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廣州藥業股份有限公司

Guangzhou Pharmaceutical Company Limited

(a joint stock company with limited liability established in the People's Republic of China)

(H Share Stock Code: 0874)

2009 THIRD QUARTERLY REPORT

1. IMPORTANT NOTICE

- 1.1 The board of Directors (the “Board”), the supervisory committee (the “Supervisory Committee”) of Guangzhou Pharmaceutical Company Limited (“GPC” or the “Company”) and its Directors, Supervisors and senior management collectively and individually accept full responsibility for the authenticity, accuracy and completeness of the information contained in this quarterly report and confirm that there are no false information, misleading statements or material omissions in this quarterly report.
- 1.2 All the Directors of the Board attended the 17th meeting of the fourth session of the Board held on 29 October 2009.
- 1.3 The financial reports of the Company and its subsidiaries (collectively the “Group”), and the Company for the third quarter ended 30 September 2009 (the “Reporting Period”) were prepared in accordance with the PRC Accounting Standards and were unaudited.
- 1.4 Mr. Yang Rongming (the Chairman), Mr. Shi Shaobin (Director and General Manager), and Mr. Chen Binghua (the Financial Controller and Senior Manager of the Finance Department), warrant and confirm the authenticity and completeness of the financial reports contained in this quarterly report.
- 1.5 This 2009 third quarterly report is published in Hong Kong pursuant to Rule 13.09 (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- 1.6 This quarterly report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

2. CORPORATE INFORMATION

2.1 Principal financial data and indicators

Items	As at	As at	Increase/(Decrease)
	30 September 2009 <i>(Unaudited)</i>	31 December 2008 <i>(Audited)</i>	as compared with 31 December 2008 (%)
Total assets <i>(RMB'000)</i>	4,197,079	4,130,904	1.60
Shareholders' equity attributable to the shareholders of the Company <i>(RMB'000)</i>	3,247,138	3,124,842	3.91
Net assets per share attributable to the shareholders of the Company <i>(RMB)</i>	4.00	3.85	3.91
		1 January – 30 September 2009 <i>(Unaudited)</i>	Increase/(Decrease) as compared with the corresponding period of 2008 (%)
Net cash flow from operating activities <i>(RMB'000)</i>		333,455	–
Net cash flow from operating activities per share <i>(RMB)</i>		0.41	–
	1 July-30 September 2009 <i>(Unaudited)</i>	1 January-30 September 2009 <i>(Unaudited)</i>	Increase/ (Decrease) of the Reporting Period as compared with the corresponding period of 2008 (%)
Net profit attributable to the shareholders of the Company <i>(RMB'000)</i>	36,556	153,119	–
Basic earnings per share <i>(RMB)</i>	0.045	0.189	–
Basic earnings per share after deducting non-operating items <i>(RMB)</i>	–	0.159	–
Diluted earnings per share <i>(RMB)</i>	0.045	0.189	–
Fully diluted return on net assets (%)	1.13	4.72	An increase of 1.85 percentage points
Fully diluted return on net assets after deducting non-operating items (%)	0.77	3.97	An increase of 1.62 percentage points

Notes: (1) The above financial data and indicators are computed based on the consolidated financial statements.

(2) Non-operating items include:

Items (1 January – 30 September 2009)	Amount <i>(RMB'000)</i>	Explanation
Gain/(Loss) on disposal of non-current assets	308	–
Government subsidies recognized as gain/ (loss)	14,706	This is the amount of government subsidies received by the Company's subsidiaries and currently transferred to non-operating income.
Capital use fees received from non-financial enterprises recognized as gain/(loss)	7,846	This is the net interest income received from the provision of loans provided by the Company to its joint venture, namely Guangzhou Pharmaceuticals Corporation ("GP Corp.").
Write back of provision of accounts receivable with individual impairment test	2,793	–
Gain/(Loss) received from entrusted loans	4,090	This is the net interest income received from the provision of entrusted loans by the Company to GP Corp..
Other non-operating income and expenses excluding the above items	(1,203)	–
Income tax effect	(3,350)	–
Effect on minority interests	(940)	–
Total	24,250	–

2.2 The total number of shareholders of the Company and the shareholdings of the top ten shareholders of the Company were as follows (upon completion of the Share Reform Plan):

As at 30 September 2009, there were 42,024 shareholders in total, among which, 41,992 shareholders holding the domestic listed Renminbi-denominated ordinary shares (A shares) and 32 shareholders holding overseas listed foreign shares (H shares).

