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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)

2010 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 the 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 The directors of the Board attended the 4th meeting of the fifth session of the Board held on 28 October 2010, among whom, Mr. Zhang Yonghua, an independent director, was unable to attend the meeting personally and appointed Mr. Li Shanmin, an independent director, to attend the meeting and vote on his behalf.
- 1.3 The financial reports of the Company and its subsidiaries (collectively the “Group”), and the Company for the third quarter ended 30 September 2010 (the “Reporting Period”) were prepared in accordance with the PRC Accounting Standards and were unaudited.
- 1.4 Mr. Yang Rongming (the chairman of the Board), Mr. Wu Changhai (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 2010 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 30 September 2010 <i>(Unaudited)</i>	As at 31 December 2009 <i>(Audited)</i>	Increase/(Decrease) as compared with 31 December 2009 <i>(%)</i>
Total assets (RMB'000)	4,532,087	4,222,496	7.33
Shareholders' equity attributable to the shareholders of the Company (RMB'000)	3,496,674	3,304,186	5.83
Net assets per share attributable to the shareholders of the Company (RMB)	4.31	4.07	5.83

Items	1 January - 30 September 2010 <i>(Unaudited)</i>	Increase/(Decrease) as compared with the corresponding period of 2009 <i>(%)</i>
Net cash flow from operating activities (RMB'000)	29,472	(91.16)
Net cash flow from operating activities per share (RMB)	0.04	(91.16)

Items	The Reporting Period (1 July - 30 September 2010) <i>(Unaudited)</i>	1 January - 30 September 2010 <i>(Unaudited)</i>	Increase/(Decrease) of the Reporting Period as compared with the corresponding period of 2009 <i>(%)</i>
Net profit attributable to the shareholders of the Company (RMB'000)	58,592	227,369	60.28
Basic earnings per share (RMB)	0.072	0.280	60.28
Basic earnings per share after deducting non-operating items (RMB)	0.067	0.260	115.83
Diluted earnings per share (RMB)	0.072	0.280	60.28
Fully diluted return on net assets (%)	1.68	6.50	An increase of 0.55 percentage point
Fully diluted return on net assets after deducting non-operating items (%)	1.54	6.02	An increase of 0.77 percentage point

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

(2) Non-operating items include:

Items	Amount <i>(RMB '000)</i>	Explanation
Gain/(Loss) on disposal of non-current assets	54	
Government subsidies recognized as gain/(loss)	14,170	This is the amount of government subsidies received by the Company's subsidiaries and currently transferred to non-operating income.
Write back of provision for impairment of accounts receivable undergoing independent impairment test	4,115	This is the amount of the accounts receivable which the Company's subsidiaries had made separate provisions for the impairment and were recovered during the Reporting Period.
Gain/(Loss) received from entrusted loans	(375)	
Other non-operating income and expenses excluding the above items	90	
Income tax effect	(222)	
Effect on minority interest (after tax)	(911)	
Total	<u>16,921</u>	

2.2 The top ten shareholders of the Company and their shareholdings were as follow (with the Share Reform Plan completed):

As at 30 September 2010, there were 50,347 shareholders in total, among which, 50,315 shareholders holding the 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>)	219,221,299	Foreign capital shares
Guangzhou Beicheng Rural Credit Cooperative	13,952,000	Domestic shares
ICBC – South Outstanding Growth Stock Securities Investment Fund	8,000,000	Domestic shares
ICBC – Invesco Great Wall Selected Blue-chips Securities Investment Fund	5,695,053	Domestic shares
China Everbright Bank – Everbright Pramerica Quantify Core Securities Investment Fund	3,263,649	Domestic shares
Agricultural Bank of China – Invesco Great Wall of Energy Infrastructure Equity Securities Investment Fund	2,928,126	Domestic shares
Agricultural Bank of China – ICBC Credit Suisse Small-cap Growth Stock Securities Investment Fund	2,710,000	Domestic shares
Bank of China – Huatai Bai Rui Shengshi Open Equity Securities Investment Fund	2,315,893	Domestic shares
Huabao Investment Company Limited	2,245,000	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 change

