

China National Accord Medicines Corporation Ltd.
First Quarterly Report 2014

April 2014

Section 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 should guarantee the reality, accuracy and completion of the quarterly report, there are no any fictitious statements, misleading statements or important omissions carried in this report, and shall take legal responsibilities, individually and/or jointly.

All Directors are attended the Board Meeting for Quarterly Report deliberation.

Yan Zhigang, person in charge of the Company, Wei Pingxiao, person in charge of accounting works and Chi Guoguang, person in charge of accounting organ (accounting officer) hereby confirm that the Financial Report of this Quarterly Report is authentic, accurate and complete.

Section II. Main financial data and changes of shareholders

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes No

	Current Period	Same period of last year	Changes of this period over same period of last year (%)
Operating income (RMB)	5,533,524,159.08	4,868,822,373.35	13.65%
Net profit attributable to shareholders of the listed company(RMB)	167,818,387.39	143,654,533.90	16.82%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	165,006,263.57	141,497,888.97	16.61%
Net cash flow arising from operating activities(RMB)	-425,683,165.96	109,790,134.68	-487.72%
Basic earnings per share (RMB/Share)	0.582	0.499	16.63%
Diluted earnings per share (RMB/Share)	0.582	0.499	16.63%
Weighted average ROE (%)	7.21%	7.77%	-0.56%
	At the end of the reporting period	At the end of last year	Changes of this period-end over same period-end of last year (%)
Total assets (RMB)	12,270,542,740.33	11,057,896,941.31	10.97%
Net assets attributable to shareholder of listed company (RMB)	4,341,641,458.89	2,244,757,658.03	93.41%

Items of non-recurring gains and losses

Applicable Not applicable

In RMB

Item	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	50,244.46	Earnings from disposal of fixed assets of vehicles etc.
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	2,957,137.48	Government subsidies as RMB one million strategy emerging industry brand cultivation subsidy from Economy, Trade and Information Commission of Shenzhen Municipality, RMB

		0.68 million transform compensation for Old Town and government subsidy RMB 0.25 million received from Guangzhou Commercial Circulation Development Fund Project etc.
Reversal of impairment reserve for account receivable with separate impairment testing	118,656.41	
Other non-operating income and expenditure except for the aforementioned items	395,081.69	The payable with long age account which was no need to paid was transferred to non-operation income and earnings from waste disposal from subsidiary
Less: impact on income tax	708,821.92	
Impact on minority shareholders' equity (post-tax)	174.30	
Total	2,812,123.82	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/Loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/Loss*, explain reasons

Applicable Not applicable

II. Total number of shareholders at the end of this report period and top ten shareholders

In shares

Total shareholders at the end of report period		11,128				
Top ten shareholders						
Shareholder's name	Nature of shareholder	Proportion of shares held (%)	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Sinopharm Group Co., Ltd.	State-owned legal person	51%	184,942,291	74,482,543		
National Social Security Fund 116 combination	Domestic non state-owned legal person	2.76%	10,000,664			
VALUE PARTNERS CLASSIC FUND	Foreign legal person	2.12%	7,697,761			
HTHK/CMG FSGUFP-CMG FIRST STATE	Foreign legal person	1.94%	7,032,720			

CHINA GROWTH FD						
National Social Security Fund 106 combination	Domestic non state-owned legal person	1.91%	6,944,094			
CCB—China Advantage Growth stock securities investment fund	Domestic non state-owned legal person	1.63%	5,893,017			
BOC-Harvest research selected stock securities investment fund	Domestic non state-owned legal person	1.2%	4,368,057			
Corporation pension plan of CNPC-ICBC	Domestic non state-owned legal person	1.17%	4,256,005			
ICBC—Harvest Theme New Power stock securities investment fund	Domestic non state-owned legal person	1.17%	4,229,133			
CCB—Fortune SG Industry Selected Stock Securities Investment Fund	Domestic non state-owned legal person	1.02%	3,685,949			
Top ten shareholders with unrestricted shares held						
Shareholder's name	Amount of unrestricted shares held	Type of shares				
		Type	Amount			
Sinopharm Group Co., Ltd.	110,459,748	RMB ordinary shares	110,459,748			
National Social Security Fund 116 combination	10,000,664	RMB ordinary shares	10,000,664			
VALUE PARTNERS CLASSIC FUND	7,697,761	Domestically listed foreign shares	7,697,761			
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	7,032,720	Domestically listed foreign shares	7,032,720			
National Social Security Fund 106 combination	6,944,094	RMB ordinary shares	6,944,094			
CCB—China Advantage Growth stock securities investment fund	5,893,017	RMB ordinary shares	5,893,017			

