Stock code：000028, 200028 Notice No.2006-28
Short form of the stock：G Accord, Accord B

Shenzhen Accord Pharmaceutical Co., Ltd.

Summary of Semi-Annual Report 2006

§1. Important Notes

1.1 The Board of Directors and the Supervisory Committee, along with all its directors, supervisors and senior executives hereby assure that there are no false records, misleading statements or significant omissions in this report, and they would shoulder any individual as well as joint responsibility concerning to the authenticity, accuracy and completeness of the contents. The Summary of Interim Report has been extracted from the full text of the Interim Report, which has been published in Juchao Website (http://www.cninfo.com.cn). For detailed information, it is suggested that the investors read the full text of the Interim Report carefully.
1.2 No director, supervisor and senior executive would claim that he or she could not guarantee the authenticity, accuracy or completeness of the report's contents or that he or she would hold different opinions.
1.3 All the directors attended the Board meeting.
1.4 No auditing has been conducted in the report period.
1.5 Chairman of the Board Mr. Chen Weigang, General Manager Mr. Shi Jinming, and CFO Mr. Wei Pingxiao hereby declare that they would assure the authenticity and completeness of the financial accounting report in this Semi-Annual Report.

§2. Company Profile

2.1 Basic information

Short form of the stock	G Accord, Accord B	
Stock code	000028, 200028	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board of Directors	**Securities Affairs Representative**
Name	Chen Changbing	
Contact address	Accord Pharm. Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen, Guangdong	
Telephone	+(86) 755 25875195、25875222	
Fax	+(86) 755 25875410	
E-mail	investor@szaccord.com.cn	

2.2 Major financial data and indexes
2.2.1 Major accounting data and financial indexes

Unit: RMB

	At the end of this report period	At the period-end of last year	Increase/decrease at the end of this report period compared with that at the end of last year（%）
Current assets	1,847,961,671.75	796020992.69	132.15%
Current liabilities	1903878959.22	677926779.73	180.84%
Total assets	2378399973.84	1072448048.81	121.77%
Shareholders' equity (excluding minority interests)	416760681.87	393721269.08	5.85%
Net assets per share	1.446	1.366	5.86%
Net assets per share after adjustment	1.41	1.34	5.22%
	In this report period (Jan. to Jun.)	**The same period of last year**	**Increase/decrease in this report period year-on-year (%)**
Net profit	47636718.85	19300281.44	146.82%
Net profit after deducting non-recurring gains and losses	43,890,682.17	19,300,935.02	127.40%
Earnings per share	0.165	0.067	146.27%
Earnings per share (note)		-	-
Profit ratio of net assets	11.43%	5.11%	6.32%
Net cash flow arising out of operating activities	128872280.81	58,338,411.18	120.90%

2.2.2 Item of non-recurring gains and losses

√ Applicable ☐Inapplicable

Unit: RMB

Items of non-recurring gains and losses	Amount
Gains and losses from disposal of long-term equity investment, fixed assets, construction in progress, intangible assets and other long-term assets	-78,009.55
Net amount non-operating income and expense after deducting withdrawal of depreciation reserve	-183,999.87
Write back various impairment reserve withdrew in previous year	4,065,213.16
Influenced number of income tax	-57,167.06
Total	3,746,036.68

2.2.3 Differences between CAS and IAS:

√ Applicable ☐Inapplicable

Unit: RMB

	CAS	IAS
Net profit	47,636,718.85	44,695,607.45

Explanation on difference	Net profit calculated as RMB 44,696 thousand according to International Accounting Standards, the difference was mainly caused by the amortization of equity investment balance, as well as the adjustment of unconfirmed investment losses brought along by the above-quota loss of the subsidiaries in the report period.

