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**APPENDIX IVA — UNAUDITED INTERIM FINANCIAL INFORMATION OF
NATIONAL MEDICINES**

In accordance with relevant rules and regulations applicable to enterprises whose shares are listed on a stock exchange in the People’s Republic of China (“PRC”), China National Medicines Corporation Ltd. (“National Medicines”), a 44.01% owned subsidiary of the Group whose shares are listed on the Shanghai Stock Exchange of the PRC, has published its interim financial statements for the six months ended 30 June 2009.

The following is the text of the unaudited interim financial information of National Medicines (“unaudited interim financial information”), which comprises the balance sheet as at 31 December 2008 and 30 June 2009; income statements for the six months ended 30 June 2008 and 2009; cash flow statements for the six months ended 30 June 2008 and 2009 and explanatory notes to the unaudited interim financial statements of National Medicines and its subsidiaries (collectively referred to as “National Medicines Group”). The Chinese version for interim financial statements of National Medicines prepared in accordance with the Accounting Standard for Business Enterprises No. 32 — Interim Financial Reporting issued by the Ministry of Finance of the PRC on 15 February 2006 was published on the internet web site of the Shanghai Stock Exchange of the PRC (www.sse.com.cn) on 27 August 2009. The unaudited interim financial information also includes a reconciliation of the net profit attributable to equity holders of National Medicines for the six months ended 30 June 2009 and the owners’ equity attributable to the equity holders of National Medicines as at 30 June 2009 as reported in the interim financial statements, to amounts to be reported under the accounting policies of the Group, which comply with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants for the purpose of inclusion in this document.

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A. UNAUDITED INTERIM FINANCIAL STATEMENTS

(a) Balance sheets
(prepared in accordance with PRC GAAP)

	Consolidated		Company	
	As at		As at	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Current assets				
Cash at bank and on hand	377,187	274,473	348,286	243,855
Notes receivable	12,841	16,677	7,312	14,141
Accounts receivable	861,679	719,788	856,359	712,216
Advances to suppliers	109,090	121,588	106,402	119,373
Dividends receivable	12,992	-	12,992	-
Other receivables	2,213	6,734	1,911	6,120
Inventories	357,611	411,545	339,138	395,824
Other current assets	55	340	67,000	84,000
Total current assets	<u>1,733,668</u>	<u>1,551,145</u>	<u>1,739,400</u>	<u>1,575,529</u>
Non-current assets				
Available-for-sale financial assets	37,663	21,137	37,665	21,137
Long-term equity investments	151,143	157,624	286,418	292,898
Investment properties	5,000	5,069	5,000	5,069
Fixed assets	200,430	205,208	8,326	9,637
Construction in progress	829	-	-	-
Intangible assets	10,912	11,908	-	-
Deferred tax assets	20,734	20,456	14,586	14,065
Other non-current assets	25,561	24,326	25,559	24,328
Total non-current assets	<u>452,272</u>	<u>445,728</u>	<u>377,554</u>	<u>367,134</u>
TOTAL ASSETS	<u>2,185,940</u>	<u>1,996,873</u>	<u>2,116,954</u>	<u>1,942,663</u>
LIABILITIES AND OWNERS' EQUITY				
Current liabilities				
Short-term borrowings	4,861	4,693	4,861	4,693
Notes payable	444,001	309,063	444,001	309,063
Accounts payable	570,871	628,497	558,741	618,974
Advances from customers	38,067	79,963	36,638	73,175
Employee benefits payable	25,275	20,892	3,051	7,261
Taxes payable	24,767	5,246	21,043	2,230
Dividends payable	15,835	-	15,835	-
Other payables	47,331	42,888	41,571	32,501
Total current liabilities	<u>1,171,008</u>	<u>1,091,242</u>	<u>1,125,741</u>	<u>1,047,897</u>
Non-current liabilities				
Deferred tax liabilities	8,541	4,409	8,541	4,409
Other non-current liabilities	32,975	32,975	32,975	32,975
Total non-current liabilities	<u>41,516</u>	<u>37,384</u>	<u>41,516</u>	<u>37,384</u>
Total liabilities	<u>1,212,524</u>	<u>1,128,626</u>	<u>1,167,257</u>	<u>1,085,281</u>
Owners' equity				
Paid-in capital	478,800	239,400	478,800	239,400
Capital surplus	49,780	157,084	49,665	156,970
Surplus reserve	82,070	82,070	82,070	82,070
Undistributed profits	323,151	352,711	339,162	378,942
Total equity attributable to equity holders of National Medicines	<u>933,801</u>	<u>831,265</u>	<u>949,697</u>	<u>857,382</u>
Minority interest	<u>39,615</u>	<u>36,982</u>	<u>-</u>	<u>-</u>
Total owners' equity	<u>973,416</u>	<u>868,247</u>	<u>949,697</u>	<u>857,382</u>
TOTAL LIABILITIES AND OWNER'S EQUITY	<u>2,185,940</u>	<u>1,996,873</u>	<u>2,116,954</u>	<u>1,942,663</u>

