly affected by the new purchased company as well as the increase of reserve fund and other vary business-running amount.
4. Other current assets: decrease RMB 2.9 million over that of period-begin with growth rate of -37.93%, mainly because the retained payable VAT and enterprise income taxes decreased.
5. Construction in progress: decrease RMB 43.55 million over that of period-begin with growth rate of -33.23%, mainly because the project of logistic center and sterile workshop, newly established by subsidiary of the Company Sinopharm Guangxi and Suzhou Wanqing respectively, are transfer to fixed assets for part of the project completed.
6. Goodwill: increase RMB 36.32 million over that of period-begin in balance with growth rate of 67.82%, mainly affected by the newly purchasing of Sinopharm Zhao Qing, Sinopharm Jiang Men and Sinopharm Shao Guang, the enterprise under difference control.
7. Other non-current assets: increase RMB 127.56 million over that of period-begin in balance with growth rate of 316.74%, mainly because the in-kind compensation obtained by subsidiary Guangxi Logistic for the relocation due to urban reconstruction implemented by the Government; meanwhile, the equipment purchasing amount paid in advance from subsidiary Zhijun Pharmaceutical increased.
8. Account payable: increase RMB 885.06 million over that of period-begin with growth rate of 35.45%, mainly because the purchasing stimulated by the soaring sales which makes the growth of payable in balance correspondingly.
9. Account received in advance: decrease RMB 20.89 million over that of period-begin with growth rate of -35.58%, mainly because the account received in advance, which qualify the income recognition, have been transfer to sales income at period-begin.
10. Non-current liability due within one year: increase RMB 43.21 million over that of period-begin in balance with growth rate of 180.35%, mainly because the long-term loans due within one year increased and the promotional credit for products due within one year increased in subsidiary Zhijun Pharmaceutical.
11. Other non-current liability: increase RMB 118.57 million over that of period-begin in balance with growth rate of 125.81%, mainly because the compensation obtained by subsidiary Guangxi Logistic for the relocation due to urban reconstruction implemented by the Government.
12. Capital reserve: decrease RMB 3.19 million over that of period-begin in balance with growth rate of -36.46%, mainly due to the adjustment in year-begin for purchasing of Sinopharm Wuzhou, under the same control, the retroactive adjusted capital reserve decreased after combination in this period.
13. Business tax and surcharge: gains a y-o-y growth of RMB 10.58 million with growth rate of 41.22%, mainly because the increase of business income and the higher individual tax-burden ratio in Shenzhen area such as city construction tax.
14. Losses of impairment of assets: gains a y-o-y growth of RMB 9.85 million with growth rate of 144.43%, mainly because the accrual provision for obsolete stock increased.
15. Business profit: gains a y-o-y growth of RMB 161.54million with growth rate of 52.98%; total profit gains a y-o-y growth of RMB 138.9 million with growth rate of 42.86%; net profit gains a y-o-y growth of RMB 116.32 million with growth rate of 46.87%; net profit attributable to owners of parent company gains a y-o-y growth of RMB 111.32 million with growth rate of 45.29 % and basic EPS gains a y-o-y growth of RMB 0.386/Share with growth rate of 45.29%. Mainly because the growth of sales income and profitability
16. Non-operating income: gains a y-o-y growth of RMB 7.57 million with growth rate of 38.82%, mainly because the increase of income from disposal of fixed assets and vary government grand obtained increased.
17. Non-operating expenditure: gains a y-o-y growth of RMB 30.21 million with growth rate of 10,417.24%, mainly because compensation paid for termination of Che Bei project from subsidiary Guangdong Huixin and vary relocation expenses and losses arising from subsidiary Guangxi Logistic, which resulted by the urban redevelopment.
18. Taxes refunds: gains a y-o-y growth of RMB 0.61 million with growth rate of 58.59%, mainly because the y-o-y growth in aspect of income tax and export tax rebate received in this period.
19. Taxes paid: gains a y-o-y growth of RMB 105.48 million with growth rate of 39.64%, mainly because the increase of business income and the higher individual tax-burden ratio.
20. Net cash flow arising from operating activities: gains a y-o-y growth of RMB 201.43 million with growth rate of 106.39%, mainly because the increase of operating income, meanwhile, reinforce in aspect of management of receivables, more cash flow obtained for better matches in paid-received.
21. Cash received from investment: received a y-o-y decrease of RMB 1.83 million with growth rate of -100%, mainly because there has the gains/losses obtained from original shareholders of Chinese Medicine Company, settlement from assessment base date to the completion day of equity transfer, at same period of last, and no such business occurred in this period.
22. Net cash received from disposal of fixed assets, intangible assets and other long-term assets: gains a y-o-y growth of RMB 50.02 million with growth rate of 1232.02%, mainly because the compensation obtained from Guangxi Sinopharm Logistic for relocation due to urban redevelopment in this period.