Name of shareholders	No. of shares held as at the end of the Reporting Period (share)	Nature of shares
Guangzhou Pharmaceutical Holdings Limited	390,833,391	Domestic shares
HKSCC Nominees Limited <i>(note)</i>	219,237,299	H shares
Guangzhou Beicheng Rural Credit Cooperative	44,542,000	Domestic shares
Guangzhou Huangshi Rural Credit Cooperative	4,460,000	Domestic shares
China Credit Trust Co., Ltd. – No.55 of The Zhongcheng Trust 2008	3,770,928	Domestic shares
Lian Yong	1,691,560	Domestic shares
Changjiang Securities Company Limited	1,615,600	Domestic shares
Wang Siming	1,382,692	Domestic shares
Meng Xiangtong	1,111,000	Domestic shares
Zhong Rong	1,060,000	Domestic shares

Note: According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.

3 MAJOR EVENTS

3.1 Significant changes in major accounting items and financial indicators of the Company's financial statements and reasons for the change

Applicable Not applicable

Major accounting items	As at 30 September 2009 (RMB '000)	As at 1 January 2009 (RMB '000)	Increase/ (Decrease) (%)	Reasons for the change
Cash	538,513	381,134	41.29	From 1 January to 30 September 2009, the Group has further smoothed the sales channels and accelerated the return of capital.

Major accounting items	As at 30 September 2009 (RMB'000)	As at 1 January 2009 (RMB'000)	Increase/ (Decrease) (%)	Reasons for the change
Prepayment	86,286	56,473	52.79	As at 30 September 2009, the amount of prepayments for procurement of the Group has increased.
Other receivables	96,669	50,207	92.54	During the year, the loan of RMB31,660,000 previously provided by the Company to GP Corp. as working capital was renewed, which will be due by the end of 2009.
Entrusted loans	50,000	150,000	(66.67)	During the Reporting Period, GP Corp. repaid an aggregate of RMB100 million to the Company as agreed.
Short-term borrowings	59,342	243,275	(75.61)	From 1 January to 30 September 2009, the Group expedited the return of capital and repaid loans in advance.
Long-term borrowings	0	30,000	(100.00)	From 1 January to 30 September 2009, the Group expedited the return of capital and repaid loans in advance.
Advances payable	57,523	18,036	218.94	From 1 January to 30 September 2009, the Group adjusted its marketing strategies, and strengthened management of dealers, resulting in the increase of advances payable received by the Group.

Major accounting items	As at 30 September 2009 (RMB'000)	As at 1 January 2009 (RMB'000)	Increase/ (Decrease) (%)	Reasons for the change
Salary payable	72,744	51,540	41.14	From 1 January to 30 September 2009, the salary accrued by the Group in accordance with the accrual basis accounting principle are expected to be distributed on completion of the performance assessment of its employees.

Items	1 January to 30 September 2009 (RMB'000)	1 January to 30 September 2008 (RMB'000)	Increase/ (Decrease) (%)	Reasons for the change
Investment income	120,355	169,564	(29.02)	The joint venture project of GP Corp. was completed in the corresponding period of 2008, and the recognized premium income from the additional capital contribution into GP Corp. was RMB49,848,000 and the income arising from the transfer of equity interest in GP Corp. by two of the Company's subsidiaries amounted to RMB11,148,000. The Group did not have such investment income during the year.
Finance expenses	5,767	10,758	(46.39)	From 1 January to 30 September 2009, the Group expedited the return of capital and repaid loans in advance, resulting in the decrease in interests on loans.
Asset impairment loss	(7,781)	14,853	(152.39)	From 1 January to 30 September 2009, the Group strengthened the clear up of accounts receivable and increased the quality of accounts receivable so as to reduce provision for bad debts.
Non-operating income	17,893	9,885	81.01	From 1 January to 30 September 2009, the government grants received by the Company's subsidiaries increased.

