深圳一致药业股份有限公司

Shenzhen Accord Pharmaceutical Co.,Ltd.

2003 年半年度报告

二○○三年八月

Shenzhen Accord Pharmaceutical Co., Ltd.

Semi-annual Report 2003

August 2003

Important Notice

The Board of Directors of Shenzhen Accord Pharmaceutical Co., Ltd. (hereinafter referred to as the Company) and its directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions nor errors which would render any statement misleading.

Chairman of the Company Mr. Guo Yuan, General Manager Mr. Su Yanwei and Chief Financial Supervisor Mr. Qin Changsheng and Person in charge of Accounting Dept. Ms. Lai Wanying hereby confirm that the Financial Report enclosed in the semi-annual report is true and complete.

This report was prepared in both Chinese and English. Should be there any difference in interpretation between the two versions, the Chinese version shall prevail.

The semi-annual financial report of the Company has not been audited.

Due to some reasons, Director Su Yanwei and Director Yuan Xuepin and Director Guo jinlong, were absent from the 22nd meeting of the 3rd Board of Directors, in which the semi-annual report for 2003 was examined, with entrusting Director Guo Yuan and Director Qin Changshen and Director Hao Zhujiang to attend and vote on his behalf in written form.

Section I. Company Profile

I. Company information

1. Legal Name of the Company
   In Chinese: **深圳一致药业股份有限公司**
   In English: Shenzhen Accord Pharmaceutical Co., Ltd.
   Abbr. of English name: Accord Pharm.
2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form of the Stock: Accord Pharm./Accord Pharm.-B
   Stock Code: 000028/200028
3. Registered Address: Accord Pharm. Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen Guangdong
   Office Address: Accord Pharm. Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen Guangdong
   Post Code: 518029
   The Company's Internet Website: http://www.szaccord.com.cn
   E-mail: 0028@szaccord.com.cn
4. Legal Representative: Guo Yuan
5. Secretary of the Board: Chen Changbing
   Contact Address: Accord Pharm. Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen Guangdong
   Tel: +(86) 755 25875195
   Fax: +(86) 755 25875166
   E-mail: champion@szaccord.com.cn
6. Newspapers Chosen for Disclosing the Information of the Company: Securities Times and Ta Kung Pao
   Internet Website Appointed by CSRC for Publishing the Semi-annual Report: http://www.cninfo.com.cn
   The Place Where the Interim Report is Prepared and Placed: secretariat of the Board of Directors

II. Major financial data and indexes

(I) Major accounting data and financial indexes

Items	Unit	June 30, 2003	Dec. 31, 2002	Increase/decrease at the end of this report period compared with the year-begin (%)
Current assets	RMB	905,502,912.79	775,193,909.75	16.81
Current liabilities	RMB	846,371,519.84	717,099,729.96	18.03
Total assets	RMB	1,184,718,491.80	1,052,596,979.41	12.55
Shareholders' equity (excluding minority interest)	RMB	334,047,000.61	333,335,056.95	0.21
Net assets per share	RMB/share	1.159	1.157	0.17
Net assets per share after adjustment	RMB/share	1.036	0.997	3.91
Items		**Jan.-Jun. 2003**	**Jan.-Jun. 2002**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	RMB	6,213,957.41	7,089,736.45	-12.35
Net profit after deducting non-recurring gains and losses	RMB	6,259,915.39	7,830,848.49	-19.60
Earnings per share	RMB/share	0.022	0.025	-12.00
Return on equity	%	1.86	1.97	-9.52
Net cash flow per share arising from operating activities	RMB	-5,462,743.76	18,280,639.93	-129.88

Items of deducting non-recurring gains and losses	Amount (RMB)
Non-operating income	1,285,865.52
Non-operating expenditure	1,331,823.50
Total non-recurring gains and losses	45,957.98

(II) Explanation on difference in net profit between domestic accounting statement and international accounting statement

The Company's net profit was respectively RMB 6,214,000 and RMB 3,706,000 as audited according to CAS and IAS. Reasons of difference are as follows:

	Net profit (RMB'000)
As reported under IAS	3,706
(1) Excess deficiency of subsidiary companies	5,502
(2) Goodwill and its amortization	-2,994
As reported under Accounting System of Enterprise	6,214

Section II. Change in Share Capital and Particulars about Share Held by Main Shareholders

I. Particulars about change in share capital

In the report period, the Company's total shares and its structure remained unchanged.

