Stock Code: 000028, 200028 Notice No.: 2007—17
Short Form of the Stock: Accord Pharm.

Shenzhen Accord Pharmaceutical Co., Ltd.
Summary of Semi-Annual Report 2007

§1. Important Notes

1.1 The Board of Directors and the Supervisory Committee of Shenzhen Accord Pharmaceutical Co., Ltd., 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.

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 Director ZuoJie did not attend the 17th meeting of 4th Board of Directors for auditing the semi-annual report and entrusted Director WuaiMin to vote on his behalf.

1.4 The semi-annual financial report of the Company has not been audited.

1.5 Chairman of the Board Mr. Chen Weigang, General Manager Mr. Shi Jinming, CFO Mr. Wei Pingxiao and Financial Manager Mr. Chi Guoguang 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	Accord Pharm., Accord Pharm.B
Stock code	000028, 200028
Listed stock exchange	Shenzhen Stock Exchange
	Secretary of the Board of Directors
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 25875147
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 （%）**	
		Before adjustment	After adjustment	Before adjustment	After adjustment
Total assets	2,871,415,642.14	2,679,240,445.07	2,632,128,528.84	7.17%	9.09%
Owners' equity(Shareholders' equity)	458,869,212.52	447,731,956.74	401,880,141.09	2.49%	14.18%
Net assets per share	1.59	1.55	1.39	2.58%	14.39%

	In this report period (Jan. to Jun.)	**The same period of last year**		**Increase/decrease in this report period year-on-year (%)**	
		Before adjustment	After adjustment	Before adjustment	After adjustment
Operating profit	81,098,283.39	59,640,857.18	63,621,856.07	35.98%	27.47%
Total profit	80,171,921.06	58,871,574.67	63,359,846.65	36.18%	26.53%
Net profit	59,898,446.02	47,636,718.85	43,043,716.68	25.74%	39.16%
Net profit after deducting non-recurring gains and losses	60,750,075.90	47,898,728.27	43,266,424.69	26.83%	40.41%
Basic earnings per share	0.208	0.165	0.149	26.06%	39.60%
Diluted earnings per share	0.208	0.165	0.149	26.06%	39.60%
Return on equity	13.05%	11.43%	11.98%	1.62%	1.07%
Net cash flow arising from operating activities	59,145,582.52	128,872,280.81		-54.11%	
Cash flow arising from per share operating activities	0.205	0.447		-54.14%	

2.2.2 Item of non-recurring gains and losses

√Applicable ☐Inapplicable

Unit: RMB

Item of non-recurring gains and losses	Amount
Gains and losses from disposal of non-current assets	-182,351.71
Net amount of other non-operating income and expense	-744,010.62
Income tax and influenced amount from gains and losses of minority shareholders	74,732.45
Total	-851,629.88

2.2.3 Differences between CAS and IAS:

√Applicable ☐Inapplicable

Unit: RMB

	CAS	IAS
Net profit	59,898,446.02	59,898,446.02
Net asset	458,869,212.52	477,632,922.44
Explanation on difference	After implementing the New Standards, the Company's net profit in the report period remained no differences between the Accounting System for Business Enterprises and the International Accounting Standards. According to Accounting System for Business Enterprises and the International Accounting Standards, the differences of net asset at the end of report period was because of accumulative balance at the report-begin	

§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 in this time (+, -)	After the change

	Amount	Proportion (%)	New shares offering	Bonus share	Capitalization of Public reserve	Other	Subtotal	Amount	Proportion (%)
I. Restricted shares	161,912,520	56.19%				-39,977,088	-39,977,088	121,935,432	42.32%
1. State-owned shares									
2. State-owned legal person’s shares	112,786,386	39.14%						112,786,386	39.14%
3. Other domestic shares	49,126,134	17.05%				-39,977,088	-39,977,088	9,149,046	3.18%
Including: Domestic non-state-owned legal person’s shares	49,126,134	17.05%				-39,977,088	-39,977,088	9,149,046	3.18%
Domestic natural person’s shares									
4. Foreign shares									
Including: Foreign legal person’s shares									
Foreign natural person’s shares									
II. Unrestricted shares	126,236,880	43.81%				39,977,088	39,977,088	166,213,968	57.68%
1. RMB Ordinary shares	71,351,280	24.76%				39,977,088	39,977,088	111,328,368	38.64%
2.Domestically listed foreign shares	54,885,600	19.05%						54,885,600	19.05%
3. Overseas listed foreign shares									
4. Others									
Ⅲ. Total shares	288,149,400	100.00%						288,149,400	100.00%