23. Other cash received with investment activities concerned: received a y-o-y decrease of RMB 0.65 million with growth rate of -100%, mainly because the economic compensation for office-leaving and retirement paid by original shareholders have been received in September 2011 by subsidiary Sinopharm Wuzhou, and no such business in this period.
24. Net cash paid from subsidiary and other operation units: gains a y-o-y growth of RMB 49.73 million with growth rate of 869.41%, mainly because the newly purchased company in this period.
25. Other cash paid with investment activities concerned: received a y-o-y decrease of RMB 9.78 million with growth rate of -100%, mainly because at same period of last year, subsidiary of the Company Sinopharm Nanjing paid the tail-payment for acquisition of Nanning Medicine Company, and no such business in this period.
26. Cash received from bond issuance: gains a y-o-y growth of RMB 398.4 million with growth rate of 100%, mainly because short-term financing bonds are offering in this period, and no such business occurred in last period.
27. Other cash received with financing activities concerned: received a y-o-y decrease of RMB 391.28 million with growth rate of -60.77%, mainly because the factoring for entrust loans and account receivable from Sinopharm decreased in this period.
28. Cash paid for debt settlement: gains a y-o-y growth of RMB 460 million with growth rate of 100.33%, mainly because of the more loans and soaring debts paid.
29. Cash paid for distribution of dividend, profit or interest: gains a y-o-y growth of RMB 53.82 million with growth rate of 54.11%, mainly because the payable interest growth stimulated by the enlargement of financing, meanwhile the cash dividend increased.
30. Dividend, profit paid to minority shareholders by subsidiary: received a y-o-y decrease of RMB 0.57 million with growth rate of -38.26%, mainly because the profit paid to minority shareholders from subsidiary Yanfeng decreased in this period.

(II) Progress of significant events, their influences, and analysis and explanation of their solutions

1. Qualified opinion

☐Applicable ☒Not applicable

2. Particular about fund offers to controlling shareholders or associated parties and external guarantee that against the regulation.

☐Applicable ☒Not applicable

3. Particular about signing and implementation on significant contracts of ordinary management.

☐Applicable ☒Not applicable

4. Other

☒Applicable ☐Not applicable

1. The Company entered into the *Financial Service Agreement* and *Credit Line Agreement* with Sinopharm Group Financial Co., Ltd respectively on 12 September 2012 and 18 September 2012, and applying loans from Financial Company since the date signing. Ended as 30 September 2012, the deposit balance of the Company, loans balance, guarantee amount and note discount occurring in Financial Company are RMB 0.9938 million, RMB 60 million, RMB 0 and RMB 9.9505 million respectively. More details of risk assessment for Sinopharm Group Financial Co., Ltd, please found in *Sustainability Risk Assessment on Sinopharm Group Financial Co., Ltd from China National Accord Medicines Corporation Ltd.* disclosed on the same day.

2. The Company purchased 70% shares of Sinopharm Shaoguan Co., Ltd on 18 July 2012 with transaction price of RMB 13.58 million. Pricing principle for this assets purchasing are based on the value assessment of book value of balance sheet dated 31 December 2011, property with assets concerned as well as liability and credit are completed their ownership transfer in this period. Net profit RMB 414,300 contributed to the Company from the day of purchasing to end of this report period.

