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**APPENDIX IVB — UNAUDITED INTERIM FINANCIAL INFORMATION OF
ACCORD PHARMA**

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”), Shenzhen Accord Pharmaceutical Co., Ltd. (“Accord Pharma”), a 38.33% owned subsidiary of the Group whose shares are listed on the Shenzhen 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 Accord Pharma (“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 the explanatory notes to the unaudited interim financial statements of Accord Pharma and its subsidiaries (collectively referred to as “Accord Pharma Group”). The Chinese version for interim financial statements of Accord Pharma 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 Shenzhen Stock Exchange of the PRC (www.szse.cn) on 28 August 2009. The unaudited interim financial information also includes a reconciliation of the net profit attributable to equity holders of Accord Pharma for the six months ended 30 June 2009 and the owners’ equity attributable to the equity holders of Accord Pharma 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 As at		Company 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	498,716	381,663	83,066	62,370
Notes receivable	222,735	213,830	1,434	255
Accounts receivable	2,215,551	1,871,254	293,554	243,301
Advances to suppliers	39,674	43,143	5,311	4,920
Other receivables	44,600	54,701	389,863	242,415
Inventories	724,389	752,146	89,477	94,250
Total current assets	3,745,665	3,316,737	862,705	647,511
Non-current assets				
Long-term equity investments	78,139	69,579	643,373	323,757
Investment properties	26,470	22,848	2,065	2,140
Fixed assets	431,015	376,882	35,407	36,732
Construction in progress	24,916	18,766	254	254
Intangible assets	104,094	57,607	30,108	30,623
Development costs	235	-	-	-
Goodwill	39,668	-	-	-
Long-term prepaid expenses	7,745	17,061	114	276
Deferred tax assets	7,676	10,717	-	-
Other non-current assets	36,551	33,040	-	-
Total non-current assets	756,509	606,500	711,321	393,782
TOTAL ASSETS	4,502,174	3,923,237	1,574,026	1,041,293
LIABILITIES AND OWNERS' EQUITY				
Current liabilities				
Short-term borrowings	612,016	393,660	179,688	80,172
Notes payable	918,567	838,538	241,913	129,298
Accounts payable	1,591,876	1,432,874	291,960	268,336
Advances from customers	23,884	18,772	6,616	4,626
Employee benefits payable	50,433	86,765	11,779	14,678
Taxes payable	36,998	15,121	1,264	(964)
Interest payable	296	742	-	40
Dividends payable	2,000	6,646	-	-
Other payables	355,766	308,422	275,764	119,210
Current portion of non-current liabilities	-	57,720	-	-
Total current liabilities	3,591,836	3,159,260	1,008,984	615,396
Non-current liabilities				
Long-term borrowings	60,000	30,000	-	-
Long-term payables	49	51	-	-
Special payable	800	800	800	800
Deferred tax liabilities	18,557	12,174	-	-
Other non-current liabilities	41,562	41,562	-	-
Total non-current liabilities	120,968	84,587	800	800
Total liabilities	3,712,804	3,243,847	1,009,784	616,196
Owners' equity				
Paid-in capital	288,149	288,149	288,149	288,149
Capital surplus	5,030	34,556	2,509	2,509
Surplus reserve	9,303	9,761	-	12,781
Undistributed profits	433,566	325,541	273,584	121,658
Total equity attributable to equity holders of Accord Pharma	736,048	658,007	564,242	425,097
Minority interest	53,322	21,383	-	-
Total owners' equity	789,370	679,390	564,242	425,097
TOTAL LIABILITIES AND OWNER'S EQUITY	4,502,174	3,923,237	1,574,026	1,041,293