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(b) Unaudited income statement
(prepared in accordance with PRC GAAP)

	Consolidated		Company	
	Six months ended 30 June 2009	Six months ended 30 June 2008	Six months ended 30 June 2009	Six months ended 30 June 2008
	RMB'000	RMB'000	RMB'000	RMB'000
Revenues	2,480,191	2,149,417	2,393,913	2,070,625
Less: Cost of sales	(2,245,504)	(1,943,246)	(2,183,225)	(1,883,560)
Tax and surcharges	(6,846)	(3,187)	(4,905)	(1,417)
Selling and distribution expenses	(30,233)	(29,985)	(42,911)	(40,642)
General and administrative expenses	(43,090)	(44,663)	(25,886)	(28,541)
Finance expenses – net	(6,381)	(12,704)	(6,297)	(12,635)
Asset impairment (losses)/reversal	(7,728)	1,884	(7,944)	2,100
Add: Investment income	16,515	10,110	18,604	13,212
Operating profit	156,924	127,626	141,349	119,142
Add: Non-operating income	8,484	14,437	8,351	14,427
Less: Non-operating expenses	(413)	(84)	(212)	(13)
Total profit	<u>164,995</u>	<u>141,979</u>	<u>149,488</u>	<u>133,556</u>
Less: Income tax expenses	(36,312)	(32,910)	(33,660)	(31,256)
Net profit	<u>128,683</u>	<u>109,069</u>	<u>115,828</u>	<u>102,300</u>
Attributable to equity holders of National				
Medicines	126,050	107,272		
Minority interest	2,633	1,797		
Earnings per share for profit attributable to the equity holders of National Medicines during the year/period				
- Basic earnings per share	<u>0.263</u>	<u>0.224</u>		
- Diluted earnings per share	<u>0.263</u>	<u>0.224</u>		

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(c) Unaudited cash flow statements
(prepared in accordance with PRC GAAP)