3. A new wholly-owned subsidiary Sinopharm Zhongshan Co., Ltd established in September 2012 with register capital of RMB 10 million; net profit RMB 0 contributed to the Company from day of established to end of this report period.

(III) Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period.

☐Applicable ☒Not applicable

(IV) Estimation of operation performance for year of 2012

☐Applicable ☒Not applicable

(V) Particulars about other significant events which needed explanations**1. Particular about security investment**

□Applicable √Not applicable

2. Particulars about derivatives investment

□Applicable √Not applicable

3. Particulars about the positions of derivatives investment at the end of report period

□Applicable √Not applicable

4. Registration form of receiving research, communication and interview in the report period

□Applicable √Not applicable

5. Corporate bond issuance

Whether corporate bond issued or not

□ Yes √ No

IV. Appendix**(I) Financial statement**

Whether consolidated statement or not:

√ Yes □ No □Not applicable

Unless otherwise, currency for this statement refers to CNY (RMB)

1. Consolidated Balance Sheet

Prepared by China National Accord Medicines Corporation Ltd.

Unit: CNY

Items	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	662,400,497.30	952,950,167.56
Settlement provisions		
Capital lent		
Transaction finance asset		
Notes receivable	650,807,753.66	534,922,741.30
Accounts receivable	4,676,845,861.96	3,580,506,395.70
Accounts paid in advance	82,236,734.62	65,857,961.31
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	48,091,838.81	28,656,020.58
Purchase restituted finance asset		

Inventories	1,543,708,602.09	1,313,213,414.68
Non-current asset due within one year		
Other current assets	4,750,684.89	7,653,736.21
Total current assets	7,668,841,973.33	6,483,760,437.34
Non-current assets:		
Granted loans and advances		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	107,299,255.95	95,799,627.42
Investment real estate	84,055,422.76	86,164,929.70
Fixed assets	639,190,456.33	602,205,927.87
Construction in progress	87,491,369.59	131,042,772.59
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	136,499,274.35	119,601,478.86
Expense on Research and Development	4,538,187.71	3,998,433.69
Goodwill	89,878,833.14	53,555,677.09
Long-term expenses to be apportioned	17,992,430.83	20,103,138.99
Deferred income tax asset	46,484,331.07	44,070,064.25
Other non-current asset	167,835,352.75	40,273,842.92
Total non-current asset	1,381,264,914.48	1,196,815,893.38
Total assets	9,050,106,887.81	7,680,576,330.72
Current liabilities:		
Short-term loans	1,948,849,031.51	1,839,838,065.68
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Transaction financial liabilities		
Notes payable	981,377,595.67	1,059,426,952.84
Accounts payable	3,381,811,187.30	2,496,755,405.30
Accounts received in advance	37,820,246.44	58,705,230.49
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	149,032,664.34	142,414,446.06

Taxes payable	68,795,140.40	63,600,830.11
Interest payable	8,081,511.95	10,451,229.03
Dividend payable		
Other accounts payable	376,020,313.50	346,965,182.34
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Non-current liabilities due within 1 year	67,173,000.00	23,960,000.00
Other current liabilities		
Total current liabilities	7,018,960,691.11	6,042,117,341.85
Non-current liabilities:		
Long-term loans	71,270,657.51	93,082,967.96
Bonds payable		
Long-term account payable	32,259.60	35,536.20
Special accounts payable	4,287,000.00	4,519,000.00
Projected liabilities		
Deferred income tax liabilities	22,772,603.90	19,900,787.30
Other non-current liabilities	212,810,029.77	94,245,023.54
Total non-current liabilities	311,172,550.78	211,783,315.00
Total liabilities	7,330,133,241.89	6,253,900,656.85
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	288,149,400.00	288,149,400.00
Capital public reserve	5,550,338.57	8,735,305.04
Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	63,480,745.16	63,480,745.16
Provision of general risk		
Retained profit	1,299,520,773.73	989,727,826.66
Balance difference of foreign currency translation		
Total owner's equity attributable to parent company	1,656,701,257.46	1,350,093,276.86
Minority interests	63,272,388.46	76,582,397.01
Total owner's equity(or shareholders' equity)	1,719,973,645.92	1,426,675,673.87
Total liabilities and owner's equity(or shareholders' equity)	9,050,106,887.81	7,680,576,330.72

Legal representative: Wei Yulin

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institution: Chi Guoguang

2. Balance Sheet of parent company

Prepared by China National Accord Medicines Corporation Ltd.