3.2 Particulars about shares held by the top ten shareholders and top ten unrestricted shareholders

Unit: share

Total shareholder	29,084				
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-owned legal person	39.14%	112,786,386	112,786,386	0
Shenzhen Baoan District Shiyan Town Economic and Development Corporation	Domestic non-state-owned legal person	3.18%	9,149,046	9,149,046	0
CHINA INDUSTRIAL AND COMMERCIAL BANK－YIFANGDA VALUE SELECTIVE STOCK SECURITIES INVESTMENT FUND	Domestic non-state-owned legal person	2.44%	7,027,673	0	Unknown
BANK OF CHINA － YIFANGDA ACTIVE GROWTH SECURITIES INVESTMENT FUND	Domestic non-state-owned legal person	2.02%	5,834,757	0	Unknown
CHINA CONSTRUCTION BANK－CITIC BONUS SELECTIVE STOCK SECURITIES INVESTMENT FUND	Domestic non-state-owned legal person	2.01%	5,800,629	0	Unknown
HANG SENG CONSUMER SECTOR FLEXIPOWER FUND	Foreign legal person	1.46%	4,210,050	0	Unknown

CHINA INDUSTRIAL AND COMMERCIAL BANK － BOSCH SELECTIVE STOCK SECURITIES INVESTMENT FUND	Domestic non-state-owned legal person	1.39%	3,999,567	0	Unknown
National Social Security Fund－Zero and Nine Combination	Domestic non-state-owned legal person	1.19%	3,441,997	0	Unknown
CHINA INDUSTRIAL AND COMMERCIAL BANK－YIFANGDA VALUE GROWTH COMBINED SECURITIES INVESTMENT FUND	Domestic non-state-owned legal person	1.08%	3,099,853	0	Unknown
LAI LUO FA	Domestic natural person	0.80%	2,298,993	0	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
CHINA INDUSTRIAL AND COMMERCIAL BANK － YIFANGDA VALUE SELECTIVE STOCK SECURITIES INVESTMENT FUND	7,027,673	RMB common share
BANK OF CHINA － YIFANGDA ACTIVE GROWTH SECURITIES INVESTMENT FUND	5,834,757	RMB common share
CHINA CONSTRUCTION BANK － CITIC BONUS SELECTIVE STOCK SECURITIES INVESTMENT FUND	5,800,629	RMB common share
HANG SENG CONSUMER SECTOR FLEXIPOWER FUND	4,210,050	Domestically listed foreign share
CHINA INDUSTRIAL AND COMMERCIAL BANK － BOSCH SELECTIVE STOCK SECURITIES INVESTMENT FUND	3,999,567	RMB common share
National Social Security Fund－Zero and Nine Combination	3,441,997	RMB common share
CHINA INDUSTRIAL AND COMMERCIAL BANK － YIFANGDA VALUE GROWTH COMBINED SECURITIES INVESTMENT FUND	3,099,853	RMB common share
LAI LUO FA	2,298,993	RMB common share
BANK OF COMMUNICATIONS － KERUI SECURITIES INVESTMENT FUND	1,998,957	RMB common share
HANG SENG CHINA EQUITY FUND	1,665,665	Domestically listed foreign share
Explanation on associated relationship among the top ten shareholders or consistent actionist	CHINA INDUSTRIAL AND COMMERCIAL BANK － YIFANGDA SELECTIVE STOCK SECURITIES INVESTMENT FUND, BANK OF CHINA － YIFANGDA ACTIVE GROWTH SECURITIES INVESTMENT FUND and CHINA INDUSTRIAL AND COMMERCIAL BANK－YIFANGDA VALUE GROWTH COMBINATED SECURITIES INVESTMENT FUND belong to Yifangda 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.	

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

In the report period, secretary of Board of Directors Mr. Chen Changbing purchased 11,175 shares of the Company through secondary market and declared to freeze them according to regulations.

Except him, no directors, supervisors, or other senior executives held shares of the Company.
Share options of the Company held by the aforesaid persons and their restricted shares granted
□Applicable √Inapplicable

§5. Discussion and Analysis of the Management

5.1 Whole operation status of the Company in the report period

Year 2007 was one crucial year for big-stepped development for the Company. In the first half of 2007, according to wolk target “Integrated promotion, Hamonious development” made in year-begin, with the guidance with customer and market, with the lead with view of scientific development, on the basis of organization ability development, the Company innovated unceasingly new working thought, determined target, got hold of management, took rooted in efficiency and performance, perfected and consummated flow systems daily, regulated and matured management system daily, professionalized and fined business operation, tried to establish one operation management systmen including plan, examination., mechanism and communication, and let every member to be main body in the team, combined and linked the strategic target, flow system and responsilibity structure of the enterprise, realized efficiency maximum, further improved the operation ability, profit-gaining ability and growing ablity of the Company.

