

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: | Yang Rongming |
| (5) | Company secretary:
Representative of securities affairs:
Address:

Telephone:
Fax:
E-mail: | He Shuhua
Huang Xuezen
45 Sha Mian North Street, Guangzhou City
Guangdong Province, the PRC
(8620) 8121 8117 / 8121 8086
(8620)8121 6408
hesh@gpc.com.cn / huangxz@gpc.com.cn |
| (6) | Designated newspapers for
information disclosure: | Mainland China – Shanghai Securities News
Hong Kong, China – Hong Kong Economic Times
The Standard (English newspaper) |
| | Internet websites for publishing
this 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 this interim report is
available for inspection: | 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:
First place of registration:

Registration date for subsequent change:
Place of registration for subsequent change:

Business registration number:
Tax registration number: | 1 September 1997
45 Sha Mian North Street, Guangzhou City
Guangdong Province, the PRC
15 November 2004
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 30 June 2005 (Unaudited) RMB'000	As at 31 December 2004 (Audited) RMB'000	Changes as compared with 1 January 2005 (%)
Current assets	3,720,172	3,494,266	6.47
Current liabilities	2,545,398	2,398,058	6.14
Total assets	5,352,579	5,182,878	3.27
Shareholders' equity (excluding minority interests)	2,545,001	2,440,230	4.29
Net assets per share (RMB)	3.14	3.01	4.29
Adjusted net assets per share (RMB)	3.09	2.96	4.29

Items	For the six months ended 30 June 2005 (Unaudited) RMB'000	For the six months ended 30 June 2004 (Unaudited) RMB'000	Changes as compared with the corresponding period of 2004 (%)
Net profit	103,590	31,809	225.67
Net profit after deducting non-operating items	110,053	34,599	218.08
Earnings per share (fully diluted) (RMB)	0.13	0.04	225.67
Earnings per share (weighted average) (RMB)	0.13	0.04	225.67
Return on net assets (fully diluted) (%)	4.07	1.32	an increase of 2.75 percentage points
Return on net assets (weighted average) (%)	4.17	1.30	an increase of 2.87 percentage points
Net cash flows from operating activities	113,648	124,590	(8.78)

Notes:

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

Items	Amount RMB'000
Losses on disposal of fixed assets	(342)
Government grants and subsidies	190
Losses from short-term investments	(6,111)
Non-operating income and expenses after deducting provision for value impairment of assets	(1,309)
Reversal of provisions for impairments made in the previous years	659
Income tax effect	(178)
Minority interests	(273)
Total	(6,463)

2.2.2 Financial data and indicators prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”)

Summary of assets and liabilities

Items	As at 30 June 2005 (Unaudited) RMB'000	As at 31 December 2004 (Audited) RMB'000	Changes as compared with 1 January 2005 (%)
Current assets	3,722,117	3,497,539	6.42%
Current liabilities	2,582,125	2,450,033	5.39%
Total assets	5,575,397	5,413,438	2.99%
Total liabilities	2,729,940	2,655,559	2.80%
Net assets	2,648,275	2,545,592	4.03%
Net assets per share (RMB)	3.266	3.139	4.03%

Summary of results

Items	For the six months ended 30 June 2005 (Unaudited) RMB'000	For the six months ended 30 June 2004 (Unaudited) RMB'000	Changes as compared with the corresponding period of 2004 (%)
Profit before income tax	185,607	88,570	109.56%
Profit attributable to equity holders of the Company	122,956	34,076	260.83%
Earnings per share (RMB)	0.152	0.042	260.83%

2.2.3 Reconciliation of 2005 interim net assets and results prepared in accordance with PRC Accounting Standards and Systems and HKFRS

	As at 30 June 2005 (Unaudited) RMB'000	As at 31 December 2004 (Audited) RMB'000
Net assets under PRC Accounting Standards and Systems	2,545,001	2,440,230
Intangible assets capitalised	42,548	48,125
Difference arising from fixed assets revaluation	126,202	130,833
Deferred government grants income	(4,619)	(3,243)
Provision for employee benefits in medical insurance	(56,599)	(61,306)
Provision for deferred taxation	11,242	5,981
Difference in minority interests	(13,603)	(15,028)
Impairment on goodwill	(1,897)	—
Net assets under HKFRS	<u>2,648,275</u>	<u>2,545,592</u>
	For the six months ended 30 June 2005 (Unaudited) RMB'000	For the six months ended 30 June 2004 (Unaudited) RMB'000
Net profit under PRC Accounting Standards and Systems	103,590	31,809
Amortisation of intangible assets	(5,180)	(5,223)
Additional depreciation on revalued fixed assets	(988)	(988)
Government grants recognised as income	297	1,100
Provision for employee benefits in medical insurance	2,985	2,738
Deferred taxation, net impact	5,262	7,449
Negative goodwill arising from the additional investment of an external investor into a subsidiary	19,819	—
Impairment on goodwill	(1,897)	—
Difference in minority interests	(932)	(2,809)
Profit attributable to equity holders of the Company under HKFRS	<u>122,956</u>	<u>34,076</u>