Unit: CNY

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	62,142,166.37	164,840,499.86
Transaction finance asset		
Notes receivable	4,003,841.66	8,718,971.96
Accounts receivable	387,599,346.37	295,227,856.20
Accounts paid in advance	3,904,097.93	3,148,580.55
Interest receivable		
Dividend receivable		
Other receivables	751,577,280.60	704,287,016.32
Inventories	112,921,115.92	125,157,825.01
Non-current asset due within one year		
Other current assets	39,482.38	39,482.38
Total current assets	1,322,187,331.23	1,301,420,232.28
Non-current assets:		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	1,455,328,750.33	1,332,527,041.51
Investment real estate	7,709,682.50	8,841,071.50
Fixed assets	29,188,512.41	32,866,561.06
Construction in progress	545,247.24	253,886.24
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	26,583,847.74	27,426,551.44
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	8,176,392.32	9,030,726.77
Deferred income tax asset	3,037,448.27	5,335,693.52
Other non-current asset	7,000,000.00	7,000,000.00
Total non-current asset	1,537,569,880.81	1,423,281,532.04
Total assets	2,859,757,212.04	2,724,701,764.32
Current liabilities:		
Short-term loans	718,586,305.93	417,648,980.60

Transaction financial liabilities		
Notes payable	117,668,217.97	120,293,155.72
Accounts payable	329,857,440.73	343,946,734.72
Accounts received in advance	811,020.56	249,535.25
Wage payable	42,881,480.49	24,966,511.90
Taxes payable	2,109,762.60	1,640,177.39
Interest payable	2,701,712.74	868,585.17
Dividend payable		
Other accounts payable	409,012,653.17	865,237,491.48
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,623,628,594.19	1,774,851,172.23
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term account payable		
Special accounts payable	800,000.00	1,032,000.00
Projected liabilities		
Deferred income tax liabilities	3,773,319.00	3,773,319.00
Other non-current liabilities		
Total non-current liabilities	4,573,319.00	4,805,319.00
Total liabilities	1,628,201,913.19	1,779,656,491.23
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	288,149,400.00	288,149,400.00
Capital public reserve	14,348,726.93	14,116,726.93
Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	63,480,745.16	63,480,745.16
General risk reserve		
Retained profit	865,576,426.76	579,298,401.00
Balance difference of foreign currency translation		
Total owner's equity(or shareholders' equity)	1,231,555,298.85	945,045,273.09
Total liabilities and owner's equity(or shareholders' equity)	2,859,757,212.04	2,724,701,764.32

Legal representative: Wei Yulin

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institution: Chi Guoguang

3. Consolidated Profit Statement (this report period)

Prepared by China National Accord Medicines Corporation Ltd.

Unit: CNY

Item	Amount in this period	Amount in last period
I. Total operating income	4,693,270,824.15	3,929,202,842.44
Including: Operating income	4,693,270,824.15	3,929,202,842.44
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	4,553,798,457.73	3,835,382,657.88
Including: Operating cost	4,287,493,976.95	3,608,714,685.80
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	9,602,518.29	10,045,621.45
Sales expenses	110,788,641.71	90,646,064.21
Administration expenses	102,852,218.88	90,809,745.21
Financial expenses	34,776,427.52	34,226,609.67
Losses of devaluation of asset	8,284,674.38	939,931.54
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	9,003,930.24	8,459,883.59
Including: Investment income on affiliated company and joint venture	9,003,930.24	8,459,883.59
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	148,476,296.66	102,280,068.15
Add: Non-operating income	7,963,730.94	4,481,813.60
Less: Non-operating expense	586,303.05	77,727.87
Including: Disposal loss of non-current asset	41,703.16	39,743.32
IV. Total Profit (Loss is listed with “-”)	155,853,724.55	106,684,153.88
Less: Income tax expense	34,568,724.21	25,930,899.43

