

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: G Guangyao

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 Xuezheng
45 Sha Mian North Street, Guangzhou City
Guangdong Province, the PRC
(8620) 8121 8084 / 8121 8086
(8620) 8121 6408
hesh@gpc.com.cn / huangxz@gpc.com.cn |
| (6) | Designated newspapers for
information disclosure:

Internet websites 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 News
Hong Kong, China – Hong Kong Economic Times
– The Standard (English newspaper)

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

The Secretariat to the Board
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

8 November 2005
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 PRC (the “PRC Accounting Standards and Systems”)

Items	As at	As at	Changes as
	30 June 2006 (Unaudited) RMB'000	31 December 2005 (Audited) RMB'000	31 December 2005 (%)
Current assets	3,862,021	3,456,703	11.73
Current liabilities	2,546,172	2,236,332	13.85
Total assets	5,466,565	5,098,095	7.23
Shareholders' equity (excluding minority interests)	2,685,045	2,621,437	2.43
Net assets per share (RMB)	3.31	3.23	2.43
Adjusted net assets per share (RMB)	3.26	3.17	2.84

Items	The	The	Changes
	Reporting Period (Unaudited) RMB'000	corresponding period of 2005 (Unaudited) RMB'000	as compared with the corresponding period of 2005 (%)
Net profit	120,049	103,590	15.89
Net profit after deducting non-recurring items	115,892	110,053	5.31
Earnings per share (diluted) (RMB)	0.148	0.128	15.89
Earnings per share (weighted average) (RMB)	0.148	0.128	15.89
Return on net assets (diluted) (%)	4.47	4.07	An increase of 0.40 percentage point
Return on net assets (weighted average) (%)	4.48	4.17	An increase of 0.31 percentage point
Net cash flows from operating activities	59,003	113,648	(48.08)

Notes:

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

Items	Amount RMB'000
Losses / gains on disposal of long term investment in equity, fixed assets, construction under progress, intangible assets and other long term assets	649
All types of government grants and subsidies	397
Losses / gains from short-term investments	4,990
Losses / gains of entrusted investment	(551)
Other non-operating income and expenses after deducting provision for impairment of assets	(550)
Reversal of provisions for impairment of assets made in the previous years	1,555
Minority interests	(115)
Income tax	(2,218)
Total	4,157

2.2.2 Financial data and indicators prepared in accordance with accounting principles generally accepted in Hong Kong (“HK GAAP”)

Summary of assets and liabilities

Items	As at 30 June 2006 (Unaudited) RMB'000	As at 31 December 2005 (Audited) RMB'000	Changes as compared with 31 December 2005 (%)
Current assets	3,866,371	3,461,250	11.70
Current liabilities	2,610,960	2,302,865	13.38
Total assets	5,689,713	5,316,420	7.02
Total liabilities	2,696,227	2,391,590	12.74
Capital and reserves attributable to equity holders of the Company	2,795,208	2,723,123	2.64
Net assets per share (RMB)	3.45	3.36	2.64

Summary of results

Items	For the six months ended 30 June 2006 (Unaudited) RMB'000	For the six months ended 30 June 2005 (Unaudited) RMB'000	Changes as compared with the corresponding period of 2005 (%)
Profit before income tax	189,847	185,607	2.28
Profit attributable to equity holders of the Company	128,848	122,956	4.79
Earnings per share (RMB)	0.159	0.152	4.79

2.2.3 Reconciliation between PRC Accounting Standards and Systems and HK GAAP

	As at 30 June 2006 (Unaudited) RMB'000	As at 31 December 2005 (Audited) RMB'000
Net assets under PRC accounting Standards and Systems	2,685,045	2,621,437
Intangible assets capitalised	32,187	37,367
Difference arising from fixed assets revaluation	127,869	128,522
Deferred government grants income	(4,111)	(4,259)
Provision for employee benefits in medical insurance	(50,601)	(53,586)
Provision for deferred taxation	21,743	10,822
Impairment on goodwill	(1,683)	(1,791)
Difference in minority interests	(15,241)	(15,389)
Capital and reserves attributable to equity holders of the Company under HK GAAP	<u>2,795,208</u>	<u>2,723,123</u>
	For the six months ended 30 June 2006 (Unaudited) RMB'000	For the six months ended 30 June 2005 (Unaudited) RMB'000
Net profit under PRC Accounting Standards and Systems	120,049	103,590
Amortisation of intangible assets	(5,180)	(5,180)
Additional depreciation on revalued fixed assets	(653)	(988)
Government grants recognised as income	220	297
Provision for employees benefits in medical insurance	2,985	2,985
Deferred taxation, net impact	10,921	5,262
Reversal of impairment /(Impairment on goodwill)	108	(1,897)
Unsettled long outstanding payables written off recognised as income	250	—
Negative goodwill arising from the additional investment of an external investor in a subsidiary	—	19,819
Difference in minority interests	148	(932)
Profit attributable to equity holders of the Company under HK GAAP	<u>128,848</u>	<u>122,956</u>