

Shenzhen Accord Pharmaceutical Co., Ltd.

The Third Quarterly Report for 2011(Full Text)

§1. Important Notes

1.1 Board of Directors and the Supervisory Committee of Shenzhen Accord Pharmaceutical Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

1.2 Except for the followed directors, others were attended the Meeting in person for deliberating the third quarterly report.

Name of absent directors	Title	Reason of absence	Name of entrusted
Lu Jun	Director	Due to business	Wu Aimin
Jiang Xiuchang	Director	Due to business	Wu Aimin
He Zhiyi	Independent Director	Due to health	Xiong Chuxiong

1.3 The Third Quarterly Financial Report of 2011 has not been audited by CPAs.

1.4 Chairman of the Board Mr. Shi Jinming, General Manager Mr. Yan Zhigang, CFO Mr. Wei Pingxiao and Financial Manager Mr. Chi Guoguang hereby confirm that the Financial Report of the Third Quarterly Report is true and complete.

§2. Company Profile

2.1 Main accounting highlights and financial indexes:

Unit: RMB

	2011.9.30	2010.12.31	Increase/decrease scope (%)	
Total assets (RMB)	7,323,929,954.43	6,306,793,005.81	16.13%	
Owners' equities attributable to the shareholders of listed company (RMB)	1,265,860,415.42	1,052,370,309.53	20.29%	
Share capital (Share)	288,149,400.00	288,149,400.00	0.00%	
Net assets per share attributable to the shareholders of listed company (RMB/Share)	4.393	3.652	20.29%	
	July-Sept.2011	Increase/decrease over the same period of the last year (%)	Jan.-Sept. 2011	Increase/decrease over the same period of the last year (%)
Total operating income (RMB)	3,926,991,975.39	13.78%	11,122,364,393.15	14.80%
Net profit attributable to the shareholders of listed company (RMB)	81,101,590.05	33.77%	246,238,033.89	36.79%
Net cash flow arising from operating activities (RMB)	-	-	-189,951,324.31	-167.47%
Net cash flow arising from operating activities per share (RMB/Share)	-	-	-0.66	-167.47%
Basic earnings per share (RMB/Share)	0.28	33.33%	0.85	37.10%

Diluted earnings per share (RMB/Share)	0.28	33.33%	0.85	37.10%
Weighted average return on equity (%)	6.68%	0.49%	21.16%	1.75%
Weighted average return on equity after deducting non-recurring gains/losses (%)	6.39%	0.28%	19.70%	1.04%

Items of non-recurring gains and losses

√Applicable

□Inapplicable

Unit: RMB

Items of non-recurring gains and losses	Amount	Remarks (If applicable)
Gains and losses from the disposal of non-current asset	2,855,132.14	
Governmental subsidy calculated into current gains and losses, while closely related with the business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard	9,171,958.05	
Switched back of impairment provision of account receivable that performed impairment testing independently.	3,822,967.87	
Other non-operating income and expense excluded the aforementioned business	6,768,301.37	
Influenced amount of minority shareholders' gains/losses	-1,156,331.42	
Impact on income tax	-4,502,192.51	
Total	16,959,835.50	-

2.2 Total number of shareholders at the end of the report period and shares held by the top ten shareholders with unrestricted conditions

Unit: Share

Total number of shareholders at the end of report period	14,711	
Particulars about the shares held by the top ten shareholders with unrestricted conditions		
Full name of shareholder	Unrestricted shares held at period-end	Type of shares
SINOPHARM GROUP CO., LTD.	110,459,748	RMB common share
ICBC—GUANGFA JUFENG STOCK FUND	12,140,955	RMB common share
ICBC—Harvest Theme New Power Stock Fund	10,290,292	RMB common share
AGRICULTURAL BANK OF CHINA—GREATWALL ANXIN RETURN MIXED FUND	8,198,537	RMB common share
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	7,032,720	Domestically listed foreign share
ICBC—GUANGFA STRATEGY	4,207,399	RMB common share