BOC-Harvest research selected stock securities investment fund	4,368,057	RMB ordinary shares	4,368,057
Corporation pension plan of CNPC-ICBC	4,256,005	RMB ordinary shares	4,256,005
ICBC—Harvest Theme New Power stock securities investment fund	4,229,133	RMB ordinary shares	4,229,133
CCB—Fortune SG Industry Selected Stock Securities Investment Fund	3,685,949	RMB ordinary shares	3,685,949
Explanation on associated relationship among the aforesaid shareholders	BOC-Harvest research selected stock securities investment fund and ICBC—Harvest Theme New Power stock securities investment fund shares the same administrator with Harvest Fund Management Co., Ltd.; VALUE PARTNERS CLASSIC FUND, one of the top ten shareholders, is one of the VALUE PARTNERS; 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.		

Whether has a buy-back agreement dealing in reporting period

Yes No

Section III. Significant Events

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

1. Monetary fund: increased 1149.06 million Yuan over that of balance at period-begin with growth rate of 103.19%, mainly because amount of private placement received in the Period;
2. Other current assets: decreased 3.79 million Yuan over that of balance at period-begin with growth rate of -31.03%, mainly because the retained VAT decreased in the Period;
3. Wages payable: decreased 62.30 million Yuan over that of balance at period-begin with growth rate of -39.07%, mainly because the remuneration, accrual last year, has distributed in this period;
4. Capital reserves: increased 1854.58 million Yuan over that of balance at period-begin with growth rate of 32251.72%, mainly because of equity premium arising from privately placement in the Period;
5. Business tax and surcharge: increased 4.76 million Yuan y-o-y with growth rate of 40.74%, mainly because soaring sales drive the increase of VAT, than relevant surcharges increased correspondingly;
6. Financial expenses: increased 14.15 million Yuan y-o-y with growth rate of 42.73%, mainly because the scale of financing expanded and interest rate of financing goes up;
7. Assets impairment loss: decreased 7.25 million Yuan y-o-y with growth rate of -74.58%, mainly because reinforce the inventory management in the Period, and impact from the price reduction on drugs, the accrual inventory falling price reserves declined on a y-o-y basis;
8. Non-operation revenue: increased 1.51 million Yuan y-o-y with growth rate of 66.16%, mainly because the government subsidy received in the Period increased on a y-o-y basis;
9. Non-operation expenditure: increased 0.34 million Yuan y-o-y with growth rate of 645.09%, mainly because the donation outside and losses from disposal of non-current assets have a y-o-y growth in the Period;
10. Loss from disposal of non-current assets: increased 20,000 Yuan y-o-y with growth rate of 101.36%, mainly because disposal of fixed assets as vehicles increased y-o-y in the Period;
11. Tax refunds received: increased 0.23 million Yuan y-o-y with growth rate of 96.94%, mainly because tax rebates from subsidiary increased y-o-y;
12. Cash paid for purchasing goods and receiving labor service: increased 1406.46 million Yuan y-o-y with growth rate of 32.74%, mainly because along with the increase of sales, account paid for procurement growth y-o-y;
13. Taxes paid: increased 58.16 million Yuan y-o-y with growth rate of 50.71%, mainly because vary taxes increased y-o-y for the growth of sales and improvement of profits;
14. Net cash flow from operation activity: decreased 535.47 million Yuan y-o-y with growth rate of -487.72%, mainly because the account paid for procurement and vary taxes paid in the Period increased y-o-y;
15. Net cash received from disposal of fixed assets, intangible assets and other long-term assets: increased 0.19 million Yuan y-o-y with growth rate of 323.39%, mainly because income from disposal of fixed assets in the Period increased y-o-y;
16. Cash received from other activities related to investment: increased 5.08 million Yuan y-o-y with growth rate of 100.00%, mainly because the monetary fund owned by Sinopharm Holding Shantou on purchasing day, the subsidiary newly acquired in the Period, was listed in the item;
17. Cash paid for purchasing fixed assets, intangible assets and other long-term assets: increased 28.67 million Yuan y-o-y with

growth rate of 168.69%, mainly because more investment for engineering project of workshop reconstruction in the Period;