II. About shareholders

1. Ended June 30, 2003, the Company had totally 30335 shareholders, including 20015 shareholders of A-share and 10320 shareholder of B-share.

2. Particulars about shares held by the top ten shareholders (ended June 30, 2003)

Shareholders' name	Increase/ decrease in this report period (share)	Holding shares at the period-end (share)	Proportion of the total shares (%)	Pledged or frozen	Type of share
1. Shenzhen Investment Holding Corporation	0	124,864,740	43.33		State-owned share
2. Shenzhen Baoan District Shiyan Town Economic and Development Corporation	0	26,070,660	9.05	16,079,700	Legal person's share
3. Shenzhen Baoan Shangwu Economic and Development Co., Ltd.	0	13,942,800	4.84	13,846,000	Legal person's share
4. Shenzhen Wangzong Industrial Co., Ltd.	0	5,303,200	1.84		Legal person's share
5. Nanjing Junyue Investment and Consultation Co., Ltd.	0	5,000,000	1.74		Legal person's share
6. Shandong Kangtong Electrical Appliance Co., Ltd.	-1,389,501	2,046,216	0.71		A-share in circulating
7. CHAN PONG HUNG	0	1,738,571	0.60		B-share in circulating
8. Wuxi Huaxin Investment Management Co., Ltd.		1,396,800	0.48		Legal person's share
9. Wu Cai Yu	-1,005,237	1,294,422	0.45		A-shares in circulating
10. Kunming Tianhao Stage Sound and Lighting Engineering Co., Ltd.	1,219,981	1,219,981	0.35		A-shares in circulating

Note: There exists no associated relationship among shareholders of state-owned shares and each shareholders of legal person's share. For shareholders of circulation share, the Company is unknown whether there exists associated relationship.

3. Particulars about pledging and freezing of the shares held by legal person shareholders holding over 5% of the total shares of the Company

16,079,700 shares of the Company held by Shenzhen Baoan District Shiyan Town

Economic and Development Corporation ("Shiyan Company") was frozen because Shiyan Company offered the said shares as mutual guarantee for loan to Shenzhen Baoan District Investment Holding Corporation in 2000. 13,846,000 shares of the Company held by Shenzhen Baoan Shangwu Economic and Development Co., Ltd. ("Shangwu Company") was mortgaged and frozen to Industrial and Commercial Bank of China Longhua Sub-branch; the duration of mortgage from Dec. 24, 2002 to Dec. 24, 2003.

4. The holding shareholder of the Company remained unchanged during the report period.

Section III. Directors, Supervisors and Senior Executives

I. In the report period, the directors, supervisors and senior executives of the Company did not hold the Company's shares.
II. Particulars about changes in directors, supervisors and senior executives in the report period:
(1) On Jan. 2, 2003, the extraordinary meeting of the 3rd Board of Directors of the Company agreed that Tan Minghua no longer took the posts of Director and Deputy Chairman of the Board of the Company due to the reason of work and nominated and supplemented Su Yanwei as Director of the Company. The relevant public notices were published on Securities Times and Ta Kung Pao dated Jan. 4, 2003. On May 19, 2003, 2002 Shareholders' General Meeting of the Company approved to supplement Su Yanwei as Director of the Company and the relevant resolutions were published on Securities Times and Ta Kung Pao dated May 20, 2003.
(2) On June 11, 2003, the extraordinary meeting of the 3rd Board of Directors approved to engage Tan Guoshu and Ou Jianneng as Deputy General Manager of the Company and the relevant resolutions were published on Securities Times and Ta Kung Pao dated June 14, 2003.

Section IV. Discussion and Analysis of the Management

I. Discussion and analysis to the situation of financial report and etc.
1. In the report period, facing the situation of centralized bidding purchase of the hospital's medicine and intensified competition of medicine market, the Company's Management further deepened the reform based on integrating the medicinal commercial of the Company and established pharmaceutical logistics division in order to form a more effective operating mechanism with more adaptable capability to the market. On the other hand, the Company made use of its own advantages, actively caught the commercial opportunity from SARS in the market environment in the first half of the year through the way of adopting measures and adjusting marketing strategies and etc. and also established the good brand image of "Accord" while expanding the sale. The Company realized income from core business amounting to RMB 1,004,722,165.49 in the first half of the year, an increase of 12.71% than of the same period of last year, and realized profit of core business amounting to RMB 236,642,689.14, an increase of 19.83% than that of the same period of last year.