§3 Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in shares

√ Applicable ☐Inapplicable

Unit: share

	Before the change		Increase/decrease of the change					After the change	
	Amount	Proportion	New issued share	Bonus	Capitalization of reserve	Other	Subtotal	Amount	Proportion
I. Restricted share	178,378,200	61.90%		-16,465,680			-16,465,680	161,912,520	56.19%
1. state-owned share									
2. state-owned legal share	124,864,740	43.33%		-12,078,354			-12,078,354	112,786,386	39.14%
3. other inner capital share	53,513,460	18.57%		-4,387,326			-4,387,326	49,126,134	17.05%
Including:									
Domestic legal person share	53,513,460	18.57%		-4,387,326			-4,387,326	49,126,134	17.05%
Domestic natural person share									
4. foreign capital share									
Including:									
overseas legal person share									
Overseas natural person share									
II. unrestricted share	109,771,200	38.10%		16,465,680			16,465,680	126,236,880	43.81%
1. RMB Common share	54,885,600	19.05%		16,465,680			16,465,680	71,351,280	24.76%
2. domestically listed foreign capital share	54,885,600	19.05%						54,885,600	19.05%
3. overseas listed foreign capital share									
4. other									
II. Total share	288,149,400	100.00%						288,149,400	100.00%

Amount of shares held by the top ten restricted shareholders and its restriction

Unit: share

No.	Name of the restricted shareholders	Amount of the restricted shares held	Date to be listed	Amount of additional listed shares	Restricted condition
1	SINOPHARM Medicine Holding Co., Ltd.	112,786,386	April 29, 2008	28,814,940	(1)promised to be not listed in Stock Exchange within 24 months since the day of getting rights of listing for the original non-negotiable shares;(2)Promised that after 24 months of getting rights of listing for the original non-negotiable shares held, and sold the shares in the way of listing in Stock Exchange and the sales amount accounting for the total shares will not exceed 10% within 12 months; the transaction price could not be lower than 110% of weighted average of shares of the Company of 30 bargain days before the reform plan of ACCORD PHARMACEUTIC. (If since the implementation of Share Merger Reform to sales of shares of SINOPHARM Medicine, there are dispatching dividends, share offering, capitalization of public welfare into shares, the price will be taken ex-dividend.).
			April 29, 2009	83,971,446	
2	Shenzhen Baoan District Shiyan Town Economic and Development Corporation	23,556,516	April 29, 2007	14,407,470	Since the implementation of reform plan, it will not be listed for transaction or transferred within twelve months; with the expired date of last item, the original non-negotiable shares listed in Stock Exchange, the sales amount accounting for the total shares of the Company will not exceed 5% within 12 months, and 10% within 24 months.
			April 29, 2008	9,149,046	
3	Shenzhen Baoan District Shiyan Town Economic and Development Corporation	12,655,772	April 29, 2007	12,655,772	Since the implementation of reform plan, it will not be listed for transaction or transferred within twelve months.
4	Shenzhen Wangzong Industrial Co., Ltd.	5,058,437	April 29, 2007	5,058,437	Since the implementation of reform plan, it will not be listed for transaction or transferred within twelve months.
5	Nanjing Junyue Investment and Consultation Co., Ltd.	4,769,231	2April 29, 2007	4,769,231	Since the implementation of reform plan, it will not be listed for transaction or transferred within twelve months.

6	Wuxi Huaxin Investment Management Co., Ltd.	1,332,332	April 29, 2007	1,332,332	Since the implementation of reform plan, it will not be listed for transaction or transferred within twelve months.
7	Shanghai Shisheng Enterprise Development Co., Ltd.	953,846	April 29, 2007	953,846	Since the implementation of reform plan, it will not be listed for transaction or transferred within twelve months.
8	Shanghai Huaxia Yifu Investment Management Co., Ltd.	800,000	April 29, 2007	800,000	Since the implementation of reform plan, it will not be listed for transaction or transferred within twelve months.

3.2 Particulars about shares held by the top ten shareholders

Unit: share

Total shareholder	23,923				
Particulars about shares held by the top ten shareholders					
Full Name of shareholder	Nature of shareholders	Proportion of shares held	Total amount of shares held	Amount of restricted shares held	Amount of shares pledged or frozen
SINOPHARM Medicine Holding Co., Ltd.	State-funded shareholder	39.14%	112,786,386	112,786,386	0
Shenzhen Baoan District Shiyan Town Economic and Development Corporation	Other	8.18%	23,556,516	23,556,516	0
Shenzhen Baoan Shangwu Economic and Development Co., Ltd.	Other	4.39%	12,655,772	12,655,772	11,646,000
JINGBO SECURITIES INVESTMENT FUND	Other	3.37%	9,721,207	0	Unknown
Shenzhen Wangzong Industrial Co., Ltd.	Other	1.76%	5,058,437	5,058,437	Unknown
Nanjing Junyue Investment and Consultation Co., Ltd.	Other	1.66%	4,769,231	4,769,231	Unknown
SHANGHAI PUDONG DEVELOPMENT BANK-GUANGFA XIAOPAN GROWTH STOCK SECURITEIS INVESTMENT FUND	Other	1.46%	4,200,715	0	Unknown
CHINA INDUSTRIAL AND COMMERCIAL BANK-YUE YUEN INVESTMENT FUND	Other	1.22%	3,509,886	0	Unknown
JINGFU SECURITIES INVESTMENT FUND	Other	0.95%	2,750,847	0	Unknown