	Consolidated		Company	
	Six months ended 30 June 2009 RMB'000	Six months ended 30 June 2008 RMB'000	Six months ended 30 June 2009 RMB'000	Six months ended 30 June 2008 RMB'000
Cash flows from operating activities				
Cash received from sales of goods or rendering of services	2,668,863	2,386,561	2,602,765	2,324,233
Refund of taxes and levies	12,570	12,849	12,570	12,849
Cash received relating to other operating activities	8,701	37,722	6,595	37,082
Sub-total of cash inflows	<u>2,690,134</u>	<u>2,437,132</u>	<u>2,621,930</u>	<u>2,374,164</u>
Cash paid for goods and services	(2,408,547)	(2,248,701)	(2,386,318)	(2,218,073)
Cash paid to and on behalf of employees	(46,460)	(45,134)	(28,280)	(29,444)
Payments of taxes and levies	(91,728)	(44,607)	(80,956)	(37,583)
Cash paid relating to other operating activities ..	(33,129)	(33,859)	(39,066)	(38,506)
Sub-total of cash outflows	<u>(2,579,864)</u>	<u>(2,372,301)</u>	<u>(2,534,619)</u>	<u>(2,323,606)</u>
Net cash flows from operating activities	<u>110,270</u>	<u>64,831</u>	<u>87,310</u>	<u>50,558</u>
Cash flows from investing activities				
Cash received from disposal of investments	1,297	-	18,297	-
Cash received from returns on investments	10,003	15,759	12,092	18,862
Net cash received from disposal of fixed assets, intangible assets and other long-term assets ...	860	1	445	1
Sub-total of cash inflows	<u>12,160</u>	<u>15,760</u>	<u>30,834</u>	<u>18,863</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(6,306)	(2,704)	(303)	2,563
Sub-total of cash outflows	<u>(6,306)</u>	<u>(2,704)</u>	<u>(303)</u>	<u>2,563</u>
Net cash flows from investing activities	<u>5,854</u>	<u>13,056</u>	<u>30,531</u>	<u>21,426</u>
Cash flows from financing activities				
Cash received from borrowings	-	184,000	-	184,000
Cash received relating to other financing activities	4,862	-	4,862	-
Sub-total of cash inflows	<u>4,862</u>	<u>184,000</u>	<u>4,862</u>	<u>184,000</u>
Cash repayments of amounts borrowed	-	(293,000)	-	(293,000)
Cash payments for interest expenses and distribution of dividends or profits	(18,272)	(56,497)	(18,272)	(56,497)
Sub-total of cash outflows	<u>(18,272)</u>	<u>(349,497)</u>	<u>(18,272)</u>	<u>(349,497)</u>
Net cash flows from financing activities	<u>(13,410)</u>	<u>(165,497)</u>	<u>(13,410)</u>	<u>(165,497)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	<u>102,714</u>	<u>(87,610)</u>	<u>104,431</u>	<u>(93,513)</u>
Add: Cash and cash equivalents at beginning of period	274,473	327,738	243,855	314,935
Cash and cash equivalent at end of period	<u>377,187</u>	<u>240,128</u>	<u>348,286</u>	<u>221,421</u>

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(d) Notes to the unaudited interim financial information
(prepared in accordance with PRC GAAP)

1. Background and principal activities

National Medicines is a joint stock limited company incorporated in Shanghai, the People's Republic of China (the "PRC") on 27 November 2002 and its A shares have been listed on the Shanghai Stock Exchange of the PRC. As at the date of the interim financial report of National Medicines Group for the six months ended 30 June 2009, Sinopharm Group Co. Ltd. ("the Company") held 44.01% equity interests in National Medicines.

National Medicines and its subsidiaries (together "National Medicines") are mainly engaged in: (1) distribution of medicines and pharmaceutical products to wholesale customers including hospitals and other distributors, and (2) manufacture and sale of certain antibiotic and herbal medicines, healthcare products and laboratory supplies.

According with the Resolution of Shareholders' meeting in 2007, National Medicines converted part of capital surplus of National Medicines as at 31 December 2007, amounting to RMB106,400,000 at par value RMB1.00 to the then shareholders of National Medicines on the basis of 8 shares for every 10 existing shares owned by such shareholders. After the conversion, the total paid-in capital is RMB239,400,000.

According with the Resolution of Shareholders' meeting on 15 May 2009, National Medicines converted part of capital surplus of National Medicines as at 31 December 2008, amounting to RMB119,970,000 at par value RMB1.00 to the then shareholders of National Medicines on the basis of 5 shares for every 10 existing shares owned by such shareholders. National Medicines also distributed part of distributable profits of National Medicines as at 31 December 2008, amounting to RMB119,700,000 as bonus shares at par value RMB1.00 to the then shareholders of National Medicines on the basis of 5 bonus shares for every 10 existing shares owned by such shareholders. After the conversion and distribution, the total paid-in capita is RMB 478,800,000.

2. Basis of preparation and principal accounting policies

(a) Basis of preparation

The unaudited interim financial information of National Medicines Group has been prepared by the Directors of the Company for inclusion [●], and for no other purposes.

The Company has prepared the unaudited interim financial information of National Medicines Group in accordance with Accounting Standard for Business Enterprises No. 32 — "Interim Financial Reporting" issued by the Ministry of Finance of the PRC.