At the aspect of medical distribution, under the daily consummated business management framework, the Company strengthened profession and fineness, performed business management with full systems. First of all, complete the budget management. The purposes were combining the target cost management and performance management, improving budget sanction and controlling. Through meeting systems such as fund control, budget implementation analysis, business management, foucus operation data, anaylized and followed implementation from muliti-angels, formed solid appraisal systems of operations status (budget contrast, vertical contrast, contrast with the same kind, analogy contrast), focused changes on points data in business system (purchase, sales, and credit), emphasized solving the problems in operation process; secondly, flow system management. The purpose was with the guarantee of system, flow and system to promote operation quality, promoted efficency and effect on implementing the flow sytem. It reflected on aspect contolling such as focusing purchase and sales management (analysis of purchase and sales data， sales control, price adjustment, bidding purchase, and adjustment to catalogue of stock medicines), budget management (week budget system, budget management manual, and management methods on operation analysis), credit management(open salesman account, and credit management methods of sales customers), flow construction (adapt to market change, meet the demand of customer, and improve operation efficiency). Thirdly, actively participated in bidding purchase on medicine to Internet in Guangdong Province, with the emphasis of Sinopharm Holings Guangzhou Company, integrated with resources of Shenzhen distribution, innovated marketing pattern to adapt to market changes; on the general bidding breed of Guangdong Province, got more participated proportion, assured the operation effect under the new pattern. Fourthly, enlargen the purchase and products development; the purpose was to impove the planning skill and profession ability in purchasing, promote the purchasing resource communication and strategic purchase between Guangdong Province and Guangxi Province, reduce the purchase cost. Fifthly, management on customer relationship; the purpose was to adopt various measures to promote customer manament ang service ability, improve the speed, efficiency and effect of customer. Sixthly, management on risk and credit; got hold of six keystones such as establishing and perfecting creadit management system, controlling and reduced legal sueing risks, risk controlling agreement and notes management, strengthening stock and problem goods dealing, intensifying management on thining receivable and oprtimizing management on quit or exchange the medicine, perfect unceasingly risk and credit management system, try to control and reduce the operation risks. Due to the promotion of management efficiency, the improvemtn of market share, the sales was brought bigger advances.

At the aspect of pharmacy industry: on the basis of completing new plant construction of medicine R&D production, Zhijun Pharmacy actively promoted the brand strategy to confront market, brought forward the operation guideline of New, Brand, Scale, Large, Nation and Prodcution, innovated marketing pattern, extended the second and third markets, confirmed the three breeds achieving the No. 1 in market shares, and the breed sales target of three breed achieving top three in market shares. Through adjusting examination measure, lead products structures tend to balance; consolidated basis management, completed the design, examination, putting on records of entire wrapper of current products; got GMP certification on new plant orally-taken solid and liquid workshops and three powder workshops; enlargened R&D investment, completed special examination on 29 breeds which are under reseach; compleded the first investigation to the integrated plan of industry chain for the technological reseach on 14 projects. At the aspect of international trade, three products got certificate in Thailand, four products got bidding in Philippine National Hospital, and signed cooperation agreement as agency with Malaysia and part of independent-union countries.

At the aspect of medicine retails, through the adjustment of asset relationship, firstly established the management new pattern with the platform of Guangdong Accord Pharmacy Co., Ltd and management mainline of business. In order to consolidate basis management, improve proft-gainning ability and innovate shop marketing pattern; established shop self-marketing performance standard, expanded single-shop promotion activity, established shop-in-shop operation improving plan, consummated and carried out operation new plan on other areas. On the management of commodity, organized to optimize commodity structure of high profit, carried out independent purchase and store delivery on 900 breeds, organized commodity plan, experimental units, analysis and adjustment of shops; on the shops development, according to market change and actual operation status, reasonably adjusted shop patterns, continued to develop independent brand, newly develp 19 products, and the independent products got bigger increase in its sales.

In the first half of 2007, the Company continued to promote deep integration of Guangdong Province and Guangxi Province, arranged according to time process of integration of Guangdong Province and Guangxi Province, and did many works in organizing frame construction, flow system optimization, business system switch, clear investment relationship and equity legal procedure fulfillment; the main chain of integration of market resource with integrated purchase was opened, the communication of breed and market improved unceasingly which brought the expansion and sales growth of market shares; the management team with high efficient administration and the staff team atmosphere with harmounious culture construction were forming and got preparations for the official movement of the integration of Guangdong Province and Guangxi Province.