Wuxi Huaxin Investment Management Co., Ltd.	Other	0.46%	1,332,332	1,332,332	Unknown

Particulars about the shares held by the top ten unrestricted shareholders		
Full Name of shareholder	Amount of unrestricted shares held(Share)	Type of shares
JINGBO SECURITIES INVESTMENT FUND	9,721,207	RMB common share
SHANGHAI PUDONG DEVELOPMENT BANK-GUANGFA XIAOPAN GROWTH STOCK SECURITEIS INVESTMENT FUND	4,200,715	RMB common share
CHINA INDUSTRIAL AND COMMERCIAL BANK-YUE YUEN INVESTMENT FUND	3,509,886	RMB common share
JINGFU SECURITIES INVESTMENT FUND	2,750,847	RMB common share
HSBC PRIVATE BANK (SUISSE) SA GENEVA	900,000	Domestic listed foreign share
DBS VICKERS (HONG KONG) LTD A/C CLIENTS	840,835	Domestic listed foreign share
GUOTAI JUNAN SECURITIES HONG KOMG LIMITED	671,792	Domestic listed foreign share
PINPOINT CHINA FUND	629,617	Domestic listed foreign share
WUXI ENVIRONMENTAL PROTECTION COMPANY	600,000	RMB common share
HSU,FAN	528,300	Domestic listed foreign share
Explanation on associated relationship among the top ten shareholders or consistent actionist	Jingbo Securities Investment Fund and Jingfu Securities Investment Fund both belong to Dacheng Fund Management Co., Ltd., it is unknown that there exists no associated relationship or belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.	

3.3 Particulars about change of the controlling shareholder and the actual controller of the Company

□Applicable √Inapplicable

§4. Particulars about Directors, Supervisors and Senior Executives

4.1 Particulars about changes in shares held by directors, supervisors and senior executives

□Applicable √Inapplicable

§5. Discussion and Analysis of the Management

5.1 Statement of main operations classified according to industries and products

Unit: RMB’0000

Classified according to industries						
Classified according to industries or products	Income from main operations	Cost of main operations	Profit ratio of main operations (%)	Increase/decrease in income from main operations over the last year (%)	Increase/decrease in cost of main operations over the last year (%)	Increase/decrease in profit ratio of main operations over the last year (%)

Preparation manufacturing of chemical medicine	28,536.29	14,780.95	48.20%	10.36%	23.53%	-5.52%
Other wholesales	278,159.91	265,102.72	4.69%	262.39%	259.75%	0.69%
Other wholesale and retail trade	13,906.08	10,879.06	21.77%	28.60%	28.56%	0.03%
Classified according to products						
Isedyl cough syrup	15,023.31	2,656.85	82.32%	25.22%	14.92%	1.59%
Cef. Series of products	12,734.35	11,470.08	9.93%	13.77%	36.32%	-14.90%

5.2 Particulars about main operations classified according to areas

Unit: RMB’0000

Areas	**Income from main operations**	**Increase/decrease in income from main operations year-on-year (%)**
Domestic sales	263,864.22	234.06%
Oversea sales	197.20	12.54%

5.3 Other operations exerting material influence on net profit

☐Applicable √ Inapplicable

5.4 Operation of share-holding companies

√ Applicable ☐Inapplicable

Unit: RMB’0000

Name of shareholding company		Shenzhen Wanle Pharmaceutical Co., Ltd		
Investment yield contributed in the report period		365.05	Proportion taking up the net profit of the listed company	7.66%
Shareholding company	Business scope	Development, research and production of anti-cancer medicines, famotidine injection and anti-virus injection, etc..		
	Net profit	1,215.57		
Name of shareholding company		Sinopharm Traditional Chinese Medicine (Shenzhen) Co. Ltd		
Investment yield contributed in the report period		29.25	Proportion taking up the net profit of the listed company	0.61%
Shareholding company	Business scope	Producing of pieces, lotion, troche, capsule, the oral and compound and syrup; producing and sales of shampoo and hair cares, bath foam and cosmetics and hygienic products (antibacterial lotion); producing of plastic bottles		
	Net profit	66.43		