2. Changes in main financial indexes of the Company in the report period (Unit: RMB)

Items	Jan.-June 2003	Jan.-June 2002	Margin of increase/decrease (%)
Income from core business	1,004,722,165.49	891,442,649.18	12.71
Profit of core business	236,642,689.14	197,474,237.17	19.83
Net profit	6,213,957.41	7,089,736.45	-12.35
Net increase in cash and cash equivalents	43,530,484.68	-23,590,077.67	284.53
Items	Amount at the end of the period	Amount at the beginning of the period	Margin of increase/decrease (%)
Total assets	1,184,718,491.80	1,052,596,979.41	12.55
Shareholders' equity	334,047,000.61	333,335,056.95	0.21

Note: (1) The main reason of the increase of income from core business was due to the influence of SARS in the first half of the year and the Company's gaining relatively high shooting rate of bidding in the centralized bidding purchase of iatric institutes in Shenzhen etc..

(2) The increase of profit of core business was due to the increase of income from core business.

(3) The reason for the decrease of net profit was that in order to develop the market, the Company expanded the market share and thus made the sales expense increase by a certain extent than that of the same period of last year.

(4) The reason for the increase of net increase in cash and cash equivalents was that in the same period of last year, the Company refunded the mature bank loans and made the cash flow out by RMB 197.74 million, while the Company only made this index flow out by RMB 1023.88 million in the period.

(5) The increase of total assets was mainly because that after participating in the centralized bidding purchase of iatric institutes in Shezhen and gaining relatively high shooting rate of bidding, the Company's recovery period of payments was postponed by about one month than that before the bidding, which made the Company's account receivable climb up.

(6) The increase of shareholders' equity was mainly due to the net profit realized in the period.

II. Operation of the Company

(I) Scope of core business of the Company is manufacture, wholesale and chain retail of medicine. The leading products of medicine industrial enterprises are Federal Cough Syrup, Cefuroxime Sodium and Jian'er Qingjie Ye etc.. The wholesale and retail of medicine is mainly to distribute the medicine produced by the domestic and oversea factories with distribution variety reaching over 10,000 kinds and the sales market is mainly in Shenzhen and its adjacent areas.

(II) Sort structure of income from core business

1. Structure of income from core business classified according to industries

Industries	Income from core business (RMB)	Proportion in income from core business (%)	Cost of core business (RMB)
Medical industry	225,513,472.39	15.13	99,475,814.10
Medical commerce	1,159,994,442.04	77.83	1,049,738,359.67
Non-medical trade	104,916,251.06	7.04	103,075,682.73
Counteracting mutually between all enterprises within the Company	485,702,000.00		485,702,000.00
Total	1,004,722,165.49	100	766,587,856.50

2. Operation of main products of the Company

Items	Sales income	Sales cost
Federal Cough Syrup	59,263,252.79	13,063,215.80
Toubao series products	109,823,067.18	58,836,370.34
Jian'er Qingjie Ye	10,584,273.00	5,002,107.57
Total	179,670,592.97	76,901,693.71

3. Particulars about income from core business classified according to areas (Unit: RMB)

Items	Income from core business	Cost of core business
Domestic sale	935,560,250.63	698,426,929.24
Oversea sale	69,161,914.86	68,160,927.26
Total	1,004,722,165.49	766,587,856.50

4. In the report period, there was no other operating business impacting significant influence on the net profit.

5. Problems and difficulties in the operation

Facing the influence of change in environmental factors such as thorough decrease of price of medicine, implementation of thorough bidding of medicine of medical institutes, complete openness of medicine retail market and cancellation of preferential policy for products produced and sold in the special economic zone etc., the Company would continue to speed up the innovation and construction of medical logistics division with reform as drive and with the integration of purchase and distribution as the emphasis in the medical commerce field, reinforce the management, found the base and form the advantage of medical logistics in Shenzhen area with information as ligament quickly to establish the medical sales network radiating the Pearl Delta and enhance the regional service and competition advantage of "Accord" brand. At the same time, in the field of pharmaceutical industry, the Company conducted system renovation, mechanism renovation and management renovation and enhanced the core competitive force of the enterprise with expanding market, reinforcing marketing, enhancing service, strengthening profitability capability and enlarging sale and market share as the emphasis, thus to consolidate the Shenzhen market, enlarge the market in Pearl Delta and the whole country and gradually realize the strategic development objectives of the Company of being large and strong.