5.2 Statement of main operations classified according to industries and products

Unit: RMB’0000

Main operations classified according to industries						
Classified according to industries or products	Income from operations	Cost of operations	Gross profit ratio (%)	Increase/decrease in income from operations over the last year (%)	Increase/decrease in cost of operations over the last year (%)	Increase/decrease in gross profit ratio over the last year (%)
Industry-medicine	31,445.32	20,599.24	34.49%	10.19%	39.36%	-13.71%
Commerce-medical wholesale	307,006.03	292,930.34	4.58%	10.37%	10.50%	-0.11%
Commerce- medical retail	17,220.31	12,996.20	24.53%	23.83%	19.46%	2.76%

Non-medicine trade	1,595.14	255.73	83.97%	0.00%	0.00%	0.00%
Lease	35,016.59	34,858.73	0.45%	-38.59%	-38.92%	0.53%
Less: Sales between internal enterprises	322,250.22	291,922.78	9.41%	22.04%	24.80%	-2.01%
Consolidation	23,325.22	20,831.77	10.69%	25.68%	41.38%	-9.92%
Main operations classified according to products						
Respiratory antitussive medicines	10,168.56	1,660.10	83.67%	-32.31%	37.52%	1.36%
Anti-infectious cef- series products	19,475.58	17,151.05	11.94%	52.96%	49.53%	2.02%
Including: related transaction	1,121.22	348.11	68.95%	-75.30%	-68.06%	-7.04%

Including: In the report period, the total related transaction amount which the listed Company sold products and provided labor forces to the controlling shareholders and its subsidiaries totaled RMB 233,252,200.

5.3Particulars about main operations classified according to areas

Unit: RMB’0000

Areas	Income from operations	Increase/decrease in income from operations over the same period of last year (%)
Domestic sales	322,078.52	22.06%
Overseas sales	171.70	-12.93%

5.4Explanation on reasons of material changes in main operations and its structure

□Applicable √Inapplicable

5.5Explanation on reasons of material changes in profitability of main operations (gross profit ratio) compared with that of the last year

√Applicable □Inapplicable

The gross profit ratio in the report period was 9.41%, and 11.42% in the same period of last year with a decrease of 2.01 percentages. And the main reasons for the decrease of gross profit ration was the sales proportion of respiratory antitussive medicines with higher gross profit ration reduced, and the sales price of antibiotics dropped.

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

√Applicable □Inapplicable

The reason for large decrease of profit from main operations in total profit was: the sales proportion of respiratory antitussive medicines with higher gross profit ration reduced and the sales price of antibiotics dropped in the report period. The reason for the decrease of periodic expense in total profit was: the Company and the affiliated subsidiaries implemented strictly the expense budget, strengthened the inner control and reduced the expense but improved the efficiency.

5.7 Application of the raised proceeds

5.7.1 Use of the raised proceeds
□Applicable √Inapplicable

5.7.2 Particulars about the projects changed
□Applicable √Inapplicable

5.8 Operations plan in the second half of year for the Board of Directors

Faceing with the market environment and competition pressure in medicine industry of the Compnay, in the second half of year 2007, the Company will take these things as priority as integration, collaboration, transcendency, take these as core as efficiency, breed and customer; continue to adjust the strategic way, transfer the marketing strategy, promote brand construction, strengthen financial risk precaution, optimize human resources mechanism, speed up the integration of Guangdong Province and Guangxi Province, intensify the collaboration of Guangdong Province and Guangxi Province with the guidance of right value to lead the staff team of the Company, realize surpass unceasingly, and make solid basis for the full operation on platform of Guangdong Province and Guangxi Province of Great Accord in year of 2008.

1. Surrouded with the development strategy of becoming the first medicine brand in south of China and becoming the excellent listed company in the industry of medicine of China, in the second half of 2007, the resources of integration of Guangdong Province and Guangxi Province enter into the last crucial stage, the affiliated enterprises, departments of the Company will take that as center, collaborate with each other, adjust the working thoughts based on strategic development, assure framework, personnel, responsibility, flow come into the places. In order to boost the business development of the Company after integration, the collaborated plans on three main operation boards of distribution, industry and retail, and relative purchase, finance, human resources, logistics and IT will be made to assure the pre-operation of Great Accord go smoothly.

2. In the second half of 2007, the Company will perfect the fundamental system construction and inner control contruction, improve the administration level of the Company, avoid and reduce the operation risks of the Company, and realize the mutual win of enterprise and investors by the chance of changing the office term of Board of Directors and Supervisory Committee according to the Code of Corparate Governance for Listed Companies in China, and the shortages which were pointed out in spot inspection by CSRC.

3. The Company will make taking care of life and focuses on health as the tenet, further intensify the social responsibility thought. Especially as the medicine enterprise related with peoples' life and health, and as the governmental medicine reserve units, the Company will place the significant responsibility of assuring every customers' safety while taking drugs on each aspect of works; in the process of healthy development of enterprise, except for taking the economical efficiency as development target, the Company will ever take public health as the most important value guide, confirm the operating behaviors are benefitable to interestes of public, get trusts from public and society by honest operation, make the brand operation as the main channel for medicine supple of the market.