5.5 Explanation on reasons of material changes in main operations and its structure

☐Applicable √ Inapplicable

5.6 Explanation on reasons of material changes in profitability of main operations (gross profit ratio) compared with that of the last year

√ Applicable ☐Inapplicable

The Company consolidates statement of Sinopharm Medicine Holding (Guangzhou) Co. Ltd from Jan. 1, 2006 on. Sinopharm Medicine Holding (Guangzhou) Co. Ltd is known for commercial cannibalization and Fast Wholesale. In area of medicine business, gross profit margin of medicine commercial cannibalization and Fast Wholesale is relatively low. Due to changes in scope of consolidation, gross profit margin is down by 11.29% (11.42% in this period).

5.7 Analysis on reasons of material changes in profit structure compared with the previous year

√ Applicable ☐Inapplicable

Reasons of material changes in profit structure compared with the previous year: 1. Proportion of profit from prime operations to total profit: 891.36% in the previous year; 505.64% in this period, mainly because Sinopharm Medicine Holding (Guangzhou) Co. Ltd, whose profit from prime operations is relatively low is newly consolidated in the statement in the period. 2. Proportion of expense in the period to total profit: 846.51% in the previous year; 432.3% in this period, mainly because conformity of Guangdong market and Guangxi market started to benefit the Company. Along with rapid growth of total profit, decrease in expenses of Shenzhen Accord Pharmaceutical Co., Ltd and Sinopharm Medicine Holding (Guangzhou) Co. Ltd also helped. 3. Total profit increased rapidly, mainly because Sinopharm Medicine Holding (Guangzhou) Co. Ltd has achieved a positive profit. Subsidiary industrial companies with relatively strong profit ability have been growing steadily. Profit ability of distribution has also been improved. Total profit of this period is delighting compared with the same period of the previous year.

5.8 Application of the raised proceeds

5.8.1 Use of the raised proceeds

☐Applicable √ Inapplicable

5.8.2 Particulars about the projects changed

☐Applicable √ Inapplicable

5.9 The modification plan of Board to the business plan for the second half of the year

☐Applicable √ Inapplicable

5.10 Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

√ Applicable ☐Inapplicable

Estimates of operation achievement	☐Loss √ Large-margin concurrent increase ☐Large-margin concurrent decrease ☐Making up deficit
Explanation of the achievement estimates (reasons, uncertainty, and influence of the achievement estimates)	Market and scope of business expand due to the purchase of 90% stake in Sinopharm Medicine Holding (Guangzhou) Co. Ltd. Thus, operating income achieved a relatively great increase compared with the same period of the previous year. The Company estimates that consolidated net profit of Jan. to Sep. 2006 is up by 100% to 150% compared with the same period of the previous year.

5.11 Explanation of the Management on "Qualified Opinion" from the Certified Public Accountants in the report period

☐Applicable √ Inapplicable

5.12 Explanation of the Management on changes and disposal of the issues involved in "Qualified Opinion" from the Certified Public Accountants in the last year

☐Applicable √ Inapplicable

§6. Significant Events

6.1 Purchases and sales of assets and assets restructure

6.1.1 Assets purchased or acquired

√ Applicable ☐Inapplicable

Unit: RMB'0000

The other party of the transaction	Assets purchased or acquired	Date of purchase	Price of transaction	Net profit contributed to listed company from purchase date to the report-end	Related transaction or not	Explanation on principle of fixing price	Assets equity involved was transferred ownership or not	Debt and liability involved was transferred or not
Sinopharm Medicine Holding Co. Ltd.	Sinopharm Medicine Holding (Guangzhou) Co. Ltd.	Jan.,12,2006	10,673.11	2,001.15	Yes	Exchange Price setting based on audition for shareholder's equity against to transfer target by Shinewing CPAs dated Base Day (April 30, 2005), premium up to	Yes	Yes