18. Net cash flow from investment activity: decreased 23.39 million Yuan y-o-y with growth rate of -138.14%, mainly because expenditure from workshop reconstruction increased;

19. Cash received from investors: increased 1941.76 million Yuan y-o-y with growth rate of 100.00%, mainly because amount from private placement was received in the Period, and no such business occurred in same period of last year;

20. Cash paid for debt settlement: increased 256.11 million Yuan y-o-y with growth rate of 133.96%, mainly because loans payment in the Period growth y-o-y;

21. Cash paid for distribution of dividend or profit or cash payments for interests: increased 19.91 million Yuan y-o-y with growth rate of 69.54%, mainly because the loans interest paid in the Period increased y-o-y;

21. Net cash flow from financing activity: increased 1691.02 million Yuan y-o-y with growth rate of 2,135.69%, mainly because amount from private placement was received in the Period, and no such business occurred in same period of last year;

22. Influence on cash and cash equivalent from exchange rate fluctuation: increased 4,600 Yuan y-o-y with growth rate of 1656107.14%, mainly because foreign currency held increased in the period.

II. Analysis and explanation of significant events and their influence and solutions

1. On 13 February 2014, the “Notice of Approval of Privately Offering of A-share from IEC of the CSRC” was released by the Company. For relevant notice, please refer to Juchao Website dated 13 February 2014.

2. On 8 March 2014, the “Application of Privately Offering of A-share of Sinopharm Accord was Examined and Approved by CSRC” was released by the Company. For relevant notice, please refer to Juchao Website dated 8 March 2014.

3. On 20 March 2014, the “China National Accord: Placement Report for the Privately Placement of A-Share and Listed Company Statement” etc. were released by the Company. For relevant notice, please refer to Juchao Website dated 20 March 2014.

Overview	Date for disclosure	Information index for temporary report disclosure
Notice of Approval of Privately Offering of A-share from IEC of the CSRC	2014-02-13	Juchao Website http://www.cninfo.com.cn/
Application of Privately Offering of A-share of Sinopharm Accord was Examined and Approved by CSRC	2014-03-08	Juchao Website http://www.cninfo.com.cn/
“China National Accord: Placement Report for the Privately Placement of A-Share and Listed Company Statement”	2014-03-20	Juchao Website http://www.cninfo.com.cn/

III. Commitments from the Company or shareholders (with over 5% shares held) in or occurred in the previous period but continued to reporting period

Commitments	Acceptor	Contents	Commitment time	Commitment period	Implementation
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Share Merger Reform					
Commitments in report of acquisition or equity change	Sinopharm Holding	As a large pharmaceutical commercial enterprise whose business involves pharmaceutical wholesale and retail, Sinopharm Holding may overlap with the Company in geographical segmentation during its future business development. To avoid the potential peer competition brought by such geographical overlap, Sinopharm Holding undertakes that, upon the transfer of shares of Sinopharm Holding Guangzhou it held to Accord Pharma, “1. it will not newly-establish or broaden within Guangdong any business operation that actually compete with that of Accord Pharma, or set up any new subsidiaries or subordinate enterprises who engage in such business. 2. it will enter into business delineation with Accord Pharma and Sinopharm Holding Guangzhou, thereby giving the three parties clear geographical areas to carry out pharmaceutical wholesale and retail businesses, so as to avoid potential peer competition. Apart from above, Sinopharm Holding will no longer newly-establish any enterprise that may compete with Accord Pharma in the production and R&D of pharmaceutical products.”	2005-06-21	Long-term effective	Normally implement
Commitments in assets reorganization					
Commitments made in initial public offering or re-financing	Sinopharm Holding	Sinopharm Holding has undertaken in the Letter of Undertaking from Sinopharm Group Co. Ltd. on Avoiding Peer Competition that, “I. the Company and the enterprises it wholly-owns, controls or has de facto control over (excluding Sinopharm Accord and its controlled enterprises, similarly hereinafter) do not exist any business or operation that would constitute substantive peer competition with Sinopharm Accord and its controlled enterprises. II. the Company and the	2013-09-05	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