4. In the second half of 2007, the three business boards of distribution, industry and retail will intensify the core ability of the Company with the elements of speed, cost, service and innovation; know the development tendency of inside and outside environment objectively, judge the chances and challenges, promote the target management and fine management; advocate professional spirit, advance each work, realize the operation quality enter into new stage. Distribution: focus on get hold of integrated operation of purchase of Guangdong Province and Guangxi Province, enhance

the links with purchase and sales, further develop new market; Industry: continue to make the six emphasis as New, Brand, Scale, Large, Nation and Prodcution, take the integration as chance, take scientific cooperation as impetus, take brand marketing as traction, and get prepartions for entering into international market; retail: emphasize to bring in human resource, change management, perfect the administration framework, responsibility, flow, business-expanding, sales-improving and efficiency-creating of pharmacies Guangdong Province and Guangxi Province.

5. In order to adapt to the demand of integrated strategic and operation management of the Company, the working keypoints for financial management in the second half of 2007 will surround with advance the financial system of NC Group, enhance the budget management, establish financial risk precaution mechanism; at the same time, continue to intensify the checking basis, innovate the management thought of current accounts, and make good foundations for the integrated finance operation of Guangdong Province and Guangxi Province.

6. On the basis of mechanical optimization of first half of last year, further focus the communication reflect of achievements, advance the manual efficient analysis, get research on personnel compile and personneal cost control method under the framework of Great Accord, optimize the ability evaluation system, perfect the training management, and establish the excellent and high efficient management platform of human resources.

5.9Estimation 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

5.10 Explanation of the Management on “Qualified Opinion” from the Certified Public Accountants in the report period by the Board of Directors

□Applicable √Inapplicable

5.11Explanation of the Management on changes and disposal of the issues involved in “Qualified Opinion” from the Certified Public Accountants in the last year by the Board of Directors

□Applicable √Inapplicable

§6. Significant Events

6.1 Purchases and sales of assets and assets restructure

6.1.1 Assets purchased or acquired

□Applicable √Inapplicable

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

□Applicable √Inapplicable

6.2 Guarantees

√Applicable □Inapplicable

Unit: RMB'0000

Particulars about the external guarantee of the Company (Barring the guarantee for the 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 parts (Yes or No)
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			0.00			
Total balance of guarantee for controlling subsidiaries at the end of the report period (B)			41,000.00			
Particulars about the total guarantee of the Company (Including the guarantee for the subsidiaries)						
Total amount of guarantee(A+B)			41,000.00			
The proportion of the total amount of guarantee in the net assets of the Company			89.35%			
Including:						
Amount of guarantee for shareholders, actual controller and its related parties(C)			0.00			
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70% directly or indirectly(D)			41,000.00			
Proportion of total amount of guarantee in net assets of the Company exceeded 50%(E)			18,056.54			
Total amount of the aforesaid three guarantees*(C+D+E)			41,000.00			

6.3 Current non-operating related credits and liabilities

√Applicable ☐Inapplicable

Unit: RMB'0000

Affiliated parties	Funds offered to related parties		Funds offered to the listed company by related parties	
	Amount occurred	Balance	Amount occurred	Balance
Accounts receivable from affiliated units (lender)	27,062.38	8,856.99	0.00	0.00
Other accounts receivable from affiliated units (lender)	31.54	31.54	0.00	0.00
Accounts payable to affiliated units (borrower)	0.00	0.00	45,738.19	12,588.87
Other accounts payable to affiliated units (borrower)	0.00	0.00	3,035.00	11,035.00
Total	27,093.92	8,888.53	48,773.19	23,623.87

Including:

In the report period, the occurred amount occupied by the listed companies which provided funds to controlling shareholders and its subsidiaries totaled RMB 265,338,500 with the balance of RMB 88,069,200.

6.4 Material lawsuits and arbitrations
□Applicable √Inapplicable

6.5 Other significant events and analysis on their influences and solutions
6.5.1 Particulars about securities investment
□Applicable √Inapplicable
6.5.2 Equity of other listed companies held
□Applicable √Inapplicable
6.5.3 Equity of non-listed financial enterprises and planned listed companies held
□Applicable √Inapplicable

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

Date	Place	Way	The received parties	Contents discussed and materials supplied
Jan.15, 2007	Accord Pharm. Bldg.	Spot investigation	Galaxy Funds Zhu Hongyu	The operations of the Company and visited the Company, no materials were supplied
Mar.8, 2007	Accord Pharm. Bldg.	Spot investigation	CITIC Securities He Juying	The operations of the Company and visited the Company, no materials were supplied
Apr.8, 2007	Accord Pharm. Bldg.	Spot investigation	Guotai Junan Yi Jingming	Knew the re-movement of manufacturing base and visited the Company, no materials were supplied.
May 28, 2007	Accord Pharm. Bldg.	Spot investigation	GuoDu Securities Xu Wenfeng	The situations of the medicine industry, no materials were supplied.