						16%		

6.1.2 Assets sold

☐Applicable √ Inapplicable

6.1.3 Progress of the events and their influence on the Company's operating results and financial status in the report period after the report on assets restructure or public notice on acquisition and sales of assets being published

1. On Jun. 21, 2005, the Company signed the Agreement of Equity Transfer with controlling shareholder Sinopharm Medicine Holding Co. Ltd, which is about purchasing a stake of 90% in Sinopharm Medicine Holding (Guangzhou) Co. Ltd. On basis of audit on equity of relative shareholders of the transferred bid on Base Day (Apr. 30, 2005) by Shinewing Certified Public Accountants, a 16% premium is fixed to be the purchase price—RMB 106,731,100. The Company has performed payment of the first installment RMB 60,000,000 on Jan. 12, 2006. The other RMB 46,731,100 was repaid on May 19, 2006. By the end of the report period, transferring of involved equity has been well finished.

2. On Mar. 28, 2006, Proposal on Acquiring a Stake of 49% in Guangdong Sun Dragon Co. Ltd Controlled by Sinopharm was passed in the 11^{th} Meeting of the 4^{th} Board of Directors. The original investment of RMB 9,800,000 will be the reference for price fixing of the purchase by the Company, which was approved by general meeting of shareholders of the Company on May 22, 2006. Register procedure of equity transferring was completed in the end of Jul. 2006.

6.2 Guarantees

√ Applicable ☐Inapplicable

Unit: RMB'0000

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)						
Name of the Company guaranteed	Date of happening (date of signing agreement)	Amount of guarantee	Guarantee type	Guarantee term	Complete Implementation or not	Guarantee for related party (yes or not)
Total amount of guarantee in the report period						0.00
Total balance of guarantee at the end of the report period(A)						0.00
Guarantee of the Company for the controlling subsidiaries						
Total amount of guarantee for controlling subsidiaries in the report period						15,600.00
Total balance of guarantee for controlling subsidiaries at the end of the report period(B)						15,904.00
Particulars about the external guarantee of the Company (Including the guarantee for the controlling subsidiaries)						
Total amount of guarantee(A+B)						15,904.00
The proportion of the total amount of guarantee in the net assets of the Company						38.16%
Including:						
Total amount of guarantee for the shareholders, actual controllers and the relevant parties(C)						0.00
The debts guarantee amount directly or indirectly provided for the guarantee of which the assets-liability ratio exceeded 70%(D)						0.00
Proportion of total amount of guarantee in net assets of the Company exceeded 50%(E)						0.00
Total amount of the aforesaid guarantees*(C+D+E)						0.00

*Note: when fill in the item of "total amount of the aforesaid guarantees"(C+D+E), it would be counted at once time in consolidated calculation if one guarantee appears the above situation three times.

6.3 Current related credits and liabilities

√ Applicable ☐Inapplicable

Unit: RMB'0000

Name of related party	Relationship with the listed company	Capital provided to related parties by the listed company		Capital provided by related parties to the listed company	
		Amount occurred	Balance	Amount occurred	Balance
Shenzhen Chinese and Western Pharmaceutical Company		295.65	114.37	165.13	125.49
Dongyuan Accord Pharm. Franchise Co., Ltd.		0.00	98.29	0.00	0.00
Sinopharm Medicine Holding Shenzhen Traditional Medicine Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	2.58	0.18	403.26	142.99
Sinopharm Medicine Holding Shanghai Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	1,161.90	489.60	12,693.69	4,091.18
Sinopharm Medicine Holding Tianjin Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	3,111.62	95.47	497.62	95.93
China National Pharmaceutical Group Southwest Medicine Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	2,318.05	691.19	0.00	0.00
Sinopharm Medicine Holding Shanxi Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	104.30	39.85	0.00	0.00
Sinopharm Medicine Holding Hubei Xinlong Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	1,992.16	713.54	1,975.14	781.80
Sinopharm Medicine Holding Shanghai Guoda Pharmacy Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	903.06	195.81	162.77	12.70
Sinopharm Medicine Holding Nanning Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	1,813.50	515.96	211.30	0.00
Sinopharm Medicine Holding Shenyang Co.,	Legal person controlled by controlling shareholder	3,275.34	1,929.81	0.00	0.00