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(b) Unaudited income statement
(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
Revenues	5,038,480	4,083,732	757,467	653,421
Less: Cost of sales	(4,603,509)	(3,721,514)	(718,827)	(618,494)
Tax and surcharges	(5,987)	(4,445)	(435)	(210)
Selling and distribution expenses	(179,496)	(136,628)	(22,429)	(18,949)
General and administrative expenses	(110,439)	(108,900)	(19,228)	(19,888)
Finance expenses – net	(20,968)	(28,198)	(616)	(795)
Asset impairment (losses)/reversal	(5,442)	4,063	(773)	613
Add: Investment income	22,756	6,631	195,835	65,121
Operating profit	135,395	94,741	190,994	60,819
Add: Non-operating income	2,262	10,164	25	2,944
Less: Non-operating expenses	(247)	(699)	(17)	(13)
Total profit	<u>137,410</u>	<u>104,206</u>	<u>191,002</u>	<u>63,750</u>
Less: Income tax expenses	(34,023)	(19,962)	-	-
Net profit	<u>103,387</u>	<u>84,244</u>	<u>191,002</u>	<u>63,750</u>
Attributable to equity holders of Accord				
Pharma	98,784	78,894		
Minority interest	4,603	5,350		
Earnings per share for profit attributable to the equity holders of Accord Pharma during the year/period				
- Basic earnings per share	<u>0.343</u>	<u>0.274</u>		
- Diluted earnings per share	<u>0.343</u>	<u>0.274</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	5,057,723	4,051,697	851,317	692,142
Refund of taxes and levies	319	740	-	-
Cash received relating to other operating activities	80,939	56,084	9,309	11,259
Sub-total of cash inflows	5,138,981	4,108,521	860,626	703,401
Cash paid for goods and services	(4,500,362)	(3,578,785)	(721,176)	(620,749)
Cash paid to and on behalf of employees	(176,986)	(161,477)	(18,350)	(23,072)
Payments of taxes and levies	(94,690)	(83,841)	(11,009)	(6,372)
Cash paid relating to other operating activities	(215,873)	(178,587)	(23,750)	(26,312)
Sub-total of cash outflows	(4,987,911)	(4,002,690)	(774,285)	(676,505)
Net cash flows from operating activities	151,070	105,831	86,341	26,896
Cash flows from investing activities				
Cash received from returns on investments	-	4,531	77,532	75,738
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,370	9,895	5,173	4
Net cash received from disposal of subsidiaries and other business units	59,958	-	65,613	-
Sub-total of cash inflows	65,328	14,426	148,318	75,742
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(39,008)	(37,960)	(1,957)	(395)
Net cash paid to acquire subsidiaries and other business units	(105,630)	-	(171,582)	-
Cash paid relating to other investing activities	(2,067)	-	(17,877)	-
Sub-total of cash outflows	(146,705)	(37,960)	(191,416)	(395)
Net cash flows from investing activities	(81,377)	(23,536)	(43,098)	75,347

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

	<u>Consolidated</u>		<u>Company</u>	
	<u>Six months ended 30 June 2009</u>	<u>Six months ended 30 June 2008</u>	<u>Six months ended 30 June 2009</u>	<u>Six months ended 30 June 2008</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cash flows from financing activities				
Cash received from borrowings	334,450	210,000	140,000	80,000
Cash received relating to other financing activities	219,141	6,808	503,690	118,100
Sub-total of cash inflows	<u>553,591</u>	<u>216,808</u>	<u>643,690</u>	<u>198,100</u>
Cash repayments of amounts borrowed	(344,382)	(180,022)	(70,000)	(50,000)
Cash payments for interest expenses and distribution of dividends or profits	(62,586)	(20,470)	(30,950)	(1,278)
Cash payments relating to other financial activities	(99,264)	(1,012)	(565,287)	(199,945)
Sub-total of cash outflows	<u>(506,232)</u>	<u>(201,504)</u>	<u>(666,237)</u>	<u>(251,223)</u>
Net cash flows from financing activities	<u>47,359</u>	<u>15,304</u>	<u>(22,547)</u>	<u>(53,123)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	<u>117,052</u>	<u>97,599</u>	<u>20,696</u>	<u>49,120</u>
Add: Cash and cash equivalents at beginning of period	381,663	279,938	62,370	54,842
Cash and cash equivalent at end of period	<u><u>498,716</u></u>	<u><u>377,537</u></u>	<u><u>83,066</u></u>	<u><u>103,962</u></u>

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1. Background and principal activities

Accord Pharma is a joint stock limited company incorporated in Shenzhen, the People's Republic of China (the "PRC") on 1 February 1993 and its A shares and B shares have been listed on the Shenzhen Stock Exchange of the PRC. As at the date of the interim financial report of Accord Pharma Group for the six months ended 30 June 2009, Sinopharm Group Co. Ltd. ("the Company") held 38.33% equity interests in Accord Pharma.

