

Important notice:

The Board of Directors (“the Board”) of Guangzhou Pharmaceutical Company Limited (“the Company”) severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this interim report and believe that there are no material omissions from, or misrepresentations or misleading statements contained in this interim report.

The interim report is prepared in both English and Chinese. In the event of difference in interpretation, with the exception of the condensed accounts prepared in accordance with HK GAAP, the Chinese version is considered to be more accurate.

Contents

	Pages
Company Profile	2
Change in Share Capital and Shareholdings of Substantial Shareholders	4
Directors, Supervisors, Senior Management and Staff	5
Management Discussion and Analysis	5
Disclosure of Significant Events	11
Financial Reports:	12
<i>Prepared in accordance with PRC accounting standards and systems</i>	13
<i>Prepared in accordance with accounting principles generally accepted in Hong Kong</i>	59



COMPANY PROFILE

The Company

Legal name

Chinese name: 廣州藥業股份有限公司
Chinese abbreviation: 廣州藥業
English name: Guangzhou Pharmaceutical Company Limited
English abbreviation: GPC

Place of listing of shares and trading codes:

A shares
Shanghai Stock Exchange
Stock code: 600332
Stock name: GZ Phar.

H shares
The Stock Exchange of Hong Kong Limited
Stock code: 0874
Stock name: GZ Phar.

Registered office addresses:

The PRC registered office address: 45 Sha Mian North Street, Guangzhou City, Guangdong Province, PRC
510130
Post code: (8620) 81218103
Telephone: (8620) 81876408
Fax: <http://www.gzphar.com>
Website: sec@gpc.com.cn
E-mail: Room 2005, 20th Floor, Tower Two, Lippo Center, 89 Road, Hong Kong
Principal business address in Hong Kong: Cai Zhixiang

Legal representative:

Company Secretary

Name: He Shuhua
Address: 45 Sha Mian North Street, Guangzhou City, Guangdong Province, PRC
(8620) 81218117
Telephone: (8620) 81876408
Fax: hesh@gpc.com.cn
e-mail:

Newspapers designated by the

Company to disclose information:

Shanghai Securities Daily
Hong Kong Economic Times
The Standard

Internet website publishing

interim report designated by:

The China Securities Regulatory Commission
The Stock Exchange of Hong Kong Limited

<http://www.sse.com.cn>
<http://www.hkex.com.hk>

Place where the interim report is available for inspection:

Company Secretary Office
Guangzhou Pharmaceutical Co Ltd
2nd Floor, 45 Sha Mian North Street,
Guangzhou City, Guangdong Province, PRC

Other corporate information

Registration date: 17th January 2001
Business registration number: 4401011101830
Tax registration number: 44010063320680x

Principal financial data and indicators

- 1 Extracted from the accounts prepared in accordance with PRC accounting standards and systems:

	Unaudited Six months ended 30th June 2002 Rmb	Unaudited Six months ended 30th June 2001 Rmb	Change (%)
Turnover	3,000,882,903.37	2,644,970,813.82	13.46
Net profit	106,973,391.95	90,763,790.34	17.86
Net profit after deducting non-operating items	115,085,904.07	92,757,633.51	24.07
Earnings per share (fully diluted)	0.1319	0.1119	17.87
Earnings per share (weighted average)	0.1319	0.1138	15.92
Return on net assets (fully diluted)	4.68%	4.21%	11.16
Return on net assets (weighted average)	4.80%	4.57%	5.03
Net cash inflow from operating activities per share	0.132	0.062	112.90
Return on net assets after deducting exceptional items	5.17%	4.67%	10.17
	Unaudited 30th June 2002 Rmb	Audited 31st December 2001 Rmb	Change (%)
Total Assets	3,899,072,530.83	3,697,238,505.79	5.46
Gearing ratio	38.45%	38.23%	1.01
Shareholders' equity (excluding minority interests)	2,285,144,274.50	2,172,909,782.86	5.17
Net assets per share	2.82	2.68	5.15
Adjusted net assets per share	2.70	2.59	4.32

Notes:

- (1) The above financial data and indicators are extracted from the Company's consolidated accounts.
- (2) Non-operating items included: (Rmb)
- | | |
|------------------------|---------------|
| Non-operating income | 1,050,767.09 |
| Non-operating expenses | 13,228,312.14 |
| Subsidies income | 69,318.00 |
| Income tax adjustment | 3,995,714.93 |

2. Extracted from the accounts prepared in accordance with accounting principles generally accepted in Hong Kong ("HK GAAP"):

	Unaudited Six months ended 30th June 2002 Rmb'000	Unaudited Six months ended 30th June 2001 Rmb'000	Change (%)
Profit and loss account			
Turnover	3,000,883	2,644,971	13.46
Profit before taxation	174,010	107,579	61.75
Earnings per share (Rmb)	0.119	0.0645	84.50
	Unaudited 30th June 2002 Rmb'000	Audited 31st December 2001 Rmb'000	Change (%)
Balance sheet			
Total assets	4,073,490	3,877,969	5.04
Total liabilities (including minority interests)	1,616,258	1,469,539	9.98
Gearing ratio*	39.68%	37.89%	4.72
Net assets	2,457,232	2,408,430	2.03
Net asset per share (Rmb)	3.03	2.97	2.02

* *Gearing ratio is computed on: Total liabilities / Total assets x 100%.*



3. Explanations for the differences between the accounts for the period from 1st January 2002 to 30th June 2002 prepared in accordance with PRC accounting standards and systems and HK GAAP are set out below:

	Unaudited Net profit	Unaudited Net assets
	<i>Rmb'000</i>	<i>Rmb'000</i>
Net profit/net assets under PRC accounting standards and systems:	106,973	2,285,144
Provision for bad debts	—	(38,737)
Amortisation of deferred expenditure capitalised	(5,223)	74,240
Additional depreciation / difference on revalued fixed assets	(988)	135,770
Research and development cost (undercharged)/overcharged	(4,860)	12,603
Donation income recognised	227	—
Difference in minority interests	598	(11,788)
	<hr/>	<hr/>
Net profit/net assets under HK GAAP	96,727	2,457,232
	<hr/> <hr/>	<hr/> <hr/>