§7. Financial Report

7.1 Auditing opinion

Financial Report	√Un-audited □Audited

7.2 Financial statement

7.2.1 Balance Sheet

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. June 30, 2007 Unit: RMB

Item	Amount at period-end		Amount at period-begin	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	225,930,920.32	72,816,683.39	205,341,835.52	51,149,747.14
Settlement provisions				
Capital lent				
Transaction finance asset				
Notes receivable	222,651,818.05	1,502,239.17	207,461,757.47	27,417,436.43
Accounts receivable	1,288,394,900.43	330,270,308.04	1,134,397,089.98	232,925,656.56
Accounts in advance	51,171,531.49	13,146,958.33	31,281,294.12	3,932,363.78

Insurance receivable				
Reinsurance receivables				
Contract reserve of reinsurance receivable				
Dividend receivable		143,625.21		
Interest receivable				
Other receivables	48,419,415.74	125,962,347.26	37,937,661.49	155,515,089.60
Purchase restituted finance asset				
Inventories	490,621,267.47	74,285,874.47	489,402,122.53	72,299,571.82
Non-current asset due within one year				
Other current assets				
Total current assets	2,327,189,853.50	618,128,035.87	2,105,821,761.11	543,239,865.33
Non-current assets:				
Granted loans and advances				
Finance asset available sales				
Held-to-maturity securities				
Long-term account receivable				
Long-term equity investment	53,704,855.37	340,502,635.76	53,916,718.03	440,707,272.12
Investment property	5,880,648.61	2,366,336.60	39,005,516.50	2,441,664.20
Fixed assets:	253,754,481.67	46,881,854.69	220,586,376.34	50,064,596.27
Construction in progress	170,086,845.79	253,886.24	150,990,967.55	253,886.24
Engineering material				
Disposal of fixed asset				
Consumable biological asset				
Oil and gas asset				
Intangible assets	31,117,793.10	29,793,977.63	32,031,022.36	30,444,684.41
Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned	7,617,844.03	35,774.30	6,155,684.69	122,397.20
Deferred income tax asset	6,735,849.28		8,074,635.35	
Other non-current asset	15,327,470.79		15,545,846.91	
Total non-current asset	544,225,788.64	419,834,465.22	526,306,767.73	524,034,500.44
Total assets	2,871,415,642.14	1,037,962,501.09	2,632,128,528.84	1,067,274,365.77
Current liabilities:				
Short-term loans	301,026,688.66	30,000,000.00	296,986,007.95	37,417,436.43
Loan from central bank				
Absorbing deposit and interbank deposit				
Capital borrowed				
Transaction financial liabilities				
Notes payable	498,102,779.46	119,323,463.90	419,175,924.81	110,205,719.50
Accounts payable	1,032,299,458.11	283,232,523.30	956,987,248.04	261,167,008.52
Accounts received in	28,299,878.35	54,016.37	30,835,803.43	26,057.63

advance				
Selling financial asset of repurchase				
Commission charge and commission payable				
Wage payable	52,739,513.01	16,181,458.63	81,661,118.72	18,263,253.67
Taxes payable	9,468,024.55	-675,735.46	3,220,047.64	3,682,359.72
Interest payable				
Dividend payable	3,879,531.44			
Other accounts payable	339,897,425.03	139,210,785.08	293,812,654.03	184,807,048.45
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Long-term liabilities due within 1 year				
Other current liabilities	31,065.93			
Total current liabilities	2,265,744,364.54	587,326,511.82	2,082,678,804.62	615,568,883.92
Non-current liabilities:				
Long-term loans	97,720,000.00		97,720,000.00	
Bonds payable				
Long-term account payable	827,713.46		1,054,352.56	
Special accounts payable	1,800,000.00	800,000.00	1,800,000.00	800,000.00
Projected liabilities				
Deferred income tax liabilities				
Other non-current liabilities	23,085,874.07		23,085,874.07	
Total non-current liabilities	123,433,587.53	800,000.00	123,660,226.63	800,000.00
Total liabilities	2,389,177,952.07	588,126,511.82	2,206,339,031.25	616,368,883.92
Owner’s equity (or shareholders’ equity):				
Paid-in capital (or share capital)	288,149,400.00	288,149,400.00	288,149,400.00	288,149,400.00
Capital public reserve	18,044,074.54	17,902,522.48	18,044,074.54	17,902,522.48
Less: Inventory shares				
Surplus public reserve	83,424,785.89	57,416,316.59	83,419,602.89	57,416,316.59
Provision of general risk				
Retained profit	69,250,952.09	86,367,750.20	12,267,063.66	87,437,242.78
Balance difference of foreign currency translation				
Total owner’s equity attributable to parent company	458,869,212.52	449,835,989.27	401,880,141.09	450,905,481.85
Minority interests	23,368,477.55		23,909,356.50	
Total owner’s equity	482,237,690.07	449,835,989.27	425,789,497.59	450,905,481.85
Total liabilities and owner’s equity	2,871,415,642.14	1,037,962,501.09	2,632,128,528.84	1,067,274,365.77