Accord Pharma and its subsidiaries (together "Accord Pharma") are mainly engaged in: (1) distribution of medicines and pharmaceutical products to wholesale customers including hospitals and other distributors, (2) operation of pharmaceutical chain stores, and (3) manufacture and sale of certain antibiotic and herbal medicines, healthcare products and laboratory supplies, and property rental operations.

2. Basis of preparation and principal accounting policies

(a) Basis of preparation

The unaudited interim financial information of Accord Pharma 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 Accord Pharma 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 Accord Pharma Group used to prepare the interim financial statements are consistent with those disclosed in the annual report of Accord Pharma 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 in 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 20 March 2009.

(c) Statutory PRC auditors

The consolidated financial statements of Accord Pharma Group for the year ended 31 December 2008 were audited by Shulun Pan Certified Public Accountants Co., Ltd..

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3. Segment information

Management 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;
- (3) Retail pharmacy operations — operation of medicine chain stores; and
- (4) 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</u>	<u>Cost</u>	<u>Revenue</u>	<u>Cost</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Pharmaceutical distribution	4,829,413	4,611,984	3,775,374	3,574,610
Retail pharmacy operations	249,195	204,431	226,194	178,017
Pharmaceutical manufacturing	565,811	421,226	384,068	285,682
Other business operations	73,907	43,731	32,609	11,221
Subtotal	5,718,326	5,281,372	4,418,245	4,049,530
Less: Elimination	(679,845)	(677,863)	(334,513)	(328,016)
Total	<u>5,038,481</u>	<u>4,603,509</u>	<u>4,083,732</u>	<u>3,721,514</u>

4. Business combination and the consolidated financial statements

A). Business combination involving enterprises under common control

On 25 May 2009, Accord Pharma acquired 60% and 40% of the equity interests in Sinopharm Holding Nanning Co., Ltd. from the Company and Sinopharm Holding Shanghai Co., Ltd., respectively. The combination date of this transaction is 30 June 2009 on which Accord Pharma effectively obtains the right to control Sinopharm Holding Nanning Co., Ltd. This transaction is classified as a business combination involving enterprises under common control because Sinopharm Holding Nanning Co., Ltd. and Accord Pharma are both ultimately controlled by the Company prior and subsequent to the combination and the control is not temporary.

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The consideration of the business combination and carrying amount of net assets acquired is as follows:

	RMB'000
Cost of combination	
Cash Paid	30,432
Carrying amount of the liabilities incurred or assumed	3,605
Total cost of combination	34,037
Less: Carrying amount of the net assets acquired	(32,503)
Amount of retained earnings adjusted	(1,534)

The carrying amount of assets, liabilities of Sinopharm Holding Nanning Co., Ltd. at the date of the combination, and the cash flows related to the combination are as follows:

	Carrying amount	
	Date of combination	31 December 2008
	RMB'000	RMB'000
Total Assets	299,475	252,748
Less: Total Liabilities	(266,972)	(222,728)
Net assets	32,503	30,020
Less: Minority Interests	-	-
Net assets acquired	32,503	30,020

Revenue, net profit and cash flows of Sinopharm Holding Nanning Co., Ltd. for the period from 1 January 2009 to the date of combination are as follows:

	For the period from 1 January 2009 to date of combination
	RMB'000
Revenue	292,638
Net Profit	2,483
Cash flows from operating activities	8,551
Net cash flows	13,959

B). Business combinations involving enterprises not under common control

- 1). In January 2009, Accord Pharma acquired 100% equity interests in Dongguan Accord Pharmaceutical Co., Ltd. from an independent third party for a consideration of RMB 2,742,000. The acquisition date of this transaction is 31 January 2009, on which date Accord Pharma effectively obtained the right to control Dongguan Accord Pharmaceutical Co., Ltd.

- 2). In March 2009, Accord Pharma acquired 75% equity interests in Suzhou Zhijun Wanqing Pharmaceutical Co., Ltd. from an independent third party for a consideration of RMB 103,500,000. The acquisition date of this transaction is 31 March 2009, on which date Accord Pharma effectively obtained the right to control Suzhou Zhijun Wanqing Pharmaceutical Co., Ltd.