√ Applicable □ Not applicable

Items	30 September 2010 (RMB'000)	31 December 2009 (RMB'000)	Increase/ (Decrease) (%)	Reasons of change
Accounts receivable	514,093	352,563	45.82	From 1 January to 30 September 2010, the Group strengthened its marketing efforts actively, expanded its sales channels and increased the sales of its products. Accordingly, the amount of its accounts receivable increased.
Other receivables	69,412	38,732	79.21	From 1 January to 30 September 2010, the Group disposed of its equity interest in Guangzhou Pharmaceutical Soccer Club Co., Ltd., the consideration receivable arising therefrom amounted to RMB8,500,000 and export tax refund receivable increased by RMB7,169,000.
Available-for-sale financial assets	22,687	2,476	816.15	The shares held by the Group in China Everbright Bank Co., Ltd. were listed during the Reporting Period. As at 30 September 2010, the market value of the shares held by the Company therein amounted to RMB20,933,000.
Construction in progress	51,766	26,770	93.37	From 1 January to 30 September 2010, the Group's significant projects came on stream.
Short-term borrowings	41,080	63,370	(35.17)	From 1 January to 30 September 2010, the Group repaid bank borrowings due.

Items	30 September 2010 <i>(RMB'000)</i>	31 December 2009 <i>(RMB'000)</i>	Increase/ (Decrease) <i>(%)</i>	Reasons of change
Accounts payable	393,814	302,758	30.08	From 1 January to 30 September 2010, the Group's trading enterprises actively developed quality downstream clients and obtained longer commercial credit terms.
Advances payable	50,938	121,348	(58.02)	From 1 January to 30 September 2010, the Group adjusted its marketing strategies and eased credit terms to its clients.
Salaries payable	121,989	56,821	114.69	As at 30 September 2010, the accrued but unpaid emoluments of the Group increased.
Accrued expenses	75,070	12,936	480.34	As at 30 September 2010, the accrued but unpaid advertising costs and terminal fees of the Group increased.

Items	1 January – 30 September 2010 <i>(RMB'000)</i>	1 January – 30 September 2009 <i>(RMB'000)</i>	Increase/ (Decrease) <i>(%)</i>	Reasons of change
Loss on impairment of assets	4,426	(7,781)	–	Owing to the significant decrease in accounts receivable for the period from 1 January to 30 September 2009, the provision for impairment of accounts receivable for that period was negative.

Items	1 January - 30 September 2010 (RMB'000)	1 January - 30 September 2009 (RMB'000)	Increase/ (Decrease) (%)	Reasons of change
Income tax expenses	28,036	19,744	42.00	From 1 January to 30 September 2010, the corporate income tax payable of the Group increased as a result of the growth in the Group's gross profit.
Net profit attributable to the shareholders of the Company	227,369	153,119	48.49	From 1 January to 30 September 2010, the Group actively strengthened its sales channels, increased the sales of its products and improved sales margins.
Net cash flows from operating activities	29,472	333,455	(91.16)	From 1 January to 30 September 2010, the Group expanded its production and increased inventory of its products, so as to meet the sales demand.
Net cash flows from investment activities	(8,841)	73,451	(112.04)	From 1 January to 30 September 2009, the loans withdrawn from Guangzhou Pharmaceutical Corporation by the Group and net cash flows from interests received was RMB77,199,000, while in the same period of this year, the Group has no such cash inflow.

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 same period of 2009

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 2009 Annual General Meeting held on 28 June 2010, the 2009 final dividend of RMB0.50 (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 2009;
2. The final dividend of RMB0.05 (withholding tax) per share for 2009 was paid to the Company's H shareholders whose names appeared on the register of the Company as at 28 May 2010 on 10 August 2010;
3. According to the announcement for 2009 final dividend published in Shanghai Securities News in the PRC on 12 July 2010, the registration date for A shares was 15 July 2010, the ex-dividend date was 16 July 2010 and the dividend payment date was 10 August 2010.