7.2.2 Profit statement

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Jan.-Jun., 2007 Unit: RMB

Items	This period		Same period of last year	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	3,242,231,954.54	629,282,243.83	2,660,531,476.03	590,920,648.68
Including: Operating income	3,222,502,184.75	627,797,323.81	2,640,614,162.37	587,719,870.26
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	3,164,114,922.52	629,629,587.12	2,600,890,618.85	594,345,175.14
Including: Operating cost	2,922,084,357.97	596,659,071.80	2,342,556,212.63	561,027,133.29
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	4,555,039.69	370,981.70	3,831,363.32	116,744.71
Sales expenses	146,516,669.73	13,976,183.90	165,966,915.12	10,899,685.73
Administration expenses	80,343,406.30	19,760,113.36	83,427,114.14	20,327,898.31
Financial expenses	12,403,841.35	-299,753.90	9,972,804.54	587,928.99
Losses of devaluation of asset	-1,788,392.52	-837,009.74	-4,863,790.90	1,385,784.11
Add: Changing income of fair value(Loss is listed with “-”)				
Investment income (Loss is listed with “-”)	2,981,251.37	-791,562.52	3,980,998.89	355,512.11
Including: Investment income on affiliated company and joint venture	2,981,250.72	-791,563.17	3,980,998.89	355,512.11
Exchange income (Loss is listed with “-”)				
III. Operating profit (Loss is listed with “-”)	81,098,283.39	-1,138,905.81	63,621,856.07	-3,069,014.35
Add: Non-operating income	203,238.91	75,799.33	470,581.38	42,168.79
Less: Non-operating expense	1,129,601.24	6,386.10	732,590.80	3,042.66
Including: Disposal loss of non-current asset	185,742.78			
IV. Total Profit (Loss is listed with “-”)	80,171,921.06	-1,069,492.58	63,359,846.65	-3,029,888.22
Less: Income tax	17,068,083.94		17,521,389.98	
V. Net profit (Net loss is listed with “-”)	63,103,837.12	-1,069,492.58	45,838,456.67	-3,029,888.22

Net profit attributable to owner's equity of parent company	59,898,446.02	-1,069,492.58	43,043,716.68	-3,029,888.22
Minority shareholders' gains and losses	3,205,391.10		2,794,739.99	
VI. Earnings per share				
i. Basic earnings per share	0.208		0.149	
ii. Diluted earnings per share	0.208		0.149	

7.2.3 Cash Flow Statement

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Jan.-Jun., 2007 Unit: RMB

Item	This period		Same period of last year	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	3,312,324,743.58	621,640,842.61	2,748,716,301.17	628,421,533.45
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	2,681,642.99	50,687.45	324,991.19	
Other cash received concerning operating activities	59,370,007.17	8,130,887.36	46,800,248.94	6,999,033.66
Subtotal of cash inflow arising from operating activities	3,374,376,393.74	629,822,417.42	2,795,841,541.30	635,420,567.11
Cash paid for purchasing commodities and receiving labor service	2,950,550,927.04	646,873,843.63	2,337,618,657.96	572,776,168.74
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	128,905,120.83	15,114,919.52	110,664,295.04	14,111,723.31
Taxes paid	88,591,541.36	15,420,594.11	81,564,946.12	3,397,371.61
Other cash paid concerning operating activities	147,183,221.99	17,723,074.51	137,121,361.37	16,383,512.93
Subtotal of cash outflow arising from operating activities	3,315,230,811.22	695,132,431.77	2,666,969,260.49	606,668,776.59
Net cash flows arising from operating activities	59,145,582.52	-65,310,014.35	128,872,280.81	28,751,790.52
II. Cash flows arising from investing activities:				
Cash received from recovering investment		0.65		
Cash received from investment income	3,326,375.42	63,830,816.50	2,822,107.65	49,220,671.96
Net cash received from disposal of fixed, intangible and other long-term assets	282,960.00	4,120.00	115,280.45	76,630.00
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities				
Subtotal of cash inflow from investing activities	3,609,335.42	63,834,937.15	2,937,388.10	49,297,301.96
Cash paid for purchasing fixed, intangible and other long-term assets	35,516,746.85	2,076,623.00	60,369,492.76	397,098.70
Cash paid for investment			62,020,565.95	106,731,100.00
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	35,516,746.85	2,076,623.00	122,390,058.71	107,128,198.70
Net cash flows arising from investing activities	-31,907,411.43	61,758,314.15	-119,452,670.61	-57,830,896.74
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	110,000,000.00	20,000,000.00	104,000,000.00	
Cash received from issuing bonds				
Other cash received concerning financing activities	37,048,121.19	77,125,593.92	73,878,148.43	79,478,957.93
Subtotal of cash inflow from	147,048,121.19	97,125,593.92	177,878,148.43	79,478,957.93