		<p>enterprises it wholly-owns, controls or has de facto control over will not engage in, participate in or carry out in Guangdong and Guangxi any business or activities that would constitute substantive competition with the pharmaceutical commercial businesses of Sinopharm Accord. III. the Company and the enterprises it wholly-owns, controls or has de facto control over will not engage in, participate in or carry out any business or activities that would constitute substantive competition with the pharmaceutical industrial businesses of Sinopharm Accord. IV. the Company will not make use of its control over Sinopharm Accord to damage the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders). The Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the controlling shareholder or connected party of Sinopharm Accord. During the validity of the Undertaking, the Company will indemnify in time Sinopharm Accord from any loss which may arise out of the Company's violation of the Undertaking.”</p>			
	Sinopharm Holding	<p>Sinopharm Holding has undertaken in the Letter of Undertaking from Sinopharm Group Co. Ltd. on Standardization of the Connected Transactions with China National Accord Medicines Corporation Ltd. that, “I. during the period when the Company takes control over Sinopharm Accord, the Company and the companies or enterprises it directly or indirectly controls (hereinafter referred to as “Connected Party”) will strictly standardize the connected transactions with Sinopharm Accord and its controlled enterprises. II. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will enter into standardized connected transaction agreement with Sinopharm Accord according to law. Sinopharm Accord will perform approval</p>	2013-09-05	Long-term effective	<p>Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments</p>

	<p>procedure according to relevant laws, rules and regulations, other standardization documents and its constitutional documents, and fulfill its obligation to disclose information on connected transactions. III. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will determine the prices of connected transactions based on the prices of same or similar transactions entered into by independent third parties of no connection while following the principles of open, fair and just to ensure the fairness. IV. when the board or shareholders' meeting of Sinopharm Accord votes on the relevant connected transactions involving the Company and other enterprises it controls, the Company will perform obligations including that necessary interested directors and shareholders shall be abstained from voting according to relevant regulations, and follow the legal procedures for approval of connected transactions and fulfill its information disclosure obligation. V. the Company guarantees to attend shareholders' meeting according to the constitutional documents of Sinopharm Accord, exercise its corresponding rights and assumed its corresponding obligations in an equitable manner, not to take advantage of its standing as controlling shareholder to seek unjust interests, or to use connected transactions to illegally transfer capital or profit out of Sinopharm Accord, or to prejudice the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders). VI. the Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the controlling shareholder or connected party of Sinopharm Accord. During the validity of the Undertaking, the Company will indemnify in time Sinopharm Accord from any loss that may arise out of the Company's violation of</p>			
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		the Undertaking.”			
	Sinopharm Group	<p>”Sinopharm Group has undertaken in the Letter of Undertaking from China National Pharmaceutical Group Corporation on Avoiding the Peer Competition with China National Accord Medicines Corporation Ltd. that, “I. in the coming five years, Sinopharm Group intends to take appropriate measures including replacement or acquisition of assets or equity reorganization to solve the problem of peer competition between Weiqida and Sinopharm Accord. II. apart from the matters disclosed in the past and in the Letter of Undertaking, the Company and the enterprises it wholly-owns, controls or has de facto control over (excluding Sinopharm Accord and its controlled enterprises, similarly hereinafter) do not directly engage in, participate in or carry out within the PRC any business or activities that would constitute substantive competition with the production and operation of Sinopharm Accord. The relative undertakings in respect of avoiding peer competition given by the Company in the past remain valid. III. the Company will not take advantage of its control over Sinopharm Accord to damage the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders). IV. the Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the de facto controller or connected party of Sinopharm Accord.”</p>	2013-10-16	Long-term effective	Actual controller is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments
	Sinopharm Group	<p>Sinopharm Group has undertaken in the Letter of Undertaking from China National Pharmaceutical Group Corporation on Standardization of the Connected Transactions with China National Accord Medicines Corporation Ltd that, “I. during the period when the Company takes control over Sinopharm Accord, the Company and the</p>	2013-09-22	Long-term effective	Actual controller is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