4 APPENDIX

Prepared in accordance with the PRC Accounting Standards (unaudited)

Balance Sheet

As at 30 September 2010

Items	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	633,996,130.87	696,933,940.31	197,152,593.54	223,165,989.78
Trading financial assets	36,814,594.98	31,331,949.92	6,814,594.98	11,331,949.92
Notes receivable	119,490,004.72	160,026,900.02	10,750,000.65	3,117,663.47
Accounts receivable	514,093,152.02	352,562,903.02	46,369,230.66	45,773,761.76
Prepayment	131,712,220.59	96,830,937.15	3,440.78	48,105,313.81
Interests receivable	—	—	—	—
Dividends receivable	8,702,276.00	—	95,150,375.44	39,977,913.38
Other receivables	69,412,350.77	38,731,666.23	406,125,906.09	326,573,964.81
Inventories	710,658,556.10	560,522,106.34	77,006.60	11,108,745.47
Prepaid expenses	2,889,333.62	618,736.32	—	—
Entrusted loans	—	—	233,000,000.00	183,000,000.00

Items	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)
Non-current assets due within 1 year	—	—	—	—
Other current assets	—	—	—	—
Total current assets	2,227,768,619.67	1,937,559,139.31	995,443,148.74	892,155,302.40
Non-currents assets				
Available-for-sale financial assets	22,687,018.60	2,476,347.50	20,933,000.00	—
The held-to-maturity	—	—	—	—
Long-term receivables	—	—	—	—
Long-term equity investment	934,526,339.00	904,628,381.95	2,135,109,891.76	2,094,636,366.28
Investment properties	111,019,211.14	90,966,194.94	37,798,753.09	38,805,385.51
Fixed assets	1,035,393,311.76	1,106,763,286.41	14,934,222.90	15,521,434.79
Construction in progress	51,765,759.68	26,769,726.28	—	—
Construction supplies	—	—	—	—
Disposal of fixed assets	—	—	—	—
Intangible assets	97,137,046.91	99,709,971.03	—	—
Development expenses	1,287,744.36	668,341.69	—	—
Goodwill	—	—	—	—
Long-term deferred expenses	5,740,315.21	5,877,549.95	—	—
Deferred income tax assets	44,761,337.35	47,077,136.77	1,295,341.70	1,740,974.36
Other non-current assets	—	—	—	—
Total non-current assets	2,304,318,084.01	2,284,936,936.52	2,210,071,209.45	2,150,704,160.94
Total assets	4,532,086,703.68	4,222,496,075.83	3,205,514,358.19	3,042,859,463.34
Liabilities and shareholders' equity				
Current liabilities				
Short-term borrowings	41,079,764.87	63,369,822.21	30,000,000.00	—
Trading financial liabilities	—	—	—	—
Notes payable	17,514,233.78	29,790,259.56	—	—
Accounts payable	393,814,295.74	302,757,946.00	17,786,382.61	21,617,796.58
Advances payable	50,938,131.01	121,348,338.16	279,977.01	38,702,648.48
Salaries payable	121,988,614.89	56,820,688.90	6,727,301.81	4,899,160.36
Tax payable	24,717,619.48	23,755,739.08	1,974,030.72	6,917,471.97
Interests payable	—	—	—	—
Dividend payable	146,340.63	64,870.92	31,872.34	(452.14)
Other payables	95,625,180.21	101,178,045.85	6,382,421.88	3,862,187.20
Accrued expenses	75,069,853.34	12,935,514.37	3,807,873.58	3,819,364.58
Non-current liabilities due within 1 year	—	—	—	—