3.2 Explanation and analysis on major events and their impact and solutions

Applicable Not applicable

3.3 Performance of the undertakings by the Company, its shareholders and beneficial owner

Applicable Not applicable

3.4 Early warning and explanation for negative impact on profit for the next reporting period, or significant profit fluctuation in comparison to the corresponding period of 2008

Applicable Not applicable

3.5 The status of implementation of cash dividend policy during the Reporting Period

1. Pursuant to the resolutions on profit and dividend distribution passed at the 2008 Annual General Meeting held on 19 June 2009, 2008 final dividend of RMB0.40 (including tax) for every 10 shares held was approved and paid, in cash, to all shareholders of the Company, based on the total share capital of 810,900,000 shares at the end of 2008;
2. The final dividend of RMB0.04 per share for 2008 was paid to the Company's H shares shareholders whose names appeared on the register of the Company as at 19 May 2009 on 10 August 2009;
3. According to the announcement for 2008 final dividend published in Shanghai Securities News in the PRC on 13 July 2009, the registration date for A shares was 16 July 2009, the ex-dividend date was 17 July 2009 and the dividend payment date was 10 August 2009.

4 APPENDIX

The financial statements prepared in accordance with the PRC Accounting Standards (unaudited)

Balance Sheet Aa at 30 September 2009

Item	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of the year (RMB)	At the end of the Reporting Period (RMB)	At the beginning of the year (RMB)
ASSETS				
Current assets				
Cash	538,512,506.88	381,133,762.58	136,546,716.71	158,746,789.65
Trading financial assets	4,406,870.04	3,008,354.28	4,406,870.04	3,008,354.28
Notes receivable	132,053,925.45	156,650,052.37	603,522.09	—
Accounts receivable	404,777,676.00	455,127,008.17	66,727,017.41	57,142,485.31
Prepayment	86,285,831.09	56,472,996.53	33,441,618.41	1,902,952.86
Interest receivable	—	—	—	—
Dividend receivable	10,000,000.00	—	74,720,678.38	68,597,495.04
Other receivables	96,669,223.30	50,207,008.99	348,326,122.15	272,385,228.31
Inventories	586,812,085.51	633,059,499.43	12,874,677.15	10,135,183.93
Prepaid expenses	2,992,709.69	369,512.40	—	—
Entrusted loans	50,000,000.00	150,000,000.00	228,000,000.00	278,000,000.00
Non-current assets due within 1 year	—	—	—	—
Other current assets	—	—	—	—
Total current assets	1,912,510,827.96	1,886,028,194.75	905,647,222.34	849,918,489.38
Non-currents assets:				
Available-for-sale financial assets	2,206,200.50	1,255,389.00	—	—
The held-to-maturity investment	—	—	—	—
Long-term receivables	—	—	—	—
Long-term equity investment	887,554,648.24	816,766,045.76	2,073,495,894.97	2,009,220,944.10
Investment properties	67,052,547.25	66,475,675.27	39,140,929.65	40,147,562.07
Fixed assets	1,124,964,738.36	1,143,845,648.27	15,791,683.00	16,971,400.30
Construction in progress	50,295,661.42	58,551,542.37	—	—
Construction supplies	—	—	—	—
Disposal of fixed assets	—	—	—	—
Intangible assets	101,538,943.26	103,928,400.40	—	—
Development expenses	513,941.69	107,941.69	—	—
Goodwill	—	—	—	—
Long-term prepaid expenses	6,295,467.49	6,723,033.67	—	—
Deferred income tax assets	44,146,110.38	47,221,870.84	1,050,652.84	2,022,334.75
Other non-current assets	—	—	—	—
Total non-current assets	2,284,568,258.59	2,244,875,547.27	2,129,479,160.46	2,068,362,241.22
Total assets	4,197,079,086.55	4,130,903,742.02	3,035,126,382.80	2,918,280,730.60