(b) Principal accounting policies

The principal accounting policies of National Medicines Group used to prepare the interim financial statements are consistent with those disclosed in the annual report of National

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Medicines for the year ended 31 December 2008, which comply with the Basic Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (the "PRC GAAP" or "CAS") and was published on the internet web site of the Shanghai Stock Exchange of the PRC on 18 April 2009.

(c) Statutory PRC auditors

The consolidated financial statements of National Medicines Group for the year ended 31 December 2008 were audited by Zhongrui Yuehua Certified Public Accountants Co., Ltd..

3. Segment information

Management of National Medicines Group has determined the operating segments based on the reports reviewed by the operating committee (comprising the general manager and the general manager office) that are used to make strategic decisions. The operating committee considers the business from a business type perspective. The reportable operating segments derive their revenue primarily from the following three business types in the PRC:

- (1) Pharmaceutical distribution — distribution of medicine and pharmaceutical products to wholesale customers, including hospitals and distributors;
- (2) Pharmaceutical manufacturing — production and sale of pharmaceutical; and
- (3) Other business operations.

Inter-segment revenue are conducted at prices and terms mutually agreed amongst those business segments.

	<u>Six months ended 30 June 2009</u>		<u>Six months ended 30 June 2008</u>	
	<u>Revenue from main operations</u>	<u>Cost of main operations</u>	<u>Revenue from main operations</u>	<u>Cost of main operations</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Pharmaceutical distribution	2,393,132	2,183,033	2,069,744	1,883,452
Pharmaceutical manufacturing	68,376	39,302	54,417	34,763
Other business operations	37,127	23,170	40,951	25,482
Subtotal	2,498,635	2,245,505	2,165,112	1,943,697
Less: Elimination	(18,444)	-	(15,695)	(451)
Total	<u>2,480,191</u>	<u>2,245,505</u>	<u>2,149,417</u>	<u>1,943,246</u>

4. Dividends

According with a resolution of shareholders' meeting of National Medicines Group held on 15 May 2009, National Medicines distributed part of distributable profits as at 31 December 2008, amounting to RMB119,700,000, as bonus shares at par value RMB1.00 to the then shareholders of National Medicines on the basis of 5 bonus shares for every 10 existing shares owned by such shareholders. Part of the remaining distributable profits as at 31 December 2008, amounting to RMB35,910,000, was distributed in the form of cash dividend at RMB1.5 per 10 shares.

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5. Related party and related party transaction

I). Related party

A). Definition of related party

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

B). Parent company of National Medicines

<u>Name of parent Company</u>	<u>Registered address</u>	<u>Principal business</u>	<u>Paid-in Capital</u>	<u>Proportion of Shareholding</u>	<u>Proportion of Voting Rights</u>
Sinopharm Group Co. Ltd.	6F, No. 221, Fuzhou Rd., Huangpu District, Shanghai	holdings, pharmaceutical enterprise management engagement and asset restructuring, wholesale of Chinese patent drugs, chemical medicine, etc, domestic trading (except specialized permission)	1,637 Million	44.01%	44.01%

China National Pharmaceutical Group Corporation (“CNPGC”) is the ultimate parent company of National Medicines.

C). The directors of National Medicines and the management of National Medicines Group consider the following entities are related parties of National Medicines Group:

<u>Name of related party</u>	<u>Nature of relationship</u>
CNPGC	Ultimate parent company
The Company	Parent Company
Subsidiaries of the Company	
Beijing Guoda Pharmacy Chain Store Co., Ltd. (北京國大藥房連鎖有限公司)	Controlled by same parent company
Yangzhou Weikang Pharmaceutical Co., Ltd. (揚州衛康醫藥有限公司)	Controlled by same parent company
China National Pharmaceutical Group Chemical Reagent Co., Ltd. (國藥集團化學試劑有限公司)	Controlled by same parent company
China National Pharmaceutical Group Northwest Medicine Co., Ltd. (國藥集團西北醫藥有限公司)	Controlled by same parent company
Sinopharm Holding Beijing Huahong Co., Ltd. (國藥控股北京華鴻有限公司)	Controlled by same parent company
Sinopharm Holding Beijing Kangchen Bio-medicine Co., Ltd. (國藥控股北京康辰生物醫藥有限公司)	Controlled by same parent company
Sinopharm Holding Beijing Co., Ltd. (國藥控股北京有限公司)	Controlled by same parent company
Sinopharm Holding Guangzhou Co., Ltd. (國藥控股廣州有限公司)	Controlled by same parent company
Sinopharm Holding GuoDa Drug Store Co., Ltd. (國藥控股國大藥房有限公司)	Controlled by same parent company
Sinopharm Holding Hubei Co., Ltd. (國藥控股湖北有限公司)	Controlled by same parent company