Items	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)
Other current liabilities	–	–	–	–
Total current liabilities	820,894,033.95	712,021,225.05	66,989,859.95	79,818,177.03
Non-current liabilities				
Long-term borrowings	–	–	–	–
Bonds payables	–	–	–	–
Long-term payables	4,423,405.56	4,440,864.66	–	–
Special payables	–	–	–	–
Deferred income	86,249,154.98	75,896,458.47	–	–
Estimated liabilities	17,155,621.91	26,255,431.89	90,033.28	121,086.07
Deferral income tax liabilities	5,099,313.58	2,306,637.62	4,311,802.89	1,391,325.05
Other non-current liabilities	–	–	–	–
Total non-current liabilities	112,927,496.03	108,899,392.64	4,401,836.17	1,512,411.12
Total liabilities	933,821,529.98	820,920,617.69	71,391,696.12	81,330,588.15
Shareholders' equity				
Share capital	810,900,000.00	810,900,000.00	810,900,000.00	810,900,000.00
Capital reserves	1,149,767,291.85	1,144,082,619.28	1,097,352,884.51	1,089,861,878.45
Less: Treasury shares	–	–	–	–
Surplus reserves	556,587,726.97	556,609,177.06	223,453,263.13	223,453,263.13
Retained profits	979,418,861.69	792,594,656.13	1,002,416,514.43	837,313,733.61
Exchange difference on foreign currency capital	–	–	–	–
Shareholders' equity attributable to the shareholders of the Company	3,496,673,880.51	3,304,186,452.47	3,134,122,662.07	2,961,528,875.19
Minority interests	101,591,293.19	97,389,005.67		
Total shareholders' equity	3,598,265,173.70	3,401,575,458.14	3,134,122,662.07	2,961,528,875.19
Total liabilities and shareholders' equity	4,532,086,703.68	4,222,496,075.83	3,205,514,358.19	3,042,859,463.34

Consolidated Income Statement

1 January – 30 September 2010

Items	1 July – 30 September 2010 (RMB)	1 July – 30 September 2009 (RMB)	1 January – 30 September 2010 (RMB)	1 January – 30 September 2009 (RMB)
1. Income from operations	1,111,871,635.39	955,588,060.16	3,433,860,875.37	2,899,885,317.44
Including: income from principal operations	1,089,301,998.63	934,571,909.42	3,372,067,818.89	2,837,579,736.45
2. Cost of operations	806,285,576.46	696,223,237.10	2,478,846,723.08	2,139,599,412.30
Including: cost of principal operations	801,193,750.80	692,903,162.12	2,468,683,948.31	2,129,999,239.65
Less: sales taxes and surcharges	7,099,125.43	6,493,133.21	21,341,892.47	21,200,093.29
Sales expenses	160,320,316.45	139,963,587.08	445,340,242.58	391,326,398.95
General and administrative expenses	119,766,610.76	117,173,618.28	339,669,178.29	315,389,237.61
Finance expenses	(572,609.71)	1,226,913.12	(1,176,075.05)	5,767,389.22
Asset impairment loss	509,847.43	(7,830,577.56)	4,226,202.83	(7,781,381.11)
Add: Gain from changes in fair value	1,525,598.34	396,557.58	1,482,645.06	1,398,515.76
Investment income	39,687,140.37	37,333,685.60	100,561,434.96	120,355,495.64
Including: Share of profits from associates and joint ventures	38,137,263.02	35,946,960.53	95,228,269.34	115,667,644.32
3. Operating profit	59,675,507.28	40,068,392.11	247,656,791.19	156,138,178.58
Add: Non-operating income	5,754,306.13	6,521,787.48	16,596,630.04	17,893,086.46
Less: Non-operating expenses	1,029,272.03	840,632.73	2,281,968.30	4,081,918.02
Including: Loss from disposal of non-current assets	142,755.46	(92,865.09)	234,582.02	798,120.55
4. Total profit	64,400,541.38	45,749,546.86	261,971,452.93	169,949,347.02
Less: Income tax expense	4,603,940.37	10,135,932.47	28,035,578.84	19,744,059.07
5. Net profit	59,796,601.01	35,613,614.39	233,935,874.09	150,205,287.95
Net profit attributable to the shareholders of the Company	58,591,865.01	36,555,532.19	227,369,205.56	153,118,957.14
Minority interests	1,204,736.00	(941,917.80)	6,566,668.53	(2,913,669.19)