V. Net profit (Net loss is listed with “-”)	121,285,000.34	80,753,254.45
Including: net profit realized before consolidation by merged party	0.00	-183,525.97
Net profit attributable to owner’s of parent company	117,041,639.67	80,918,614.66
Minority shareholders’ gains and losses	4,243,360.67	-165,360.21
VI. Earnings per share	--	--
i. Basic earnings per share	0.406	0.281
ii. Diluted earnings per share	0.406	0.281
VII. Other consolidated income		
VIII. Total comprehensive income	121,285,000.34	80,753,254.45
Total consolidated income attributable to owners of parent company	117,041,639.67	80,918,614.66
Total consolidated income attributable to minority shareholders	4,243,360.67	-165,360.21

The merger realized net profit RMB 0.00 before consolidation during enterprises consolidation under a same control.

Legal representative: Wei Yulin

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institution: Chi Guoguang

4. Profit Statement of parent company (this report period)

Prepared by China National Accord Medicines Corporation Ltd.

Unit: CNY

Items	Amount in this period	Amount in last period
I. Operating income	549,406,861.76	520,183,508.48
Less: operating cost	524,292,949.74	493,296,835.21
Operating tax and extras	1,454,213.60	1,167,722.05
Sales expenses	10,533,270.73	10,542,164.77
Administration expenses	21,699,810.10	17,951,497.63
Financial expenses	3,515,554.18	11,470,667.32
Losses of devaluation of asset	-297,612.60	-102,025.86
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	9,003,930.24	8,459,883.59
Including: Investment income on affiliated company and joint venture	9,003,930.24	8,459,883.59
II. Operating profit (Loss is listed with “-”)	-2,787,393.75	-5,683,469.05
Add: Non-operating income	505,506.53	3,054,118.66
Less: Non-operating expense	8.38	3.97
Including: Disposal loss of non-current asset		
III. Total Profit (Loss is listed with	-2,281,895.60	-2,629,354.36

“-”)		
Less: Income tax expense		2,129,973.08
IV. Net profit (Net loss is listed with “-”)	-2,281,895.60	-4,759,327.44
V. Earnings per share	--	--
i. Basic earnings per share		
ii. Diluted earnings per share		
VI. Other consolidated income		
VII. Total comprehensive income	-2,281,895.60	-4,759,327.44

Legal representative: Wei Yulin

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institution: Chi Guoguang

5. Consolidated profit statement (year-begin to end of this period)

Prepared by China National Accord Medicines Corporation Ltd.

Unit: CNY

Item	Amount in this period	Amount in last period
I. Total operating income	13,496,523,170.35	11,138,858,243.01
Including: Operating income	13,496,523,170.35	11,138,858,243.01
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	13,055,103,583.27	10,855,224,035.32
Including: Operating cost	12,255,445,722.21	10,141,428,776.70
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	36,252,178.16	25,667,811.97
Sales expenses	344,388,124.93	331,243,281.36
Administration expenses	279,078,781.03	254,207,873.90
Financial expenses	123,265,888.67	95,860,708.66
Losses of devaluation of asset	16,672,888.27	6,815,582.73
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	25,020,090.00	21,270,172.89
Including: Investment income on	25,020,090.00	21,270,172.89

affiliated company and joint venture		
Exchange income (Loss is listed with "-")		
III. Operating profit (Loss is listed with "-")	466,439,677.08	304,904,380.58
Add: Non-operating income	27,072,897.87	19,497,223.63
Less: Non-operating expense	30,500,555.57	294,922.39
Including: Disposal loss of non-current asset	9,027,535.66	109,996.54
IV. Total Profit (Loss is listed with "-")	463,012,019.38	324,106,681.82
Less: Income tax expense	98,516,506.38	75,923,291.53
V. Net profit (Net loss is listed with "-")	364,495,513.00	248,183,390.29
Including: net profit realized before consolidation by merged party	-240,695.14	-478,833.47
Net profit attributable to owner's of parent company	357,075,630.31	245,760,636.92
Minority shareholders' gains and losses	7,419,882.69	2,422,753.37
VI. Earnings per share	--	--
i. Basic earnings per share	1.239	0.853
ii. Diluted earnings per share	1.239	0.853
VII. Other consolidated income		
VIII. Total comprehensive income	364,495,513.00	248,183,390.29
Total consolidated income attributable to owners of parent company	357,075,630.31	245,760,636.92
Total consolidated income attributable to minority shareholders	7,419,882.69	2,422,753.37