SELECTED MIX STOCK FUND		
ICBC— HARVEST STRATEGY GROWTH MIX STOCK FUND	4,103,442	RMB common share
ICBC—China Universal Balance Growth Stock Fund	3,897,565	RMB common share
ICBC—China Universal Health Care Stock Fund	3,467,015	RMB common share
China Construction Bank – Huabao Industrial Profit Growth Mix Security Fund	3,449,986	RMB common share

§3. Significant events

3.1 Particulars about material changes in items of main accounting statement and financial index, and explanations of reasons

√Applicable □Inapplicable

<p>1. Note receivable: increase RMB 141.29 million at period-end over that of period-begin with an increase rate of 38.27%. Main reasons caused by the growth of sale income and the note amount recovery increased.</p> <p>2. Construction in progress: increase RMB 81.46 million at period-end over that of period-begin with an increase rate of 75.22%. Mainly caused by: RMB 58.73 million was increased for the newly project of logistic garden for Guangxi Sinopharm Logistic, the subsidiary of the Company and RMB 21.17 million invested in the plant project that newly establish for subsidiary of the Company—Zhijun Wanqing and Zhijun Pharmaceutical.</p> <p>3. Short-term loans: increase RMB 541.47 million at period-end over that of period-begin with an increase rate of 55.51%. Mainly caused by: the amount for goods were difficult to recover due to the influence of macro-control; the Company enlarge financing scale for guarantee the business back into normal development.</p> <p>4. Note payable: decrease RMB 453.11 million at period-end over that of period-begin with an increase rate of -31.28%. Mainly because in this period, other settlement instruments were adopted by the Company broadly, and reduced the settlement with notes.</p> <p>5. Account payable: increase RMB 642.22 million at period-end over that of period-begin with an increase rate of 32.05%. Mainly because the growth of sales stimulated the growth of purchasing, this brings more balance in account payable.</p> <p>6. Account receivable: decrease RMB 50.43 million at period-end over that of period-begin with an increase rate of -50.27%. Mainly because account received in advance that satisfied income reorganization principal at period-begin have been transfer to sales income.</p> <p>7. Taxes payable: increase RMB 20.17 million at period-end over that of period-begin with an increase rate of 50.77%. Mainly because vary taxes were increase due to the stimulation from soaring sales income and profitability, furthermore, higher tax rate of city construction tax and income tax in Shenzhen has a certain influence on taxes payable.</p> <p>8. Interest payable: increase RMB 3.76 million at period-end over that of period-begin with an increase rate of 177.25%. Mainly because enlargement of financing scale brings more interest payable.</p> <p>9. Long-term loans: increase RMB 58.09 million at period-end over that of period-begin with an increase rate of 193.64%. Mainly because newly debt financing of RMB 43.09 million and RMB 15 million were newly increased for establishment of logistic garden project of Guangxi Sinopharm Logistic, subsidiary of the Company and for expansion of plant of Zhijun Wanqing, subsidiary of the Company increased.</p> <p>10. Business tax and extra: gains a y-o-y growth of RMB 11.73 million with an increase rate of</p>
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84.40%. Mainly caused by the factors of VAT that increased according to the soaring sales as well as the higher city construction tax rate.

11. Financial expenses: gains a y-o-y growth of RMB 37.14 million with an increase rate of 63.64%. Mainly because: on one hand loan rates higher with the influence of tight-money policy of the State; on the other hand financing cost soaring due to the expansion of financing scale.

12. Losses of assets impairment: decrease RMB 12.39 million y-o-y with an increase rate of -64.52%. Mainly because in this year, the Company take strengthen management on credit and inventory turnover for clients, receivable bad debt provision and inventory depreciation provision were decreased.

13. Non-operating income: gains a y-o-y growth of RMB9.75 million with an increase rate of 100%. Mainly because: in this period, the Company received more government grants than same period of last year, furthermore, part of the account payable, remain historically and no need to paid, has been disposed in this period.

14. Non-operating expenditure: decrease RMB 2.58 million y-o-y with an increase rate of -89.75%. Mainly because at same period of last year, there are more disaster relief donation and more disposal of fixed assets from the Company and its subordinated companies.