	<p>companies or enterprises it directly or indirectly controls (hereinafter referred to as “Connected Party”) will strictly standardize the connected transactions with Sinopharm Accord and its controlled enterprises. II. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will enter into standardized connected transaction agreement with Sinopharm Accord according to law. Sinopharm Accord will perform approval procedure according to relevant laws, rules and regulations, other standardization documents and its constitutional documents, and fulfill its obligation to disclose information on connected transactions. III. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will determine the prices of connected transactions based on the prices of same or similar transactions entered into by independent third parties of no connection while following the principles of open, fair and just to ensure the fairness. IV. when the board or shareholders’ meeting of Sinopharm Accord votes on the relevant connected transactions involving the Company and other enterprises it controls, the Company will perform obligations including that necessary interested directors and shareholders shall be abstained from voting according to relevant regulations, and follow the legal procedures for approval of connected transactions and fulfill its information disclosure obligation. V. the Company guarantees not to take advantage of its standing as actual controller to seek unjust interests, or to use connected transactions to illegally transfer capital or profit out of Sinopharm Accord, or to prejudice the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders).”VI. the Letter of Undertaking takes effect since the date of issue and will</p>			
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		remain effective during the entire period when the Company has been the actual controller or connected party of Sinopharm Accord.			
Other commitments to minority shareholders of the Company					
Completed on time or not	Yes				

IV. Predict of the business performance from January to June 2014

Warnings and reasons of the predict that the cumulative net profit from the begin of the year to the end of next report period may be loss or have great changes comparing with the same period of last year

Applicable Not applicable

V. Registration form for receiving research, communication and interview in the report period

Date	Place	Method	Type of investors	Investor	Contents discussed and materials supplied
2014-02-18	Accord Pharm. Bldg.	Spot investigation	Institution	CMS, Haitong Securities, CCB Principal Asset Management, Huarong Securities, Zhongdian Xin'an Investment Management Co., Ltd., Yuance Investment Management Co., Ltd., Everbright Securities, Mingyuan Investment, Dingfeng Asset Management, Qingxi Assets Management Co., Ltd., Huashang Fund Management, Shanghai Daweide Investment Co., Ltd., Anbang Assets Management Co., Ltd., Greenwoods Asset Management, Shenzhen Jingshi Investment Management Co., Ltd., Gold State Securities, First Capital Securities, Shangcheng Asset Management, TF Securities, Shenzhen Branch of Dongguan Securities, CPIC, China Southern Asset Management, Marco Polo Zhizheng Assets Management Co., Ltd., China AMC, Anhui Guofu Industrial Investment Fund Management Co., Ltd., First State Cinda Fund, Macro Capital, Shanghai Qingyuan Investment Management Co., Ltd., GF Securities, Industrial Securities, Fortune SG Fund Management, Sinolink Securities	Visited the Company and knew the influence of medical reform policy to the development of the industry. No material provided.

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by China National Accord Medicines Corporation Ltd.

In RMB

Items	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	2,262,626,515.25	1,113,562,211.65
Settlement provisions		
Capital lent		
Transaction finance asset		
Notes receivable	801,130,262.49	739,061,141.72
Accounts receivable	5,634,061,988.73	5,675,658,506.78
Accounts paid in advance	77,347,227.14	64,367,040.17
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	37,170,207.05	29,620,899.71
Purchase restituted finance asset		
Inventories	1,862,984,801.00	1,831,267,290.00
Non-current asset due within one year		
Other current assets	8,417,186.85	12,203,752.77
Total current assets	10,683,738,188.51	9,465,740,842.80
Non-current assets:		
Granted loans and advances		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		

Long-term equity investment	146,100,876.69	135,341,010.52
Investment property	76,093,064.20	77,269,718.14
Fixed assets	748,637,172.69	766,741,590.63
Construction in progress	131,573,671.23	126,606,806.01
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	148,776,674.17	150,561,964.46
Expense on Research and Development	5,619,315.47	5,619,315.47
Goodwill	85,228,833.15	85,228,833.15
Long-term expenses to be apportioned	40,924,193.18	35,985,621.47
Deferred income tax asset	73,156,258.77	68,895,938.25
Other non-current asset	130,694,492.27	139,905,300.41
Total non-current asset	1,586,804,551.82	1,592,156,098.51
Total assets	12,270,542,740.33	11,057,896,941.31
Current liabilities:		
Short-term loans	1,921,897,703.65	2,744,941,589.11
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Transaction financial liabilities		
Notes payable	1,166,128,774.72	1,495,401,188.09
Accounts payable	3,767,764,939.94	3,436,936,497.16
Accounts received in advance	41,547,327.73	38,570,231.44
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	97,170,165.27	159,466,364.12
Taxes payable	89,622,047.65	76,045,260.04
Interest payable	12,206,953.34	13,065,850.14
Dividend payable		