Item	Consolidated		The Company	
	At the end of the Reporting Period (RMB)	At the beginning of the year (RMB)	At the end of the Reporting Period (RMB)	At the beginning of the year (RMB)
Liabilities and shareholders' equity				
Current liabilities:				
Short-term borrowings	59,342,217.34	243,275,483.51	20,000,000.00	50,000,000.00
Trading financial liabilities	—	—	—	—
Notes payable	72,916,886.76	61,773,626.65	—	—
Accounts payable	338,378,338.87	267,422,980.25	38,420,629.78	32,519,930.93
Advances payable	57,522,809.36	18,035,560.73	19,693,120.60	2,094,236.56
Salary payable	72,743,864.21	51,539,857.27	4,839,076.16	5,515,284.06
Taxes payable	4,298,003.61	(33,848,131.29)	2,442,462.49	7,661,033.18
Interests payable	—	—	—	—
Dividend payable	45,418.87	58,287.05	(19,904.19)	367.51
Other payables	115,319,828.12	125,410,730.42	2,904,889.40	2,751,051.05
Accrued expenses	17,731,947.37	17,742,760.27	2,712,463.79	3,794,973.79
Non-current liabilities due within 1 year	—	—	—	—
Other current liabilities	—	—	—	—
Total current liabilities	738,299,314.51	751,411,154.86	90,992,738.03	104,336,877.08
Non-current liabilities:				
Long-term borrowings	—	30,000,000.00	—	—
Bonds payable	—	—	—	—
Long-term payables	4,444,794.36	4,473,072.12	—	—
Special payables	—	—	—	—
Deferred income	74,605,370.17	76,047,581.86	—	—
Estimated liabilities	34,290,430.73	42,749,434.38	130,406.08	162,277.03
Deferred income tax liabilities	2,145,952.84	1,312,227.11	1,306,320.02	1,150,096.29
Other non-current liabilities	—	—	—	—
Total non-current liabilities	115,486,548.10	154,582,315.47	1,436,726.10	1,312,373.32
Total liabilities	853,785,862.61	905,993,470.33	92,429,464.13	105,649,250.40
Shareholders' equity:				
Share capital	810,900,000.00	810,900,000.00	810,900,000.00	810,900,000.00
Capital reserves	1,144,903,648.71	1,143,291,369.85	1,092,515,072.84	1,091,553,726.29
Less: Treasury shares	—	—	—	—
Surplus reserves	538,306,652.78	538,306,652.78	205,150,738.85	205,150,738.85
Retained profits	753,027,213.69	632,344,256.55	834,131,106.98	705,027,015.06
Exchange difference on foreign currency capital	—	—	—	—
Shareholders' equity attributable to the shareholders of the Company	3,247,137,515.18	3,124,842,279.18	2,942,696,918.67	2,812,631,480.20
Minority interests	96,155,708.76	100,067,992.51	—	—
Total shareholders' equity	3,343,293,223.94	3,224,910,271.69	2,942,696,918.67	2,812,631,480.20
Total liabilities and shareholders' equity	4,197,079,086.55	4,130,903,742.02	3,035,126,382.80	2,918,280,730.60

Consolidated Income Statement

1 January ~ 30 September 2009

Item	1 July-30 September 2009 <i>(RMB)</i>	1 July-30 September 2008 <i>(RMB)</i>	1 January-30 September 2009 <i>(RMB)</i>	1 January-30 September 2008 <i>(RMB)</i>
1. Income from operations	955,588,060.16	658,388,901.78	2,899,885,317.44	2,761,801,498.24
Including: income from principal operations	934,571,909.42	635,353,044.26	2,837,579,736.45	2,704,692,259.43
2. Cost of operations	696,223,237.10	483,418,543.23	2,139,599,412.30	1,967,476,370.80
Including: cost of principal operations	692,903,162.12	480,245,514.89	2,129,999,239.65	1,961,160,240.48
Less: Sales taxes and surcharges	6,493,133.21	4,345,651.55	21,200,093.29	19,409,704.21
Sales expenses	139,963,587.08	133,144,465.38	391,326,398.95	459,933,956.34
General and administrative expenses	117,173,618.28	95,720,964.86	315,389,237.61	299,753,512.21
Finance expenses	1,226,913.12	2,828,755.41	5,767,389.22	10,758,236.27
Asset impairment loss	(7,830,577.56)	(657,636.38)	(7,781,381.11)	14,852,753.28
Add: Gain from changes in fair value	396,557.58	(842,381.10)	1,398,515.76	(2,984,667.72)
Investment income	37,333,685.60	24,504,945.12	120,355,495.64	169,563,602.38
Including: Share of profits from associates and joint ventures	35,946,960.53	22,366,004.53	115,667,644.32	97,269,418.17
3. Operating profit	40,068,392.11	(36,749,278.25)	156,138,178.58	156,195,899.79
Add: Non-operating income	6,521,787.48	2,778,573.63	17,893,086.46	9,884,998.02
Less: Non-operating expenses	840,632.73	1,289,229.79	4,081,918.02	3,195,778.15
Including: Loss from disposal of non-current assets	(92,865.09)	2,561.92	798,120.55	90,772.43
4. Total profit	45,749,546.86	(35,259,934.41)	169,949,347.02	162,885,119.66
Less: Income tax expenses	10,135,932.47	(7,846,880.70)	19,744,059.07	18,035,933.45
5. Net profit	35,613,614.39	(27,413,053.71)	150,205,287.95	144,849,186.21
Net profit attributable to the shareholders of the Company	36,555,532.19	(22,251,554.02)	153,118,957.14	144,371,259.45
Minority interest	(941,917.80)	(5,161,499.69)	(2,913,669.19)	477,926.76
6. Earnings per share				
(1) Basic earnings per share	0.045	(0.027)	0.189	0.178
(2) Diluted earnings per share	0.045	(0.027)	0.189	0.178
7. Other comprehensive income	300,910.50	(1,156,717.43)	1,756,617.70	(16,506,559.69)
8. Total comprehensive income	35,914,524.89	(28,569,771.14)	151,961,905.65	128,342,626.52
(1) Comprehensive income attributable to the shareholders of the Company	36,860,179.14	(23,598,463.75)	154,731,236.00	126,809,825.53
(2) Comprehensive income attributable to the shareholders of minority interest	(945,654.25)	(4,971,307.39)	(2,769,330.35)	1,532,800.99