Ltd.	and actual controller				
Sinopharm Medicine Holding Jingzhou Xinlong Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	2.35	0.00	0.00	0.00
China National Pharmaceutical Group Medicine Co., Ltd	Legal person controlled by controlling shareholder and actual controller	838.04	60.79	7,830.45	1,288.00
Guangdong Dongfang New& Special Medicine Corp.	Legal person controlled by controlling shareholder and actual controller	246.81	16.67	560.51	91.98
Sinopharm Medicine Holding Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	942.41	174.16	18,673.58	14,000.63
Sinopharm Medicine Holding Beijing Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	890.39	225.21	0.40	0.40
Tianjin Oriental Bokang Medicine Trade Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	317.65	77.98	0.00	0.00
Sinopharm Medicine Holding Beijing Huahong Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	51.87	0.00	0.09	0.09
China National Pharmaceutical Group Medicine Holding Hubei Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	1,733.58	396.26	1.15	1.15
China National Pharmaceutical Group Medicine Holding Wuhan Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	1,329.47	437.80	0.00	0.00
Sinopharm Medicine Holding Hunan Tianjian Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	3,116.67	949.28	0.00	0.00
Guangdong South Pharm. Foreign Trade Corp.	Legal person controlled by controlling shareholder and actual controller	298.68	45.51	1,372.64	14.31
Guangdong Tianliang Pharm. Co., Ltd	Legal person controlled by controlling shareholder and actual controller	1.09	0.00	21.60	21.60
Guangdong Zhongyue Medicine Associates	Legal person controlled by controlling shareholder and actual controller	0.18	0.01	0.00	0.00
Sinopharm Medicine Holding Zhejiang Co.,	Legal person controlled by controlling shareholder	33.97	0.01	0.00	0.00

Ltd.	and actual controller				
Sinopharm Medicine Holding Jiangsu Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	133.09	22.13	0.00	0.00
China National Pharmaceutical Group Northwest Medicine Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	1.57	1.57	0.00	0.00
Guangzhou South Iatrical Equipment Co., Ltd	Legal person controlled by controlling shareholder and actual controller	383.13	367.67	2.32	2.32
Suzhou Pharm. Foreign Trade Development Co., Ltd	Legal person controlled by controlling shareholder and actual controller	6.94	6.94	301.98	5.17
Sinopharm Medicine Holding Medicine Logistics Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	3.41	0.31	0.00	0.00
Shenzhen Wanle Pharmaceutical Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	373.10	68.70
SINO TCM	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	10.61	9.48
China Pharm. Shanghai Waigaoqiao Medicine Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	27,349.19	4,644.85
China National Pharm. Group Shanhai Iatrical Equipment Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	29.37	16.47
Beijing Zhongxin Pharm. Operation Corp.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	27.98	27.98
China National Pharm. Foreign Trade Corp. Sales Branch	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	416.27	81.45
Guangdong Renbo Iatrical Equipment Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	0.84	0.84
Huahe Pharmaceutical Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	4.38	2.10
Sinopharm Industry Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	0.19	0.19

Sinopharm Group Guorui Medicine Co., Ltd	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	0.37	0.37
Sinopharm Group Beijing Medical Equipment Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	3.69	3.15
Guangxi Wuzhou Huawu Medical Materials Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	0.28	0.28
Yunnan Medical Materials Co., Ltd.	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	0.98	0.98
Sinopharm Group Chemcial Reagent Co.Ltd	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	6.38	4.37
Guangxi Zhuang Autonomous Region Nanning Medicine Wholesale	Legal person controlled by controlling shareholder and actual controller	0.00	0.00	0.28	0.28
Total		25,309.46	7,666.37	73,097.54	25,537.23

Including: the amount of money provided by the Company to the shareholding company and its subsidiaries totaled RMB 239,276,900, with a balance of RMB 73,762,600.