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Details of net assets acquired and goodwill recognised are as follows:

	RMB'000
Cost of combination – cash paid	106,242
Less: Fair value of the identifiable net assets acquired	<u>(66,574)</u>
Goodwill	<u>39,668</u>

The assets, liabilities of Dongguan Accord Pharmaceutical Co., Ltd. and Suzhou Zhijun Wanqing Pharmaceutical Co., Ltd. at the acquisition date, and the cash flows relating to the acquisition are as follows:

	<u>Fair Value</u>	<u>Carrying Amount</u>	
	<u>Date of acquisition</u>	<u>Date of acquisition</u>	<u>31 December 2008</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Total assets	286,300	241,018	237,051
Less: Total liabilities	(198,504)	(190,974)	(192,719)
Net assets	87,796	<u>50,044</u>	<u>44,332</u>
Less: Minority interests	<u>(21,222)</u>		
Net assets acquired	<u>66,574</u>		
Purchase consideration settled in cash	106,242		
Cash and cash equivalents in subsidiaries acquired	<u>(25,238)</u>		
Cash outflow on acquisition	<u>81,004</u>		

The revenue, net profit and cash flows of Dongguan Accord Pharmaceutical Co., Ltd. and Suzhou Zhijun Wanqing Pharmaceutical Co., Ltd. for the period from the acquisition date to 30 June 2009 are as follows:

	RMB'000
Revenue	79,146
Net Profit	27
Net cash flow from operating	9,448
Net cash flows	<u>(6,503)</u>

5. Disposal of Subsidiaries

As at 30 June 2009, Accord Pharma disposed of its entire equity interest in Guangxi Accord Drugstore Chains Co., Ltd., Guangdong Accord Drugstore Co., Ltd. and its subsidiaries to the Company. The related information at the date of the disposal is as follows:

Disposal consideration	75,574
Cash and cash equivalents received from the disposal	75,574
Less: Cash and cash equivalents held by the disposed subsidiaries	<u>(15,616)</u>
Net cash received from the disposal	<u>59,958</u>

Net assets of the disposed subsidiaries as at the disposal date and 31 December 2008 are as follows:

	<u>Date of disposal</u>	<u>31 December 2008</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Net assets	21,606	21,517

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The net profits of the disposed subsidiaries for the period from 1 January 2009 to the disposal date are as follows:

	RMB'000
Net profit	156

6. Dividends

According with the resolutions of shareholders' meeting of Accord Pharma held on 13 April 2009, Accord Pharma distributed part of distributable profits as at 31 December 2008, amounting to RMB 28,814,940, in the form of cash dividend at RMB 1.0 per 10 shares.

7. Related party and related party transactions

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 Accord Pharma

<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	38.33%	38.33%

China National Pharmaceutical Group Corporation ("CNPGC") is the ultimate parent company of Accord Pharma.

C). The directors of Accord Pharma and the management of Accord Pharma Group consider the following entities are related parties of Accord Pharm Group:

<u>Name of related party</u>	<u>Nature of relationship</u>
CNPGC	Ultimate parent company
The Company	Parent Company
Subsidiaries of Sinopharm Group Co. Ltd. ("the Company")	
Sinopharm Holding Shenyang Co., Ltd. (國藥控股瀋陽有限公司)	Controlled by same parent company
Sinopharm Holding Suzhou Co., Ltd. (國藥控股蘇州有限公司)	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 Suzhou Chemical Reagent Co., Ltd. (國藥集團化學試劑蘇州有限公司)	Controlled by same parent company

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<u>Name of related party</u>	<u>Nature of relationship</u>
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
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
China National Medicines Corporation Ltd. (國藥集團藥業股份有限公司)	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
Sinopharm Holding Henan Co., Ltd. (國藥控股河南股份有限公司)	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 Co., Ltd. (國藥控股北京有限公司)	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
Sinopharm Holding Hunan Co., Ltd. (國藥控股湖南有限公司)	Controlled by same parent company
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 Shanghai Co., Ltd. (國藥控股上海有限公司)	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 Suzhou Co., Ltd. (國藥控股蘇州有限公司)	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
Shanghai Sinopharm Waigaoqiao Co., Ltd. (上海國藥外高橋醫藥有限公司)	Controlled by same parent company
Tianjin Orient Bookcom Pharmaceutical Trade Co., Ltd. (天津東方博康醫藥貿易有限公司)	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
GuoDa Ningxia Pharmacy Chain Store Co., Ltd. (寧夏國大藥房連鎖有限公司)	Controlled by same parent company
Guangdong Accord Drugstore Co., Ltd. (廣東一致藥店有限公司)	Controlled by same parent company
Shenzhen Accord Pharmacy Chain Store Co., Ltd. (深圳市一致醫藥連鎖有限公司)	Controlled by same parent company