15. Net profit: gains a y-o-y growth of RMB65.92 million with an increase rate of 36.07%. Mainly because: the Company controlling its expenditures reasonably for higher products' gross profit which upgrade the profitability correspondingly.

16. Other cash received from operating activity: decrease RMB 64.56 million y-o-y with an increase rate of -43.14%. Mainly because in this year, item of income from other business was collected for adjustment.

17. Net cash flow arising from operating activity: decrease RMB 471.49 million y-o-y with an increase rate of -167.47%. Mainly because affected by the country's financial environment, account received in a slow status; meanwhile, in order to satisfy sales scales expansion, the purchasing expenditures increased.

18. Cash received from investment income: gains a y-o-y growth of RMB9.32 million with an increase rate of 112.71%. Mainly because: Main Luck Pharmaceuticals, associated company, gains a y-o-y growth in net profit of 2010, the Company gains a corresponding growth in equity.

19. Net cash received from disposal of subsidiary and other operating units: decrease RMB 0.33 million y-o-y with an increase rate of -100%. Mainly because in year of 2010, subsidiary of the Company—Zhijun Pharmaceutical gains an amount from equity sales of Shenzhen Associated Guangshen Pharmaceutical, and there are no such business occurred in this year.

20. Other cash received from investment activity: decrease RMB 15 million y-o-y with an increase rate of -100%. Mainly because at same period of last year, Shenzhen TCM, subsidiary of the Company, received amount from Sino-TCM that borrowed previously, and there are no such business occurred in this period.

21. Cash paid for investment: decrease RMB 13.34 million y-o-y with an increase rate of -100%. Mainly because at same period of last year, capital increased amount (before consolidation) to Shenzhen Yanfeng, subsidiary of the Company, and previously two phases of equity acquisition amount of Sinopharm Meizhou, subsidiary of the Company, were paid by the Company, and there are no such business occurred in this period.

22. Net cash paid for receiving subsidiary and other operating units: decrease RMB 5.26 million y-o-y with an increase rate of -47.88%. Mainly because at same period of last year, purchasing amount of Shenzhen Yanfeng and Sinopharm Meizhou, subsidiary of the Company, were paid by the Company; in this year, except for paying the last amount of equity purchasing of 2010, no such acquisition business occurred.

23. Other cash paid for investment activity: decrease RMB 56.30 million y-o-y with an increase rate of -85.19%. Mainly because at same period of last year, subsidiary of the Company, Sinopharm Nanning paid large part of the purchasing amount for acquisition of Nanning Medicine Company,

rests of the payment was paid in this period.

24. Cash received from borrowings: decrease RMB 596.58 million y-o-y with an increase rate of -45.94%. Mainly because affected by tight-money policy of the State, loan rate goes up, Company minimized its loan scales with purpose of lower its financing cost, and adopted other financing instrument instead.

25. Other cash received from financing activity: gains a y-o-y growth of RMB630.57 million with an increase rate of 4742.93%. Mainly because the Company broadly adopted supply chain financing instrument in order to supporting sales.

26. Cash paid for debts paying: decrease RMB 780.53 million y-o-y with an increase rate of -63.18%. Mainly because borrowing scale has a y-o-y down that reduce debt payment.

27. Cash paid for distribution of dividend, profit or interest payment: gains a y-o-y growth of RMB28.62 million with an increase rate of 40.46%. Mainly because the financing scale enlargement stimulated the financing cost increased.

28. Other cash paid for financing activities: gains a y-o-y growth of RMB563.35 million with an increase rate of 2315.09%. Mainly because return of the financing amount by supply chain saw a y-o-y rise in this year.

3.2 Progress of significant events, their influences, and analysis and explanation of their solutions

3.2.1 Qualified opinion

☐Applicable ☒Inapplicable

3.2.2 Particular about fund offers to controlling shareholders or associated parties and external guarantee that against the regulation.

☐Applicable ☒Inapplicable

3.2.3 Particular about signing and implementation on significant contracts of ordinary management.

☐Applicable ☒Inapplicable

3.2.4 Other

☐Applicable ☒Inapplicable

3.3 Implementations of commitments by the Company, shareholders and actual controller

Commitments made by the listed company and its directors, supervisors, senior executives, the shareholders with holding above 5% shares and its actual controller in the report period or lasting until the report period.