6.4 Material lawsuits and arbitrations

☐Applicable √ Inapplicable

6.5 Other significant events and analysis on their influences and solutions

Occupation of non-operating capital and progress of its payoff

□Applicable √Inapplicable

6.6 Special commitment stated by original shareholders of tradable share in the period of Share Merger Reform and its performances

√ Applicable ☐Inapplicable

Shareholders	Special Commitments	Contract implementation	Commitment implementation
SINOPHARM MEDICINE HOLDING CO., LTD.	1. Not selling original non-tradable equities through stock exchange in 24 months from the day they become tradable. 2. Original non-tradable equities sold after the 24 months through stock exchange take up no more than 10% of the Company's total shares in the following 12 months, and the price is no lower than 110% of the stock weighted average price of the 30 trading days before	Requirements of implementation have not been fulfilled.	Implementing

	Accord Pharmaceutical's Board of Directors publish the reform plan (from the day of implementing Non-tradable Shares Reform to the day when Sinopharm Medicine Holding sells equities, Ex Warrant/Ex Dividend on the price will be implemented if dividend, allotment or transferring of public capital to equity and so on happens).		
SHENZHEN BAO'AN DISTRICT SHIYAN TOWN ECONOMIC DEVELOPMENT CORPORATION	Not trading or selling equities within 12 months from the day when plan of Non-tradable Shares Reform is carried out; on basis of the aforementioned time limited, original non-tradable equities sold through stock exchange take up no more than 5% of the Company's total shares in the following 12 months; no mare than 10% within 24 months.	Requirements of implementation have not been fulfilled.	Implementing
SHENZHEN BAO'AN SHANGWU ECONOMIC DEVELOPMENT CO., LTD.	Not trading or selling equities within 12 months from the day when plan of Non-tradable Shares Reform is carried out.	Requirements of implementation have not been fulfilled.	Implementing
SHENZHEN WANGZONG INDUSTRIAL CO., LTD.	Not trading or selling equities within 12 months from the day when plan of Non-tradable Shares Reform is carried out.	Requirements of implementation have not been fulfilled.	Implementing
NANJING JUNYUE INVESTMENT CONSULTATING CO., LTD.	Not trading or selling equities within 12 months from the day when plan of Non-tradable Shares Reform is carried out.	Requirements of implementation have not been fulfilled.	Implementing
WUXI HUAXIN INVESTMENT MANAGEMENT CO., LTD.	Not trading or selling equities within 12 months from the day when plan of Non-tradable Shares Reform is carried out.	Requirements of implementation have not been fulfilled.	Implementing
SHANGHAI SHISHENG ENTERPRISE DEVELOPMENT CO., LTD.	Not trading or selling equities within 12 months from the day when plan of Non-tradable Shares Reform is carried out.	Requirements of implementation have not been fulfilled.	Implementing
SHANGHAI HUAXIA YIFU INVESTMENT CO., LTD.	Not trading or selling equities within 12 months from the day when plan of Non-tradable Shares Reform is carried out.	Requirements of implementation have not been fulfilled.	Implementing

6.7 Explanation of time and date plan on Share Merger Reform for the companies unperformed SMR

□Applicable √ Inapplicable

Detailed reasons of commitment has been made but could not performed in time for the Companies unperformed SMR

