

2. COMPANY PROFILE

2.1 COMPANY PROFILE

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|-----|---|---|
| (1) | Legal Chinese name:
Chinese name abbreviation:
English name:
English name abbreviation: | 廣州藥業股份有限公司
廣州藥業
Guangzhou Pharmaceutical Company Limited
GPC |
| (2) | Name of stock exchanges and
stock codes of the listed shares: | A Shares: The 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. |
| (3) | Registered address and office:

Postal code:
Telephone:
Fax:
Website:
E-mail:
Principal place of
business in Hong Kong: | 45 Sha Mian North Street, Guangzhou City
Guangdong Province, the PRC
510130
(8620) 8121 8103
(8620) 8121 6408
http://www.gpc.com.cn
sec@gpc.com.cn
Room 2005, 20th Floor, Tower Two
Lippo Center, 89 Queensway, Hong Kong |
| (4) | Legal representative: | Mr. Cai Zhixiang |
| (5) | Company secretary:
Representative of securities affairs:
Address:

Telephone:
Fax:
E-mail: | Mr. He Shuhua
Ms. Huang Xuezheng
45 Sha Mian North Street, Guangzhou City
Guangdong Province, the PRC
(8620) 8121 8119 / 8121 8086
(8620) 8121 6408
hesh@gpc.com.cn / huangxz@gpc.com.cn |
| (6) | Designated newspapers for
information disclosure:

Internet website for publishing
this interim report designated by:
– The China Securities
Regulatory Commission
– The Stock Exchange of
Hong Kong Limited

Place where this interim report is
available for inspection: | Mainland China – Shanghai Securities
Hong Kong – Hong Kong Economic Times
The Standard (English newspaper)

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

The Secretariat to the Board of Directors
Guangzhou Pharmaceutical Company Limited
2nd Floor, 45 Sha Mian North Street, Guangzhou City
Guangdong Province, the PRC |
| (7) | Other corporate information:
First registration date:
Registration date for subsequent change:
Place of registration:

Business registration number:
Tax registration number: | 1st September 1997
17th January 2001
45 Sha Mian North Street, Guangzhou City
Guangdong Province, the PRC
4401011101830
44010063320680x |

2.2 PRINCIPAL FINANCIAL DATA AND INDICATORS

2.2.1 Financial data and indicators prepared in accordance with Accounting Standards and Systems of the People's Republic of China (the "PRC Accounting Standards and Systems")

Items	As at 30th June 2004 (Unaudited) RMB	As at 31st December 2003 (Audited) RMB	Changes (%)
Current assets	3,334,006,397.76	3,223,046,083.99	3.44
Current liabilities	2,101,334,086.83	1,948,138,687.47	7.86
Total assets	4,887,994,454.22	4,707,039,445.98	3.84
Shareholders' equity (excluding minority interests)	2,413,697,962.22	2,429,476,382.41	(0.65)
Net assets per share	2.98	3.00	(0.65)
Adjusted net assets per share	2.89	2.92	(1.03)
	For the six months ended 30th June 2004 (Unaudited) RMB	For the six months ended 30th June 2003 (Unaudited) RMB	Changes (%)
Net profit	31,808,644.71	93,613,387.19	(66.02)
Net profit after deducting of extraordinary items	34,599,221.46	99,241,692.35	(65.14)
Earnings per share (fully diluted)	0.0392	0.1154	(66.02)
Earnings per share (weighted average)	0.0392	0.1154	(66.02)
Return on net assets (fully diluted)	1.32%	3.93%	(66.41)
Return on net assets (weighted average)	1.30%	3.93%	(66.92)
Net cash flows from operating activities	124,590,212.58	17,840,032.66	598.37

Notes:

- (1) The above financial data and indicators are computed based on the consolidated financial statements.
- (2) Extraordinary items include:

Items	Amount RMB
Loss on disposal of investments and fixed assets	2,417,886.51
Loss on disposal of short-term investments	24,584.45
Non-operating income	4,266,871.32
Non-operating expenses excluding provision of assets	4,211,670.38
Reversal of provision	9,046.84
Income tax effect	(412,353.57)
Total	2,790,576.75

2.2.2 Financial data and indicators prepared in accordance with Generally Accepted Accounting Principles in Hong Kong (“HK GAAP”)

Assets and liabilities highlights

Items	As at 30th June 2004 (Unaudited) RMB'000	As at 31st December 2003 (Audited) RMB'000	Changes (%)
Current assets	3,336,593	3,224,064	3.49
Current liabilities	2,166,988	2,010,183	7.80
Total assets	5,135,500	4,954,091	3.66
Total liabilities (including minority interests)	2,598,661	2,402,674	8.16
Net assets	2,536,839	2,551,417	(0.57)
Net assets per share(RMB)	3.13	3.15	(0.57)

Results highlights

Items	For the six months ended 30th June 2004 (Unaudited) RMB'000	For the six months ended 30th June 2003 (Unaudited) RMB'000	Changes (%)
Profit before taxation	88,570	161,734	(45.24)
Profit attributable to shareholders	34,076	91,102	(62.60)
Earnings per share (RMB)	0.042	0.112	(62.60)

2.2.3 Reconciliation of 2004 interim results and net assets between financial statements prepared in accordance with PRC Accounting Standards and Systems and HK GAAP

	As at 30th June 2004 (Unaudited) RMB'000	As at 31st December 2003 (Audited) RMB'000
Net assets under PRC Accounting Standards and Systems	2,413,698	2,429,476
Intangible asset capitalised	53,348	58,571
Difference in fixed assets revaluation	131,820	132,808
Provision for employee benefits	(64,044)	(66,782)
Deferred taxation	20,157	12,708
Difference in minority interests	(18,140)	(15,364)
Net assets under HK GAAP	<u>2,536,839</u>	<u>2,551,417</u>
	For the six months ended 30th June 2004 (Unaudited) RMB'000	For the six months ended 30th June 2003 (Unaudited) RMB'000
Net profit under PRC Accounting Standards and Systems	31,809	93,613
Amortisation of intangible asset capitalised	(5,223)	(5,223)
Additional depreciation on revalued fixed assets	(988)	(988)
Research and development cost overcharged	—	3,062
Government subsidies recognised as revenue	1,100	—
Provision for employee benefits	2,738	999
Deferred taxation credit / (charge)	7,449	(1,426)
Reversal of bad debts provision	—	1,042
Difference in minority interests	(2,809)	23
Profit attributable to shareholders under HK GAAP	<u>34,076</u>	<u>91,102</u>