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Name of related party	Nature of relationship
Sinopharm Holding Jiangsu Co., Ltd. (國藥控股江蘇有限公司)	Controlled by same parent company
Sinopharm Holding Shanxi Co., Ltd. (國藥控股山西有限公司)	Controlled by same parent company
Sinopharm Holding Liuzhou Co., Ltd. (國藥控股柳州有限公司)	Controlled by same parent company
Sinopharm Holding Nanning Co., Ltd. (國藥控股南寧有限公司)	Controlled by same parent company
Sinopharm Holding Shenyang Co., Ltd. (國藥控股瀋陽有限公司)	Controlled by same parent company
Sinopharm Holding Tianjin Co., Ltd. (國藥控股天津有限公司)	Controlled by same parent company
Sinopharm Holding Zhejiang Co., Ltd. (國藥控股浙江有限公司)	Controlled by same parent company
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd. (北京國藥天元物業管理有限公司)	Controlled by same parent company
Shanghai Sinopharm Waigaoqiao Co., Ltd. (上海國藥外高橋醫藥有限公司)	Controlled by same parent company
Shenzhen Accord Pharmaceutical Co., Ltd. (“Accord Pharma”) (深圳一致藥業股份有限公司)	Controlled by same parent company
China National Pharmaceutical Group Shanghai Corporation (中國醫藥集團上海公司)	Controlled by same parent company
China National Pharmaceutical Tianjin Purchasing & Supplying Station Development Zone Branch (中國醫藥天津採購供應站開發區藥品公司)	Controlled by same parent company
Sinopharm Holding Hunan Co., Ltd. (國藥控股湖南有限公司)	Controlled by same parent company
China National Pharmaceutical Group Southwest Medicine Co., Ltd. (國藥集團西南醫藥有限公司)	Controlled by same parent company
Sinopharm Logistics Co., Ltd. (國藥集團醫藥物流有限公司)	Controlled by same parent company
Other related parties	
China National Group Corporation of Traditional & Herbal Medicine (中國藥材集團公司)	Controlled by the same ultimate parent company
China National Pharmaceutical Industry Co., Ltd. (國藥集團工業有限公司)	Controlled by the same ultimate parent company
China National Pharmaceutical Group Beijing Medical Equipment Co., Ltd. (國藥集團北京醫療器械有限公司)	Controlled by the same ultimate parent company
Hebei Traditional & Herbal Medicine Co., Ltd. (河北省醫藥藥材公司)	Controlled by the same ultimate parent company
Hubei Yibao Meheco International Trade Co., Ltd. (湖北怡保國際醫藥有限公司)	Controlled by the same ultimate parent company
China National Group Corporation of Traditional & Herbal Medicine Chengde Co., Ltd. (中國藥材集團公司承德藥材有限責任公司)	Controlled by the same ultimate parent company
China National Pharmaceutical Foreign Trade Corporation (中國醫藥對外貿易公司)	Controlled by the same ultimate parent company

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<u>Name of related party</u>	<u>Nature of relationship</u>
China National Pharmaceutical Industry Corporation (中國醫藥工業有限公司)	Controlled by the same ultimate parent company
Guangdong Tianliang Pharmaceutical Co., Ltd. (廣東天量醫藥有限公司)	Controlled by the same ultimate parent company
Sichuan Industrial Institute of Antibiotic Co., Ltd. (四川抗菌素工業研究所有限公司)	Controlled by the same ultimate parent company
Guangdong Southern Pharmaceutical Foreign Trade Co., Ltd. (廣東南方醫藥對外貿易有限公司)	Controlled by same parent company
Guangdong Oriental New&Special Drugs Corporation (廣東東方新特藥公司)	Controlled by the same ultimate parent company
Sinopharm Prospect Dentech (Beijing) Co., Ltd. (北京國藥前景口腔技術有限公司)	Associate
National Medicines & Health Technology Co., Ltd. (國藥健與康保健有限公司)	Associate
Yichang Humanwell Pharmaceutical Co., Ltd. (宜昌人福藥業有限責任公司)	Associate
Qinghai Pharmaceutical Co., Ltd. (青海制藥廠有限公司)	Subsidiary of Associate