☐Applicable ☒Inapplicable

3.4 Estimation of 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 of reason

☐Applicable ☒Inapplicable

3.5 Particulars about the other significant events which needed explanations

3.5.1 Particular about security investment

☐Applicable ☒Inapplicable

3.5.2 Activities on receiving research, communication and interview in the report period

In the report period, there were no receiving spot research, communication and written inquiry from the investors.

3.6 Particulars about derivatives investment

☐Applicable ☒Inapplicable

3.6.1 Particulars about the positions of derivatives investment at the end of report period

☐Applicable ☒Inapplicable

§4. Appendix

4.1 Balance sheet

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd.

Sept. 30, 2011

Unit: RMB

Items	Balance at period-end		Balance at year-begin	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	579,744,090.30	157,668,011.21	711,789,775.66	135,498,819.87
Settlement provisions				
Capital lent				
Transaction finance asset				
Notes receivable	510,458,556.15	10,317,191.04	369,169,030.47	5,038,459.89
Accounts receivable	3,667,489,777.70	309,149,677.12	2,866,825,102.78	282,597,465.23
Accounts paid in advance	121,833,618.63	1,405,993.16	101,806,030.92	3,798,560.90
Insurance receivable				
Reinsurance receivables				
Contract reserve of reinsurance receivable				
Interest receivable				
Dividend receivable				
Other receivables	36,408,190.09	519,379,359.45	43,110,999.74	557,324,957.67
Purchase restituted finance asset				
Inventories	1,279,606,910.61	127,333,995.29	1,156,329,658.80	117,829,120.30
Non-current asset due within one year				
Other current assets				
Total current assets	6,195,541,143.48	1,125,254,227.27	5,249,030,598.37	1,102,087,383.86
Non-current assets:				
Granted entrusted loans and advances				
Finance asset available for sales				
Held-to-maturity investment				
Long-term account receivable				
Long-term equity investment	88,950,423.95	1,325,677,838.04	85,275,251.06	1,272,402,665.15
Investment real estate	83,389,595.91	9,158,439.50	87,293,333.76	12,033,619.61
Fixed assets	475,178,911.45	34,108,597.53	492,557,743.43	35,677,614.01

Construction in progress	189,762,107.45	253,886.24	108,301,338.12	253,886.24
Engineering material				
Disposal of fixed asset				
Productive biological asset				
Oil and gas asset				
Intangible assets	117,612,091.07	27,849,493.56	129,175,366.09	28,837,698.02
Expense on Research and Development	3,269,317.10		2,580,662.85	
Goodwill	53,555,677.09		53,555,677.09	
Long-term expenses to be apportioned	21,231,763.25	8,924,314.88	19,811,611.24	9,161,222.49
Deferred income tax asset	37,202,133.97	3,354,842.32	31,083,592.24	2,958,699.75
Other non-current asset	58,236,789.71		48,127,831.56	0.00
Total non-current asset	1,128,388,810.95	1,409,327,412.07	1,057,762,407.44	1,361,325,405.27
Total assets	7,323,929,954.43	2,534,581,639.34	6,306,793,005.81	2,463,412,789.13
Current liabilities:				
Short-term loans	1,516,943,964.58	463,605,676.79	975,475,884.21	349,183,556.07
Loan from central bank				
Absorbing deposit and interbank deposit				
Capital borrowed				
Transaction financial liabilities				
Notes payable	995,505,160.92	110,275,720.89	1,448,622,490.72	227,394,114.09
Accounts payable	2,645,787,834.74	311,281,992.43	2,003,566,517.62	238,636,669.29
Accounts received in advance	49,894,715.68	664,663.33	100,322,387.21	48,490.62
Selling financial asset of repurchase				
Commission charge and commission payable				
Wage payable	135,302,239.75	33,598,135.72	127,191,717.25	22,612,110.63
Taxes payable	59,886,702.33	7,681,747.19	39,720,311.72	2,957,612.62
Interest payable	5,884,066.02	773,878.62	2,122,314.90	596,047.97
Dividend payable				
Other accounts payable	359,183,446.29	667,342,020.29	345,011,293.80	874,380,433.82
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities	5,768,388,130.31	1,595,223,835.26	5,042,032,917.43	1,715,809,035.11
Non-current liabilities:				
Long-term loans	88,091,853.63		30,000,000.00	
Bonds payable				