Items	1 July – 30 September 2010 (RMB)	1 July – 30 September 2009 (RMB)	1 January – 30 September 2010 (RMB)	1 January – 30 September 2009 (RMB)
6. Earnings per share				
(1) Basic earnings per share	0.072	0.045	0.280	0.189
(2) Diluted earnings per share	0.072	0.045	0.280	0.189
7. Other comprehensive income	7,654,306.81	300,910.50	6,744,939.20	1,756,617.70
8. Total comprehensive income	67,450,907.82	35,914,524.89	240,680,813.29	151,961,905.65
(1) Comprehensive income attributable to the shareholders of the Company	66,247,495.42	36,860,179.14	234,132,600.64	154,856,028.66
(2) Comprehensive income attributable to the shareholders of minority interests	1,203,412.40	(945,654.25)	6,548,212.65	(2,894,123.01)

Income Statement of the Company

1 January – 30 September 2010

Items	1 July – 30 September 2010 (RMB)	1 July – 30 September 2009 (RMB)	1 January – 30 September 2010 (RMB)	1 January – 30 September 2009 (RMB)
1. Income from operations	83,826,817.52	217,933,539.33	672,105,062.72	591,845,759.58
Including: income from principal operations	73,602,164.60	209,345,362.94	644,717,839.12	566,687,221.01
2. Cost of operations	70,609,350.33	202,540,643.20	628,655,110.14	547,294,987.39
Including: cost of principal operations	70,273,806.19	202,205,099.06	627,648,477.72	546,288,354.97
Less: sales taxes and surcharges	901,594.23	694,235.63	2,412,062.34	2,156,196.88
Sales expenses	1,650,941.44	3,341,600.87	7,312,646.99	10,597,889.39
General and administrative expenses	9,136,115.83	8,136,472.49	22,657,266.58	20,240,498.20
Finance expenses	(698,564.20)	(155,663.78)	(1,525,526.61)	84,779.27
Asset impairment loss	(602,544.33)	(35,958.54)	(509,138.06)	102,570.36
Add: Gain from changes in fair value	1,525,598.34	396,557.58	1,482,645.06	1,398,515.76
Investment income	40,151,319.20	34,766,680.24	192,806,037.38	152,112,579.08
Including: Share of profits from associates and joint ventures	37,631,713.09	31,755,308.67	95,496,536.44	110,140,921.07
3. Operating profit	44,506,841.76	38,575,447.28	207,391,323.78	164,879,932.93
Add: Non-operating income	602.66	154,240.00	537,877.20	157,016.75
Less: Non-operating expenses	3,213.46	4,958.28	7,914.29	13,546.52
Including: Loss from disposal of non-current assets	2,984.22	4,428.13	3,300.62	12,907.96
4. Total profit	44,504,230.96	38,724,729.00	207,921,286.69	165,023,403.16
Less: Income tax expenses	(1,453,393.41)	(601,177.83)	2,273,505.87	3,483,311.24
5. Net profit	45,957,624.37	39,325,906.83	205,647,780.82	161,540,091.92
6. Other comprehensive income	7,707,351.22	451,546.83	7,491,006.06	961,346.55
7. Total comprehensive income	53,664,975.59	39,777,453.66	213,138,786.88	162,501,438.47