Other accounts payable	474,333,702.13	496,102,247.39
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Non-current liabilities due within 1 year	7,800,000.00	7,800,000.00
Other current liabilities	22,040,000.00	22,040,000.00
Total current liabilities	7,600,511,614.43	8,490,369,227.49
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term account payable		
Special accounts payable	4,287,000.00	4,287,000.00
Projected liabilities		
Deferred income tax liabilities	24,319,675.64	24,644,887.76
Other non-current liabilities	220,580,924.69	221,958,761.49
Total non-current liabilities	249,187,600.33	250,890,649.25
Total liabilities	7,849,699,214.76	8,741,259,876.74
Owner's equity (or shareholders' equity):		
Paid-in capital (or share capital)	362,631,943.00	288,149,400.00
Capital public reserve	1,860,333,209.04	5,750,338.57
Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	144,855,634.40	144,855,634.40
Provision of general risk		
Retained profit	1,973,820,672.45	1,806,002,285.06
Balance difference of foreign currency translation		
Total owner's equity attributable to parent company	4,341,641,458.89	2,244,757,658.03
Minority interests	79,202,066.68	71,879,406.54
Total owner's equity (or shareholders' equity)	4,420,843,525.57	2,316,637,064.57
Total liabilities and owner's equity(or shareholders' equity)	12,270,542,740.33	11,057,896,941.31

Legal representative: Yan Zhigang
 Person in charge of accounting works: Wei Pingxiao
 Person in charge of accounting organ: Chi Guoguang

2. Balance sheet of parent company

Prepared by China National Accord Medicines Corporation Ltd.

In RMB

Items	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	1,369,458,556.36	218,342,947.03
Transaction finance asset		
Notes receivable	16,718,425.49	34,964,767.24
Accounts receivable	393,431,023.28	427,376,566.55
Accounts paid in advance	1,271,989.80	35,982.02
Interest receivable	2,483,684.77	1,650,552.45
Dividend receivable		
Other receivables	1,597,963,720.33	1,160,527,938.29
Inventories	144,986,973.46	172,165,830.98
Non-current asset due within one year		
Other current assets	39,482.38	2,657,068.36
Total current assets	3,526,353,855.87	2,017,721,652.92
Non-current assets:		
Finance asset available for sales		
Held-to-maturity securities		
Long-term account receivable		
Long-term equity investment	1,601,590,371.07	1,583,340,504.90
Investment property	6,610,404.59	7,060,731.46
Fixed assets	19,392,834.12	20,722,267.75
Construction in progress	65,017,501.45	54,974,475.13
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	37,577,836.73	37,966,282.04
Expense on Research and Development		
Goodwill		

Long-term expenses to be apportioned	6,510,747.51	6,787,267.98
Deferred income tax asset	2,941,603.89	2,941,603.89
Other non-current asset	22,951,484.73	29,152,556.06
Total non-current asset	1,762,592,784.09	1,742,945,689.21
Total assets	5,288,946,639.96	3,760,667,342.13
Current liabilities:		
Short-term loans	758,800,000.00	1,079,500,000.00
Transaction financial liabilities		
Notes payable	121,548,197.04	247,283,090.92
Accounts payable	346,130,983.60	318,141,136.49
Accounts received in advance	284,883.85	291,691.40
Wage payable	13,580,101.35	16,512,245.17
Taxes payable	5,855,088.68	1,509,173.93
Interest payable	1,436,094.29	1,834,864.78
Dividend payable		
Other accounts payable	425,852,898.31	421,121,969.02
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,673,488,247.12	2,086,194,171.71
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term account payable		
Special accounts payable	800,000.00	800,000.00
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	4,573,319.00
Total liabilities	1,678,061,566.12	2,090,767,490.71
Owner's equity (or shareholders' equity):		
Paid-in capital (or share capital)	362,631,943.00	288,149,400.00
Capital public reserve	1,869,131,597.40	14,548,726.93

Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	144,855,634.40	144,855,634.40
Provision of general risk		
Retained profit	1,234,265,899.04	1,222,346,090.09
Balance difference of foreign currency translation		
Total owner's equity(or shareholders' equity)	3,610,885,073.84	1,669,899,851.42
Total liabilities and owner's equity(or shareholders' equity)	5,288,946,639.96	3,760,667,342.13

Legal representative: Yan Zhigang

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting organ: Chi Guoguang

3. Consolidated Profit Statement

Prepared by China National Accord Medicines Corporation Ltd.