The merger realized net profit RMB -240,695.14 before consolidation during enterprises consolidation under a same control.

Legal representative: Wei Yulin

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institution: Chi Guoguang

6. Profit Statement of parent company (year-begin to end of this period)

Prepared by China National Accord Medicines Corporation Ltd.

Unit: CNY

Items	Amount in this period	Amount in last period
I. Operating income	1,611,320,742.34	1,466,936,940.92
Less: operating cost	1,533,819,509.57	1,394,818,434.22
Operating tax and extras	4,015,503.39	3,079,873.50
Sales expenses	34,323,702.94	35,131,140.36
Administration expenses	40,489,753.67	37,283,777.36

Financial expenses	15,666,378.68	28,289,487.66
Losses of devaluation of asset	-385,458.17	150,888.54
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	342,092,885.99	256,330,651.56
Including: Investment income on affiliated company and joint venture	25,020,090.00	21,270,172.89
II. Operating profit (Loss is listed with “-”)	325,484,238.25	224,513,990.84
Add: Non-operating income	822,021.74	5,636,496.77
Less: Non-operating expense	270,566.98	3.97
Including: Disposal loss of non-current asset	69,125.07	0.00
III. Total Profit (Loss is listed with “-”)	326,035,693.01	230,150,483.64
Less: Income tax expense	2,298,245.25	5,360,505.58
IV. Net profit (Net loss is listed with “-”)	323,737,447.76	224,789,978.06
V. Earnings per share	--	--
i. Basic earnings per share		
ii. Diluted earnings per share		
VI. Other consolidated income		
VII. Total comprehensive income	323,737,447.76	224,789,978.06

Legal representative: Wei Yulin

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institution: Chi Guoguang

7. Consolidated Cash Flow Statement (year-begin to end of this period)

Prepared by China National Accord Medicines Corporation Ltd.

Unit: CNY

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	12,752,376,314.27	10,532,981,669.68
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of disposal of transaction financial asset		
Cash received from interest, commission charge and commission		

Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	1,645,597.88	1,037,653.73
Other cash received concerning operating activities	82,642,098.78	91,301,719.02
Subtotal of cash inflow arising from operating activities	12,836,664,010.93	10,625,321,042.43
Cash paid for purchasing commodities and receiving labor service	11,861,241,353.99	9,973,672,262.44
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	358,441,169.10	322,989,852.09
Taxes paid	371,596,474.36	266,122,534.50
Other cash paid concerning operating activities	233,299,748.68	251,879,449.87
Subtotal of cash outflow arising from operating activities	12,824,578,746.13	10,814,664,098.90
Net cash flows arising from operating activities	12,085,264.80	-189,343,056.47
II. Cash flows arising from investing activities:		
Cash received from recovering investment		1,833,000.00
Cash received from investment income	13,520,461.47	17,595,000.00
Net cash received from disposal of fixed, intangible and other long-term assets	54,082,155.99	4,063,113.42
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		650,072.37
Subtotal of cash inflow from investing activities	67,602,617.46	24,141,185.79
Cash paid for purchasing fixed, intangible and other long-term assets	146,451,305.64	139,579,470.77
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units	55,451,762.22	5,721,335.24
Other cash paid concerning investing activities		9,784,633.68
Subtotal of cash outflow from investing activities	201,903,067.86	155,085,439.69