II). Significant related party transactions

Purchase of goods

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
The Company	109,187	414
Subsidiaries of the Company	27,186	138,923
Other related parties	205,240	200,942
	<u>341,613</u>	<u>340,279</u>

Sales of goods

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
The Company	40,994	31,938
Subsidiaries of the Company	189,795	183,951
Other related parties	26,905	24,655
	<u>257,694</u>	<u>240,544</u>

Provide services

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Subsidiaries of the Company	11,382	16,917
Other related parties	2,407	2,092
	<u>13,789</u>	<u>19,009</u>

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III). Significant balances with related parties

Accounts receivables

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
The Company	12,952	7,468
Subsidiaries of the Company	51,966	40,008
Other related parties	1,665	798
	<u>66,583</u>	<u>48,274</u>

Notes Receivable

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
Subsidiaries of the Company	711	692

Prepayment

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
Other related parties	-	491

Accounts Payable

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
The Company	21,056	3,071
Subsidiaries of the Company	1,830	20,110
Other related parties	87,761	99,487
	<u>110,647</u>	<u>122,668</u>

Notes Payable

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
The Company	86,316	-
Subsidiaries of the Company	30,090	101,051
Other related parties	187,146	135,255
	<u>303,552</u>	<u>236,306</u>

Advances from customers

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
Subsidiaries of the Company	18	18
Other related parties	241	204
	<u>259</u>	<u>222</u>

THIS INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Information Pack.

**APPENDIX IVA — UNAUDITED INTERIM FINANCIAL INFORMATION OF
NATIONAL MEDICINES**

Other Payable

	<u>As at 30 June 2009</u>	<u>As at 31 December 2008</u>
	<u>RMB'000</u>	<u>RMB'000</u>
CNPGC	17,150	17,150
The Company	840	-
Subsidiaries of the Company	750	1,099
Other related parties	-	300
	<u>18,740</u>	<u>18,549</u>

Other Non-current Liabilities

	<u>As at 30 June 2009</u>	<u>As at 31 December 2008</u>
	<u>RMB'000</u>	<u>RMB'000</u>
CNPGC (Medical Reserve)	<u>32,975</u>	<u>32,975</u>

6. Reconciliation of net profit and owners' equity attributable to equity holders of National Medicines for the six months ended 30 June 2009 and as at 30 June 2009 as reported in the unaudited interim financial statements and as reported under the accounting policies of the Group, which comply with HKFRS

	<u>Net profit for the six months ended 30 June 2009</u>	<u>Owners' equity as at 30 June 2009</u>
<u>Notes</u>	<u>RMB'000 (unaudited)</u>	<u>RMB'000 (unaudited)</u>
Attributable to equity holders of National Medicines as reported in the Interim Financial Statements in compliance with PRC GAAP	126,050	933,801
Adjustment on Post-employment benefit plans	(i) 1,266	(33,727)
Recognition of deferred taxation	(ii) (316)	8,432
Attributable to equity holders of National Medicines as reported under the accounting policies of the Group in compliance with HKFRS ...	<u>127,000</u>	<u>908,506</u>

- (i). Post-employee benefit plans were reported in accordance with local conditions and practices in the unaudited interim financial statements prepared under PRC GAAP. Under HKFRS, all plans have been studied and defined benefit plans have been recalculated in accordance with HKAS 19 Employee Benefit by authorized actuaries.
- (ii). The adjustment on deferred tax arises from the adjustment on post-employment benefit plans as above-mentioned. Under HKFRS, deferred taxation is required to be provided in full using liability method.