In RMB

Items	Amount at this period	Amount at last period
I. Total operating income	5,533,524,159.08	4,868,822,373.35
Including: Operating income	5,533,524,159.08	4,868,822,373.35
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	5,333,488,597.29	4,699,206,221.19
Including: Operating cost	5,029,648,506.06	4,432,050,849.23
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	16,456,412.89	11,692,662.54
Sales expenses	140,963,077.19	127,880,683.95
Administration expenses	96,697,790.30	84,756,689.56

Financial expenses	47,251,787.11	33,105,615.62
Losses of devaluation of asset	2,471,023.74	9,719,720.29
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	10,759,866.17	9,260,889.80
Including: Investment income on affiliated company and joint venture	10,759,866.17	9,260,889.80
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	210,795,427.96	178,877,041.96
Add: Non-operating income	3,794,783.96	2,283,793.08
Less: Non-operating expense	392,320.33	52,654.41
Including: Disposal loss of non-current asset	37,633.78	18,690.05
IV. Total Profit (Loss is listed with “-”)	214,197,891.59	181,108,180.63
Less: Income tax	42,222,561.34	34,044,022.88
V. Net profit (Net loss is listed with “-”)	171,975,330.25	147,064,157.75
Including: Net profit achieved by the merged party before the merger		
Net profit attributable to owner’s equity of parent company	167,818,387.39	143,654,533.90
Minority shareholders’ gains and losses	4,156,942.86	3,409,623.85
VI. Earnings per share	--	--
i. Basic earnings per share	0.582	0.499
ii. Diluted earnings per share	0.582	0.499
VII. Other consolidated income		
VIII. Total consolidated income	171,975,330.25	147,064,157.75
Total consolidated income attributable to owners of parent company	167,818,387.39	143,654,533.90
Total consolidated income attributable to minority shareholders	4,156,942.86	3,409,623.85

Legal representative: Yan Zhigang

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting organ: Chi Guoguang

4. Profit statement of parent company

Prepared by China National Accord Medicines Corporation Ltd.

In RMB

Items	Amount at this period	Amount at last period
I. Operating income	630,928,100.07	556,966,727.71
Less: Operating income	606,916,889.78	533,556,373.38
Operating tax and extras	1,448,928.34	967,482.15
Sales expenses	10,773,372.91	9,712,242.94
Administration expenses	10,935,015.93	8,476,872.55
Financial expenses	-825,878.75	2,364,622.69
Losses of devaluation of asset	202,141.81	73,319.88
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	10,759,866.17	9,260,889.80
Including: Investment income on affiliated company and joint venture	10,759,866.17	9,260,889.80
II. Operating profit (Loss is listed with “-”)	12,237,496.22	11,076,703.92
Add: Non-operating income	68,960.33	158,771.23
Less: Non-operating expense		
Including: Disposal loss of non-current asset		
III. Total Profit (Loss is listed with “-”)	12,306,456.55	11,235,475.15
Less: Income tax	386,647.60	-16,317.45
IV. Net profit (Net loss is listed with “-”)	11,919,808.95	11,251,792.60
V. Earnings per share	--	--
i. Basic earnings per share		
ii. Diluted earnings per share		
VI. Other consolidated income		
VII. Total consolidated income	11,919,808.95	11,251,792.60

Legal representative: Yan Zhigang

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting organ: Chi Guoguang

5. Consolidated cash flow statement

Prepared by China National Accord Medicines Corporation Ltd.