Net cash flows arising from investing activities	-134,300,450.40	-130,944,253.90
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	840,603,970.24	704,180,383.69
Cash received from issuing bonds	398,400,000.00	
Other cash received concerning financing activities	252,631,051.81	643,907,133.91
Subtotal of cash inflow from financing activities	1,491,635,022.05	1,348,087,517.60
Cash paid for settling debts	918,491,964.16	458,490,493.30
Cash paid for dividend and profit distributing or interest paying	153,290,704.45	99,470,808.16
Including: Dividend and profit of minority shareholder paid by subsidiaries	915,144.07	1,489,758.64
Other cash paid concerning financing activities	570,193,419.23	588,086,151.27
Subtotal of cash outflow from financing activities	1,641,976,087.84	1,146,047,452.73
Net cash flows arising from financing activities	-150,341,065.79	202,040,064.87
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	8,041.67	-13,288.37
V. Net increase of cash and cash equivalents	-272,548,209.72	-118,260,533.87
Add: Balance of cash and cash equivalents at the period -begin	907,884,162.14	684,764,869.84
VI. Balance of cash and cash equivalents at the period -end	635,335,952.42	566,504,335.97

Legal representative: Wei Yulin

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institution: Chi Guoguang

8. Cash Flow Statement of parent company (year-begin to end of this period)

Prepared by China National Accord Medicines Corporation Ltd.

Unit: CNY

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1,662,451,442.57	1,582,721,158.31
Write-back of tax received		
Other cash received concerning operating activities	16,338,339.91	13,528,398.19
Subtotal of cash inflow arising from operating activities	1,678,789,782.48	1,596,249,556.50

Cash paid for purchasing commodities and receiving labor service	1,633,946,690.73	1,590,198,109.09
Cash paid to/for staff and workers	33,994,046.58	31,799,371.78
Taxes paid	20,053,311.69	17,415,084.04
Other cash paid concerning operating activities	22,068,405.14	37,825,100.83
Subtotal of cash outflow arising from operating activities	1,710,062,454.14	1,677,237,665.74
Net cash flows arising from operating activities	-31,272,671.66	-80,988,109.24
II. Cash flows arising from investing activities:		
Cash received from recovering investment		1,830,000.00
Cash received from investment income	123,264,318.99	96,016,500.73
Net cash received from disposal of fixed, intangible and other long-term assets	207,900.00	3,239,648.92
Net cash received from disposal of subsidiaries and other units	5,424,600.00	
Other cash received concerning investing activities	295,783,271.97	251,989,281.47
Subtotal of cash inflow from investing activities	424,680,090.96	353,075,431.12
Cash paid for purchasing fixed, intangible and other long-term assets	1,799,057.00	3,360,428.22
Cash paid for investment	10,000,000.00	55,321,335.24
Net cash received from subsidiaries and other units	85,598,000.00	
Other cash paid concerning investing activities	594,080,000.00	213,544,100.00
Subtotal of cash outflow from investing activities	691,477,057.00	272,225,863.46
Net cash flows arising from investing activities	-266,796,966.04	80,849,567.66
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	160,000,000.00	270,000,000.00
Cash received from issuing bonds	398,400,000.00	
Other cash received concerning financing activities	648,349,929.11	949,038,879.26
Subtotal of cash inflow from financing activities	1,206,749,929.11	1,219,038,879.26
Cash paid for settling debts	130,164,459.99	210,000,000.00
Cash paid for dividend and profit distributing or interest paying	81,187,208.13	81,268,773.85
Other cash paid concerning financing activities	800,026,956.78	905,462,372.49
Subtotal of cash outflow from financing activities	1,011,378,624.90	1,196,731,146.34

Net cash flows arising from financing activities	195,371,304.21	22,307,732.92
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-102,698,333.49	22,169,191.34
Add: Balance of cash and cash equivalents at the period -begin	164,840,499.86	135,498,819.87
VI. Balance of cash and cash equivalents at the period -end	62,142,166.37	157,668,011.21

Legal representative: Wei Yulin

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institution: Chi Guoguang

(II) Auditing Report

Auditing Opinion: Unaudited

China National Accord Medicines Corporation Ltd.

Chairman: Wei Yulin

24 October 2012