Long-term account payable	36,846.60		40,777.80	
Special accounts payable	4,519,000.00	1,032,000.00	4,755,000.00	1,320,000.00
Projected liabilities				
Deferred income tax liabilities	20,938,663.80	3,773,319.00	22,709,093.70	3,773,319.00
Other non-current liabilities	94,595,803.19		75,809,855.74	
Total non-current liabilities	208,182,167.22	4,805,319.00	133,314,727.24	5,093,319.00
Total liabilities	5,976,570,297.53	1,600,029,154.26	5,175,347,644.67	1,720,902,354.11
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	5,030,338.57	13,828,726.93	5,030,338.57	13,828,726.93
Less: Inventory shares				
Reasonable reserve				
Surplus public reserve	39,981,268.55	39,981,268.55	39,981,268.55	39,981,268.55
Provision of general risk				
Retained profit	932,699,408.30	592,593,089.60	719,209,302.41	400,551,039.54
Balance difference of foreign currency translation				
Total owner's equity attributable to parent company	1,265,860,415.42	934,552,485.08	1,052,370,309.53	742,510,435.02
Minority interests	81,499,241.48		79,075,051.61	
Total owner's equity	1,347,359,656.90	934,552,485.08	1,131,445,361.14	742,510,435.02
Total liabilities and owner's equity	7,323,929,954.43	2,534,581,639.34	6,306,793,005.81	2,463,412,789.13

4.2 Profit statement in the report period

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd.

July-Sept.2011

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	3,926,991,975.39	520,183,508.48	3,451,455,784.19	475,039,013.02
Including: Operating income	3,926,991,975.39	520,183,508.48	3,451,455,784.19	475,039,013.02
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	3,832,988,264.86	534,326,861.12	3,376,938,613.12	480,283,148.59
Including: Operating cost	3,606,934,783.70	493,296,835.21	3,162,038,837.76	450,682,693.73
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	10,037,431.51	1,167,722.05	5,157,804.62	688,756.01
Sales expenses	90,409,469.47	10,542,164.77	110,688,869.08	15,209,431.95
Administration expenses	90,577,777.13	17,951,497.63	74,154,927.01	6,978,798.06
Financial expenses	34,088,871.51	11,470,667.32	21,002,277.66	7,565,774.18
Losses of devaluation of asset	939,931.54	-102,025.86	3,895,896.99	-842,305.34
Add: Changing income of fair value(Loss is listed with “-”)				
Investment income (Loss is listed with “-”)	8,459,883.59	8,459,883.59	6,316,035.43	4,915,955.21
Including: Investment income on affiliated company and joint venture	8,459,883.59	8,459,883.59	6,316,035.43	4,915,955.21
Exchange income (Loss is listed with “-”)				
III. Operating profit (Loss is listed with “-”)	102,463,594.12	-5,683,469.05	80,833,206.50	-328,180.36
Add: Non-operating income	4,481,813.60	3,054,118.66	1,034,347.08	201,318.79
Less: Non-operating expense	77,727.87	3.97	2,030,478.53	304,222.56
Including: Disposal loss of non-current asset	39,743.32	0.00	43,976.25	10,332.02
IV. Total Profit (Loss is listed with “-”)	106,867,679.85	-2,629,354.36	79,837,075.05	-431,084.13
Less: Income tax expense	25,930,899.43	2,129,973.08	20,060,652.38	251,620.26
V. Net profit (Net loss is listed with “-”)	80,936,780.42	-4,759,327.44	59,776,422.67	-682,704.39
Net profit attributable to owner’s of parent company	81,101,590.05	-4,759,327.44	60,629,253.89	-682,704.39
Minority shareholders’ gains and losses	-164,809.63	0.00	-852,831.22	0.00
VI. Earnings per share:				
i. Basic earnings per share	0.28	0.00	0.21	0.00
ii. Diluted earnings per share	0.28	0.00	0.21	0.00
VII. Other consolidated income				
VIII. Total consolidated income	80,936,780.42	-4,759,327.44	59,776,422.67	-682,704.39
Total consolidated income attributable to owners of parent company	81,101,590.05	-4,759,327.44	60,629,253.89	-682,704.39
Total consolidated income attributable to minority shareholders	-164,809.63	0.00	-852,831.22	0.00

The merging party realized net profit of RMB 00.00 before consolidation under same control in this period.