□Applicable √ Inapplicable

§7. Financial Report

7.1 Auditing opinion

Financial Report	√ Un-audited □Audited

7.2 Financial statement

7.2.2 Statement of Profit and Profit Distribution

Prepared by Shenzhen Accord Pharm. Co., Ltd Jan.-Jun., 2006 Unit: RMB

Items	The report period		The same period of the last year	
	Consolidated	Parent company	Consolidated	Parent company
Ⅰ. Income from main operations	2,640,614,162.37	587,719,870.26	791,615,992.22	468,413,172.26
Less: Cost of main operations	2,339,106,777.34	560,867,253.94	598,522,370.70	449,037,517.29
Tax and additional of main businesses	3,831,363.32	116,744.71	1,144,344.24	64,704.52
Ⅱ. Profit from main operations (Loss is listed with “-”)	297,676,021.71	26,735,871.61	191,949,277.28	19,310,950.45
Add: Other operating profit (Loss is listed with “-”)	16,467,878.37	3,040,899.07	10,471,260.85	1,698,880.16
Less: Operating expenses	165,966,915.12	10,899,685.73	134,637,305.21	15,478,273.54
Management expenses	78,563,323.24	21,713,682.42	43,602,150.90	16,427,596.66
Financial expenses	9,972,804.54	587,928.99	-182,672.86	281,383.47
Ⅲ. Operating profit (Loss is listed with “-”)	59,640,857.18	-3,424,526.46	24,363,754.88	-11,177,423.06
Add: Investment income (Loss is listed with “-”)	-507,273.09	50,548,726.97	370,517.53	30,474,530.31
Subsidy income				
Non-operating income	470,581.38	42,168.79	247,645.11	3,330.19
Less: Non-operating expenses	732,590.80	3,042.66	248,298.69	156.00
Ⅳ.Total profit (loss is listed with “-”)	58,871,574.67	47,163,326.64	24,733,618.83	19,300,281.44
Less: Income tax	15,685,955.79		5,436,214.00	
Gains and losses of minority shareholders	2,978,283.41			
Add: unconfirmed investment losses	7,429,383.38		2,876.61	
Ⅴ. Net profit (loss is listed with “-”)	47636718.85	47163326.64	19,300,281.44	19,300,281.44
Add: Retained earnings at the year-beginning	46,112,373.80	68,802,378.12	15,553,905.74	37,534,638.95
Other transfer-ins	-6,423,829.25			
Ⅵ.Profit available for distribution	87,325,263.40	115,965,704.76	34,854,187.18	56,834,920.39
Less: Statutory surplus reserve				
Statutory public welfare reserve				
Employee bonus and welfare funds				
Reserve funds				
Enterprise development funds				
Profit put into investment				
Ⅶ. Profit available for distribution to investors	87,325,263.40	115,965,704.76	34,854,187.18	56,834,920.39
Less: dividend for preference shares payable				
Discretionary surplus reserves				
Dividends for ordinary shares	10,949,677.20	10,949,677.20		

Dividends for ordinary shares converted into capital (or share capital)				
Ⅷ. Retained earnings	76,375,586.20	105,016,027.56	34,854,187.18	56,834,920.39
Profit Statement (Supplemental information)				
1. Profit from selling or disposing branches or invested units				
2. Losses due to natural disaster				
3. Increase (or decrease) in total profit due to the changes of accounting policies				
4. Increase (or decrease) in total profit due to the changes of accounting estimation				
5. Loss on debts restructure				
6. Others				

Legal person: Chen Weigang   Charger of accounting organization: Wei Pingxiao
Person in charge of accounting organ: Chi Guoguang

7.3 Notes to financial statement

7.3.1 If there have been any changes to the accounting policy and accounting estimates, or modification of accounting errors, give the relevant contents, reasons and the influenced numbers.

□Applicable   √ Inapplicable

7.3.2 If there have been any changes to the consolidation scope of the financial statement, give the reasons and the influenced numbers.

√ Applicable   □Inapplicable

1. The Company has accomplished legal process of purchasing Sinopharm Medicine Holding (Guangzhou) Co. Ltd in January 2006 and consolidated it into statement scope since Jan.1, 2006. Total assets of Sinopharm Medicine Holding (Guangzhou) Co. Ltd. Amounted to RMB 1.359 billion, including current assets amounting to RMB 1.167 billion and fixed assets totaling RMB 0.15 billion. Total liability amounted to RMB 1.223 billion including current liability amounting to RMB 1.197 billion.

2. Related income, cost and profit of Sinopharm Medicine Holding (Guangzhou) Co. Ltd from the year-begin to the period-end have consolidated into profit statement. In the report period, Guangzhou Co. realized income from main operation, profit from main operation and net profit respectively amounting to RMB 1.915 billion, RMB 0.1 billion and 22.28 million.

3. Cash Flow Statement of Sinopharm Medicine Holding (Guangzhou) Co. Ltd. From the year-begin to the period-end have consolidated into cash flow statement of the Company, and balance of monetary funds at period-begin amounting to 100 million were set off against item of cash paid for investment in consolidated cash flow statement.

4. Compared with the same period of last year, except for newly added Sinopharm Medicine Holding (Guangzhou) Co. Ltd, consolidated scope still deducted original

Shenzhen Chinese & West Medicine Plant (the said company reorganized into Sinopharm Medicine Holding TCM (Traditional Chinese Medicine) in August 2005, the proportion of shares held by the Company decreased to 47.39% so as not to consolidated into its report statement any longer). In the period of Jan.- Jun., 2005, original Shenzhen Chinese & West Medicine Plant realized income from main operation amounting to RMB 25.64 million, profit from main operation amounting to RMB 13.48 million and net profit amounting to RMB 0.18 million.