Income Statement of The Company

1 January ~ 30 September 2009

Item	1 July-30 September 2009 <i>(RMB)</i>	1 July-30 September 2008 <i>(RMB)</i>	1 January-30 September 2009 <i>(RMB)</i>	1 January-30 September 2008 <i>(RMB)</i>
1. Income from operations	217,933,539.33	121,107,587.24	591,845,759.58	432,547,223.59
Including: income from principal operations	209,345,362.94	109,950,790.13	566,687,221.01	407,769,370.82
2. Cost of operations	202,540,643.20	105,139,896.90	547,294,987.39	391,605,163.14
Including: cost of principal operations	202,205,099.06	104,804,352.76	546,288,354.97	390,598,530.72
Less: Sales taxes and surcharges	694,235.63	735,527.55	2,156,196.88	1,608,756.96
Sales expenses	3,341,600.87	2,937,540.52	10,597,889.39	9,717,005.56
General and administrative expenses	8,136,472.49	5,843,421.95	20,240,498.20	18,572,562.50
Finance expenses	(155,663.78)	194,990.13	84,779.27	1,475,895.90
Asset impairment loss	(35,958.54)	(30,700.34)	102,570.36	17,745.30
Add: Gain from changes in fair value	396,557.58	(842,381.10)	1,398,515.76	(2,984,667.72)
Investment income	34,766,680.24	37,612,589.91	152,112,579.08	340,277,433.33
Including: Share of profits from associates and joint ventures	31,755,308.67	33,499,573.52	110,140,921.07	94,858,852.33
3. Operating profit	38,575,447.28	43,057,119.34	164,879,932.93	346,842,859.84
Add: Non-operating income	154,240.00	—	157,016.75	115,205.43
Less: Non-operating expenses	4,958.28	514,507.60	13,546.52	576,721.33
Including: Loss from disposal of non-current assets	4,428.13	—	12,907.96	—
4. Total profit	38,724,729.00	42,542,611.74	165,023,403.16	346,381,343.94
Less: Income tax expenses	(601,177.83)	1,631,484.00	3,483,311.24	4,377,210.90
5. Net profit	39,325,906.83	40,911,127.74	161,540,091.92	342,004,133.04
6. Other comprehensive income	451,546.83	(853,435.50)	961,346.55	151,006,517.35
7. Total comprehensive income	39,777,453.66	40,057,692.24	162,501,438.47	493,010,650.39