financing activities				
Cash paid for settling debts	124,000,000.00		108,800,000.00	
Cash paid for dividend and profit distributing or interest paying	9,537,906.70	-681,902.56	21,648,710.89	152,582.55
Including: Dividend and profit of minority shareholder paid by subsidiaries		-681,902.56		
Other cash paid concerning financing activities	20,159,250.50	72,588,809.75	2,678,170.80	86,480,080.76
Subtotal of cash outflow from financing activities	153,697,157.20	71,906,907.19	133,126,881.69	86,632,663.31
Net cash flows arising from financing activities	-6,649,036.01	25,218,686.73	44,751,266.74	-7,153,705.38
IV. Influence on cash due to fluctuation in exchange rate	-50.28	-50.28	-4,660.48	
V. Net increase of cash and cash equivalents	20,589,084.80	21,666,936.25	54,166,216.46	-36,232,811.60
Add: Balance of cash and cash equivalents at the period -begin	205,341,835.52	51,149,747.14	169,288,045.66	75,509,035.69
VI. Balance of cash and cash equivalents at the period -end	225,930,920.32	72,816,683.39	223,454,262.12	39,276,224.09

7.2.4 Consolidated Statement on Changes of Owners' Equity

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. June 30, 2007 Unit: RMB

Item	Amount in this year									Amount in last year								
	Owners' equity belonged to the parent company							Minority interest	Total owners' equity	Owners' equity belonged to the parent company							Minority interest	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Surplus reserves	General risk provision	Retained profit	Others			Paid-up capital (share capital)	Capital reserves	Less: Treasury Stock	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of the last year	288,149,400.00	18,044,074.54		83,419,602.89		12,267,063.66		23,909,356.50	425,789,497.59	288,149,400.00	17,741,872.48		71,732,731.22		-5,477,227.21			372,146,776.49
Add: Changes of accounting policy																		
Error correction of the last period																		
II. Balance at the beginning of this year	288,149,400.00	18,044,074.54		83,419,602.89		12,267,063.66		23,909,356.50	425,789,497.59	288,149,400.00	17,741,872.48		71,732,731.22		-5,477,227.21			372,146,776.49
III. Increase/ Decrease in this year (Decrease is listed with'"-")				5,183.00		59,898,446.02	-2,914,557.59	-540,878.95	56,448,192.48						-6,279,610.90	-6,423,829.25	31,181,638.35	18,478,198.20
(I) Net profit						59,898,446.02		3,205,391.10	63,103,837.12						43,043,716.68		2,794,739.99	45,838,456.67
(II) Profits and losses calculating into owners' equity				5,183.00			-2,914,557.59		-2,909,374.59						-38,373,650.38	-6,423,829.25		-44,797,479.63
1. Net changing amount of fair value of financial assets																		

available for sale																		
2. Effect of changes of other owners' equity of invested units under equity method																		
3.Effect of income tax related to owners' equity																		
4. Others				5,183.00			-2,914,557.59		-2,909,374.59						-38,373,650.38	-6,423,829.25		-44,797,479.63
Total of (I)and (II)				5,183.00		59,898,446.02	-2,914,557.59	3,205,391.10	60,194,462.53						4,670,066.30	-6,423,829.25	2,794,739.99	1,040,977.04
(III) Owners' devotion and decreased capital																	28,386,898.36	28,386,898.36
1. Owners' devotion capital																	28,386,898.36	28,386,898.36
2. Amount calculated into owners' equity paid in shares																		
3. Others																		
(IV) Profit distribution								-3,746,270.05	-3,746,270.05						-10,949,677.20			-10,949,677.20
1. Withdrawal of surplus reserves																		
2. Withdrawal of general risk provisions																		
3.Distribution for owners (shareholders)								-3,746,270.05	-3,746,270.05						-10,949,677.20			-10,949,677.20
4.Others																		

(V) Carrying forward internal owners' equity																		
1.Capital reserves conversed to capital (share capital)																		
2. Surplus reserves conversed to capital (share capital)																		
3.Remedying loss with profit surplus																		
4.Others																		
IV. Balance at the end of this year	288,149,400.00	18,044,074.54		83,424,785.89		72,165,509.68	-2,914,557.59	23,368,477.55	482,237,690.07	288,149,400.00	17,741,872.48		71,732,731.22		-11,756,838.11	-6,423,829.25	31,181,638.35	390,624,974.69

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.

Naught

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