Cash Flow Statement

1 January – 30 September 2010

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	3,725,547,174.34	3,425,346,588.81	721,483,444.85	676,667,888.08
Refund of tax and levies	10,310,342.24	7,720,808.28	590,576.94	441,552.94
Other cash received relating to operating activities	97,687,261.40	65,631,432.89	20,932,063.27	13,229,274.75
Sub-total of cash inflows from operating activities	3,833,544,777.98	3,498,698,829.98	743,006,085.06	690,338,715.77
Cash paid for goods and services	2,772,765,882.95	2,197,264,810.19	691,696,613.41	673,940,982.29
Cash paid to and on behalf of employees	483,279,046.09	475,489,702.07	14,093,012.64	12,366,903.86
Taxes paid	256,532,160.98	202,320,334.79	16,780,312.48	16,427,033.36
Cash paid relating to other operating activities	291,495,336.45	290,168,540.85	15,716,078.14	17,218,804.15
Sub-total of cash outflows from operating activities	3,804,072,426.47	3,165,243,387.90	738,286,016.67	719,953,723.66
Net cash flows from operating activities	29,472,351.51	333,455,442.08	4,720,068.39	(29,615,007.89)
2. Cash flows from investment activities				
Cash received from investment	680,400,000.00	257,360,000.00	6,000,000.00	44,200,000.00
Cash received from sales of subsidiaries	1,222,384.81	–	–	–
Cash received from investment income	37,919,878.03	40,394,984.10	81,572,069.02	76,759,423.42
Cash paid for disposal of fixed assets, intangible assets and other long-term assets	11,546,761.82	730,193.21	860.00	2,770.00
Other cash received from investment activities	37,821,422.00	139,858,881.83	283,310,766.13	341,505,367.97

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 inflows from investing activities	768,910,446.66	438,344,059.14	370,883,695.15	462,467,561.39
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	68,163,351.93	47,017,352.11	140,309.00	198,623.00
Cash paid for purchase of investments	686,169,051.50	254,660,000.00	1,600,000.00	41,500,000.00
Cash paid for purchasing subsidiaries	—	—	—	—
Cash paid in relation to other investment activities	23,418,995.53	63,216,066.05	390,804,691.91	351,190,150.03
Sub-total of cash outflows from investment activities	777,751,398.96	364,893,418.16	392,545,000.91	392,888,773.03
Net cash flows from investment activities	(8,840,952.30)	73,450,640.98	(21,661,305.76)	69,578,788.36
3. Cash flows from financing activities				
Proceeds from absorbing investments	—	—	—	—
Including: Cash received from minority shareholders from subsidiaries	—	—	—	—
Cash received from borrowings	30,000,000.00	134,342,217.34	30,000,000.00	—
Other proceeds relating to financing activities	—	125,000.00	—	—
Sub-total of cash inflows from financing activities	30,000,000.00	134,467,217.34	30,000,000.00	—
Repayment of borrowings	52,290,057.34	348,275,483.51	—	30,000,000.00
Cash paid for distribution of dividends, profits or interests	43,358,797.88	40,490,016.31	39,072,158.87	32,163,852.49

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)
Including: Dividend and profit payable to minority shareholders from subsidiaries	1,775,059.78	1,542,822.26	–	–
Other cash paid in relating to financing activities	–	2,339,573.83	–	–
Sub-total of cash outflows from financing activities	95,648,855.22	391,105,073.65	39,072,158.87	62,163,852.49
Net cash flows from financing activities	(65,648,855.22)	(256,637,856.31)	(9,072,158.87)	(62,163,852.49)
4. Effects of foreign exchange rate changes on cash and cash equivalents	–	(0.92)	–	(0.92)
5. Net increase in cash and cash equivalents	(45,017,456.01)	150,268,225.83	(26,013,396.24)	(22,200,072.94)
Add: Cash and cash equivalents at the beginning of the period	667,385,437.68	365,858,279.07	223,165,989.78	158,746,789.65
6. Cash and cash equivalents at the end of the period	622,367,981.67	516,126,504.90	197,152,593.54	136,546,716.71

The Board of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 28 October 2010

As at the date of this report, the Board comprises Mr. Yang Rongming, Mr. Li Chuyuan, Mr. Shi Shaobin and Mr. Wu Changhai as executive directors, and Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Mr. Wong Lung Tak Patrick and Mr. Qiu Hongzhong as independent non-executive directors.