In RMB

Items	Amount at this period	Amount at last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	5,724,848,719.86	4,735,572,728.08
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		
Insured savings and net increase of 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	458,279.02	232,694.10
Other cash received concerning operating activities	14,374,722.13	19,078,366.15
Subtotal of cash inflow arising from operating activities	5,739,681,721.01	4,754,883,788.33
Cash paid for purchasing commodities and receiving labor service	5,702,098,302.24	4,295,639,508.28
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	200,359,447.38	162,986,417.08
Taxes paid	172,863,504.48	114,701,822.78
Other cash paid concerning operating activities	90,043,632.87	71,765,905.51
Subtotal of cash outflow arising from operating activities	6,165,364,886.97	4,645,093,653.65
Net cash flows arising from operating activities	-425,683,165.96	109,790,134.68
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	252,600.00	59,661.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	5,080,588.84	
Subtotal of cash inflow from investing activities	5,333,188.84	59,661.00
Cash paid for purchasing fixed, intangible and other long-term assets	45,663,080.22	16,994,763.75
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	45,663,080.22	16,994,763.75
Net cash flows arising from investing activities	-40,329,891.38	-16,935,102.75
III. Cash flows arising from financing activities		
Cash received from absorbing investment	1,941,759,896.01	
Including: Cash received from absorbing minority shareholders'		

investment by subsidiaries		
Cash received from loans	186,993,124.89	164,699,901.11
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	2,128,753,020.90	164,699,901.11
Cash paid for settling debts	447,290,917.24	191,180,079.92
Cash paid for dividend and profit distributing or interest paying	48,547,024.91	28,634,662.45
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	21,072,437.76	24,064,510.17
Subtotal of cash outflow from financing activities	516,910,379.91	243,879,252.54
Net cash flows arising from financing activities	1,611,842,640.99	-79,179,351.43
IV. Influence on cash due to fluctuation in exchange rate	4,636.82	-0.28
V. Net increase of cash and cash equivalents	1,145,834,220.47	13,675,680.22
Add: Balance of cash and cash equivalents at the period -begin	1,097,948,354.45	920,748,043.53
VI. Balance of cash and cash equivalents at the period -end	2,243,782,574.92	934,423,723.75

Legal representative: Yan Zhigang

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting organ: Chi Guoguang

6. Cash flow statement of parent company

Prepared by China National Accord Medicines Corporation Ltd.

In RMB

Items	Amount at this period	Amount at last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	750,568,332.49	601,851,075.97
Write-back of tax received		
Other cash received concerning operating activities	3,210,375.82	2,756,834.53

Subtotal of cash inflow arising from operating activities	753,778,708.31	604,607,910.50
Cash paid for purchasing commodities and receiving labor service	765,087,858.27	595,766,405.98
Cash paid to/for staff and workers	15,533,624.52	14,068,634.25
Taxes paid	2,462,773.93	3,254,198.36
Other cash paid concerning operating activities	5,047,627.07	8,044,724.40
Subtotal of cash outflow arising from operating activities	788,131,883.79	621,133,962.99
Net cash flows arising from operating activities	-34,353,175.48	-16,526,052.49
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	15,446,654.64	11,455,495.83
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	904,600,000.00	212,500,000.00
Subtotal of cash inflow from investing activities	920,046,654.64	223,955,495.83
Cash paid for purchasing fixed, intangible and other long-term assets	17,326,293.40	886,809.08
Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	1,341,643,308.59	97,700,000.00
Subtotal of cash outflow from investing activities	1,358,969,601.99	98,586,809.08
Net cash flows arising from investing activities	-438,922,947.35	125,368,686.75
III. Cash flows arising from financing activities		
Cash received from absorbing	1,941,759,896.01	

investment		
Cash received from loans	50,000,000.00	70,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities	56,300,000.00	86,167,361.60
Subtotal of cash outflow from financing activities	2,048,059,896.01	156,167,361.60
Cash paid for settling debts	395,000,000.00	134,000,000.00
Cash paid for dividend and profit distributing or interest paying	16,123,526.33	11,132,509.64
Other cash paid concerning financing activities	12,544,637.52	120,500,000.00
Subtotal of cash outflow from financing activities	423,668,163.85	265,632,509.64
Net cash flows arising from financing activities	1,624,391,732.16	-109,465,148.04
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	1,151,115,609.33	-622,513.78
Add: Balance of cash and cash equivalents at the period -begin	218,342,947.03	160,633,355.13
VI. Balance of cash and cash equivalents at the period -end	1,369,458,556.36	160,010,841.35

Legal representative: Yan Zhigang

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting organ: Chi Guoguang

II. Audit report

Whether the first quarterly report had been audited or not

Yes No

The first quarterly report of the Company had not been audited.