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**APPENDIX IVB — UNAUDITED INTERIM FINANCIAL INFORMATION OF
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Name of related party	Nature of relationship
Guangzhou Accord Pharmacy Chain Store Co., Ltd. (廣州一致藥店連鎖有限公司)	Controlled by same parent company
Guangxi Accord Pharmacy Chain Store Co., Ltd. (廣西一致藥店連鎖有限公司)	Controlled by same parent company
Guangxi Guoda Pharmacy Chainstore Co., Ltd. (廣西國大藥房連鎖有限公司)	Controlled by the same ultimate parent company
Other related parties	
Guangdong Oriental New&Special Drugs Corporation (廣東東方新特藥公司)	Controlled by the same ultimate parent company
Guangdong Renbo Medical Equipment Co., Ltd. (廣東仁博醫療器材有限公司)	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
Guangxi Wuzhou Huawu Traditional & Herbal pharmaceutical Co., Ltd. (廣西梧州華梧藥材有限公司)	Controlled by the same ultimate parent company
China National Pharmaceutical Group Union Medical Equipment Co., Ltd. (國藥集團聯合醫療器械有限公司)	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
China National Pharmaceutical Group Shanghai Medical Equipment Co., Ltd. (國藥集團上海醫療器械有限公司)	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 Industry Corporation (中國醫藥工業有限公司)	Controlled by the same ultimate parent company
Guangxi Nanning Medicines Wholesales Station (廣西壯族自治區南寧醫藥批發站)	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
Reed Sinopharm Exhibitions Co., Ltd. (國藥勵展展覽有限責任公司)	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
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
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 Foreign Trade Corporation (中國醫藥對外貿易公司)	Controlled by the same ultimate parent company
Shenzhen Main Luck Pharmaceutical Co., Ltd. (深圳萬樂藥業有限公司)	Associate

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II). Significant related party transactions

Purchase of goods

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
The Company	265,826	309
Subsidiaries of the Company	225,920	498,372
Other related parties	105,915	90,239
	<u>597,661</u>	<u>588,920</u>

Sales of goods

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
The Company	5,810	2,046
Subsidiaries of the Company	309,655	249,789
Other related parties	54,937	55,111
	<u>370,402</u>	<u>306,946</u>

III). Significant balances with related parties

Accounts receivables

	As at 30 June 2009	As at 31 December 2008
	RMB'000	RMB'000
Subsidiaries of the Company	147,718	112,630
Other related parties	5,311	4,814
	<u>153,029</u>	<u>117,444</u>

Prepayment

	As at 30 June 2009	As at 31 December 2008
	RMB'000	RMB'000
Subsidiaries of the Company	5,861	-
Other related parties	160	-
	<u>6,021</u>	<u>-</u>

Accounts Payable

	As at 30 June 2009	As at 31 December 2008
	RMB'000	RMB'000
The Company	90,035	18,505
Subsidiaries of the Company	16,157	117,004
Other related parties	18,995	14,490
	<u>125,187</u>	<u>149,999</u>

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Other Payable

	<u>As at 30 June 2009</u>	<u>As at 31 December 2008</u>
	<u>RMB'000</u>	<u>RMB'000</u>
The Company	168,644	60,000
Subsidiaries of the Company	4,164	18,053
Other related parties	1,609	2,877
	<u>174,417</u>	<u>80,930</u>

8. Reconciliation of net profit and owners' equity attributable to equity holders of Accord Pharma 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>Notes</u>	<u>Net profit for the six months ended 30 June 2009</u>	<u>Owners' equity as at 30 June 2009</u>
		<u>RMB'000</u>	<u>RMB'000</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>
Attributable to equity holders of Accord Pharma as reported in the Interim Financial Statements in compliance with PRC GAAP ..		98,784	737,192
Adjustment on Post-employment benefit plans	(i)	2,588	(55,924)
Recognition of deferred taxation	(ii)	(647)	13,816
Attributable to equity holders of Accord Pharma as reported under the accounting policies of the Group in compliance with HKFRS		<u>101,372</u>	<u>681,268</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 the liability method.