4.3 Profit statement from year-begin to the end of report period

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd.

Jan.-Sept. 2011

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	11,122,364,393.15	1,466,936,940.92	9,688,283,303.16	1,353,859,049.12
Including: Operating income	11,122,364,393.15	1,466,936,940.92	9,688,283,303.16	1,353,859,049.12
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	10,838,251,351.99	1,498,753,601.64	9,468,646,564.80	1,373,346,648.57
Including: Operating cost	10,126,675,089.61	1,394,818,434.22	8,837,874,229.04	1,288,553,523.09
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	25,636,443.23	3,079,873.50	13,902,386.62	1,199,539.38
Sales expenses	330,211,835.54	35,131,140.36	320,305,854.08	39,476,480.54
Administration expenses	253,416,823.08	37,283,777.36	219,000,977.41	30,214,858.66
Financial expenses	95,495,577.80	28,289,487.66	58,355,589.10	16,830,524.35
Losses of devaluation of asset	6,815,582.73	150,888.54	19,207,528.55	-2,928,277.45
Add: Changing income of fair value(Loss is listed with “-”)				
Investment income (Loss is listed with “-”)	21,270,172.89	256,330,651.56	17,620,749.32	232,345,086.43
Including: Investment income on affiliated company and joint venture	21,270,172.89	21,270,172.89	17,579,508.02	14,167,184.29
Exchange income (Loss is listed with “-”)				
III. Operating profit (Loss is listed with “-”)	305,383,214.05	224,513,990.84	237,257,487.68	212,857,486.98
Add: Non-operating income	19,497,223.63	5,636,496.77	9,742,859.08	1,105,951.89
Less: Non-operating expense	294,922.39	3.97	2,878,021.15	306,022.56
Including: Disposal loss of non-current asset	109,996.54		515,586.66	10,332.02
IV. Total Profit (Loss is listed with “-”)	324,585,515.29	230,150,483.64	244,122,325.61	213,657,416.31
Less: Income tax expense	75,923,291.53	5,360,505.58	61,381,449.43	1,890,403.72
V. Net profit (Net loss is	248,662,223.76	224,789,978.06	182,740,876.18	211,767,012.59

listed with “-”)				
Net profit attributable to owner’s of parent company	246,238,033.89	224,789,978.06	180,016,350.27	211,767,012.59
Minority shareholders’ gains and losses	2,424,189.87		2,724,525.91	
VI. Earnings per share:				
i. Basic earnings per share	0.85		0.62	
ii. Diluted earnings per share	0.85		0.62	
VII. Other consolidated income	0.00		0.00	0.00
VIII. Total consolidated income	248,662,223.76	224,789,978.06	182,740,876.18	211,767,012.59
Total consolidated income attributable to owners of parent company	246,238,033.89	224,789,978.06	180,016,350.27	211,767,012.59
Total consolidated income attributable to minority shareholders	2,424,189.87		2,724,525.91	

The merging party realized net profit of RMB 00.00 before consolidation under same control that occurred from year-begin to end of this period.

4.4 Cash flow statement from year-begin to the end of report period

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd.