Cash Flow Statement
1 January ~ 30 September 2009

Item	Consolidated		The Company	
	The reporting period (RMB)	The corresponding period of last year (RMB)	The reporting period (RMB)	The corresponding period of last year (RMB)
1. Cash flows from operating activities				
Cash received from sale of goods and rendering of services	3,425,346,588.81	3,243,226,337.89	676,667,888.08	482,299,759.70
Refund of tax and levies	7,720,808.28	7,929,837.58	441,552.94	519,682.12
Other cash received relating to operating activities	65,631,432.89	69,072,964.96	13,229,274.75	18,342,978.63
Sub-total of cash inflows from operating activities	3,498,698,829.98	3,320,229,140.43	690,338,715.77	501,162,420.45
Cash paid for goods and services	2,197,264,810.19	2,199,458,542.84	673,940,982.29	465,467,078.98
Cash paid to and on behalf of employees	475,489,702.07	442,277,509.27	12,366,903.86	9,338,104.43
Taxes paid	202,320,334.79	282,918,626.39	16,427,033.36	14,367,225.38
Cash paid relating to other operating activities	290,168,540.85	430,615,417.27	17,218,804.15	22,464,170.35
Sub-total of cash outflows from operating activities	3,165,243,387.90	3,355,270,095.77	719,953,723.66	511,636,579.14
Net cash flows from operating activities	333,455,442.08	(35,040,955.34)	(29,615,007.89)	(10,474,158.69)
2. Cash flows from investing activities				
Cash received from investment	4,200,000.00	26,723,430.00	4,200,000.00	—
Cash received from disposal of subsidiaries	—	—	—	—
Cash received from investment income	40,394,984.10	115,235,910.89	76,759,423.42	212,357,315.73
Cash paid for disposal of fixed assets, intangible assets and other long-term assets	730,193.21	157,690.65	2,770.00	—
Other cash received from investing activities	139,858,881.83	106,525,200.00	341,505,367.97	445,432,122.59
Sub-total of cash inflows from investing activities	185,184,059.14	248,642,231.54	422,467,561.39	657,789,438.32

Item	Consolidated		The Company	
	The reporting period (RMB)	The corresponding period of last year (RMB)	The reporting period (RMB)	The corresponding period of last year (RMB)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	47,017,352.11	119,216,602.39	198,623.00	284,309.00
Cash paid for investments	1,500,000.00	53,063,684.67	1,500,000.00	185,223,684.67
Cash paid for acquisition of subsidiaries	—	—	—	—
Other cash paid in relation to investing activities	63,216,066.05	100,870,244.86	351,190,150.03	329,803,590.17
Sub-total of cash outflows from investing activities	111,733,418.16	273,150,531.92	352,888,773.03	515,311,583.84
Net cash flows from investing activities	73,450,640.98	(24,508,300.38)	69,578,788.36	142,477,854.48
3. Cash flows from financing activities				
Proceeds from absorbing investments	—	—	—	—
Including: Cash received from minority shareholders				
from subsidiaries	—	—	—	—
Cash received from borrowings	134,342,217.34	298,175,483.51	—	20,000,000.00
Other proceeds relating to financing activities	125,000.00	259,480.40	—	—
Sub-total of cash inflows from financing activities	134,467,217.34	298,434,963.91	—	20,000,000.00
Repayment of borrowings	348,275,483.51	179,651,981.08	30,000,000.00	30,000,000.00
Cash paid for distribution of dividends, profits or interests	40,490,016.31	113,776,973.90	32,163,852.49	101,460,205.51
Including: Dividend and profit payable to minority shareholders				
from subsidiaries	1,542,822.26	3,924,198.40	—	—
Other cash paid in relation to financing activities	2,339,573.83	2,441,502.41	—	3,785,161.10

Item	Consolidated		The Company	
	The reporting period (RMB)	The corresponding period of last year (RMB)	The reporting period (RMB)	The corresponding period of last year (RMB)
Sub-total of cash outflows from financing activities	391,105,073.65	295,870,457.39	62,163,852.49	135,245,366.61
Net cash flows from financing activities	(256,637,856.31)	2,564,506.52	(62,163,852.49)	(115,245,366.61)
4. Effects of foreign exchange rate changes on cash and cash equivalents	(0.92)	(202.84)	(0.92)	(202.84)
5. Net increase in cash and cash equivalents	150,268,225.83	(56,984,952.04)	(22,200,072.94)	16,758,126.34
Add: Cash and cash equivalents at the beginning of the year	365,858,279.07	295,473,360.96	158,746,789.65	68,150,311.80
6. Cash and cash equivalents at the end of the period	516,126,504.90	238,488,408.92	136,546,716.71	84,908,438.14

The Board of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 29 October 2009

As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Feng Zansheng as Executive Directors, and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr Zhang Yonghua as Independent Non-executive Directors.