Jan.-Sept. 2011

Unit: RMB

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	10,511,426,420.78	1,582,721,158.31	9,773,477,475.48	1,453,119,356.08
Net increase of customer deposit and interbank deposit				
Net increase of loan from central bank				
Net increase of capital borrowed from other financial institution				
Cash received from original insurance contract fee				
Net cash received from reinsurance business				
Net increase of insured savings and 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	1,037,653.73		844,711.99	41,418.25
Other cash received concerning operating activities	85,101,605.22	13,528,398.19	149,660,381.44	37,025,200.44
Subtotal of cash inflow arising from operating activities	10,597,565,679.73	1,596,249,556.50	9,923,982,568.91	1,490,185,974.77
Cash paid for purchasing commodities and receiving labor service	9,955,439,884.19	1,590,198,109.09	8,815,594,782.32	1,378,094,218.87
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	322,310,193.51	31,799,371.78	282,327,715.80	23,015,277.02
Taxes paid	265,869,197.00	17,415,084.04	220,975,219.47	20,057,438.40
Other cash paid concerning operating activities	243,897,729.34	37,825,100.83	323,543,137.56	69,869,275.34
Subtotal of cash outflow arising from operating activities	10,787,517,004.04	1,677,237,665.74	9,642,440,855.15	1,491,036,209.63
Net cash flows arising from operating activities	-189,951,324.31	-80,988,109.24	281,541,713.76	-850,234.86
II. Cash flows arising from investing activities:				
Cash received from recovering investment	1,830,000.00	1,830,000.00		45,000,000.00
Cash received from investment income	17,595,000.00	96,016,500.73	8,271,829.94	32,048,822.01
Net cash received from disposal of fixed, intangible and other long-term assets	4,063,113.42	3,239,648.92	5,574,171.08	3,400.00
Net cash received from disposal of subsidiaries and other units			325,415.00	
Other cash received concerning investing activities		251,989,281.47	15,000,000.00	1,611,038.60
Subtotal of cash inflow from investing	23,488,113.42	353,075,431.12	29,171,416.02	78,663,260.61

activities				
Cash paid for purchasing fixed, intangible and other long-term assets	139,500,985.77	3,360,428.22	134,908,779.92	1,104,146.37
Cash paid for investment		55,321,335.24	13,337,330.00	596,797,330.00
Net increase of mortgaged loans				
Net cash received from subsidiaries and other units	5,721,335.24		10,976,615.51	36,186,250.63
Other cash paid concerning investing activities	9,784,633.68	213,544,100.00	66,085,417.90	2,236,560.24
Subtotal of cash outflow from investing activities	155,006,954.69	272,225,863.46	225,308,143.33	636,324,287.24
Net cash flows arising from investing activities	-131,518,841.27	80,849,567.66	-196,136,727.31	-557,661,026.63
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	702,060,383.69	270,000,000.00	1,298,635,652.93	790,000,000.00
Cash received from issuing bonds				
Other cash received concerning financing activities	643,866,835.40	949,038,879.26	13,294,996.81	1,325,952,632.75
Subtotal of cash inflow from financing activities	1,345,927,219.09	1,219,038,879.26	1,311,930,649.74	2,115,952,632.75
Cash paid for settling debts	454,940,493.30	210,000,000.00	1,235,465,730.35	800,000,000.00
Cash paid for dividend and profit distributing or interest paying	99,358,778.12	81,268,773.85	70,737,430.86	56,361,505.91
Including: Dividend and profit of minority shareholder paid by subsidiaries	1,489,758.64			
Other cash paid concerning financing activities	587,681,155.37	905,462,372.49	24,333,723.30	731,655,502.04
Subtotal of cash outflow from financing activities	1,141,980,426.79	1,196,731,146.34	1,330,536,884.51	1,588,017,007.95
Net cash flows arising from financing activities	203,946,792.30	22,307,732.92	-18,606,234.77	527,935,624.80
IV. Influence on cash and	-13,288.37		-2,701.01	-2,383.85

cash equivalents due to fluctuation in exchange rate				
V. Net increase of cash and cash equivalents	-117,536,661.65	22,169,191.34	66,796,050.67	-30,578,020.54
Add: Balance of cash and cash equivalents at the period -begin	682,875,873.18	135,498,819.87	588,405,672.15	125,541,203.80
VI. Balance of cash and cash equivalents at the period -end	565,339,211.53	157,668,011.21	655,201,722.82	94,963,183.26

4.5 Auditor's report

Auditor's opinions: Un-audited