III. Investment

In the report period, the Company had no new investment projects or the application of the proceeds raised through shares offering in previous years going down to the report period.

Section V. Significant Events

I. Actual situation of the Company's administration

The Board of Directors of the Company believes, the Company normatively operated strictly according to Company Law, Securities Law and relevant laws and regulations promulgated by CSRC, on the basis of amending of Articles of Association of the Company according to Administration Rules of Listed Companies and establishment of the procedures of the Shareholders' General Meeting, the Board of Directors and the Supervisory Committee, the Board of Directors approved to establish Work Rule of General Manager to make the legal person administration of the Company more perfect.

The Board of Directors of the Company has two independent directors but does not reach the requirement of the proportion of one third. The Company will continue to engage independent directors to solve the proportion of independent directors.

II. The Company would neither conduct profit distribution nor convert public capital reserve into share capital in the half year of 2003.

III. Material lawsuits and arbitrations

The commercial cooperation among Shenzhen Medical Trading Company, which is the subsidiary wholly held by the Company, Grunenthal (Hong Kong) Co., Ltd. and Grunenthal Pharmaceutical (China) Co., Ltd. occurred disputed issues. The above two subsidiaries of Grunenthal submitted the arbitration application to China International Economic & Trade Arbitration Commission, Shenzhen Commission respectively on June 28, 2002 and July 2, 2002, required Shenzhen Medical Trading Company to pay outstanding payment for goods of USD 2,315,041.80 and the repayment of breaking the contract and repay the debt of RMB 41,797,083.58 and the repayment of breaking the contract. The relevant public notice was published on Securities Times and Ta Kung Pao dated July 25, 2002. The arbitration court made the final arbitraments respectively on Jan.8, 2003 and Feb.21, 2003 that Shenzhen Medical Trading Company should pay outstanding payment for goods of USD 2,315,041.80 and the overdue repayment of breaking the contract of USD 421,709.43 to Grunenthal (Hong Kong) Co., Ltd. and undertake the arbitration expense and Grunenthal (Hong Kong) Co., Ltd. should pay the repayment of violating right of RMB 3 million to Shenzhen Medical Trading Company as well as Shenzhen Medical Trading Company should pay RMB 29,802,409.94 and all overdue interest to Grunenthal Pharmaceutical

(China) Co., Ltd. which should undertake the acceptance fee and disposal fee of the case. The public notice on the arbitration result was published on Securities Times and Ta Kung Pao dated Mar.8, 2003. On Apr. 28, 2003, through the common efforts of the parties of the case, they reached the compromise and the three parties signed Compromise Agreement of Arbitration Case that promised that for RMB 13,004,997.31, HKD 29,170.55 and USD 8,497.72 bank loan frozen judicially and supervised of Shenzhen Medical Trading Company, at the same time of releasing the freezing and supervising, they were paid to the two subsidiaries of Grunenthal by Shenzhen Medical Trading Company; for the deal of accounts receivable from the sale of Grunenthal's products by Shenzhen Medical Trading Company, the two subsidiaries of Grunenthal were responsible for dunning and undertook the relevant expense and Shenzhen Medical Trading Company assisted and provided relevant law procedure and additionally paid RMB 1 million to the two subsidiaries of Grunenthal. Ended one year since the date of signing, the compromise contract will end implementation automatically and the three parties will not execute according to the above arbitration. After the arbitration case occurred, except that a little employees dealt with relevant left affairs, Shenzhen Medical Trading Company has already in the status of temporarily stopping operation.

Except for the case, the Company has no other significant lawsuits and arbitrations in the report period.

IV. Significant reorganization of assets

In the report period, the Company has no significant purchase and sale and reorganization of assets.

V. Significant related transaction issues

(I) Related transaction from purchase and sale of commodity

Items	Name of companies	Occurred amount		Proportion in income (cost) from main business	
		Jan.-June, 2003	Jan.-June, 2002	Jan.-June, 2003	Jan.-June, 2002
Sale of goods	Related companies	2,319,960.29	12,307,965.07	0.23	1.38
Purchase of goods	Related companies	1,151,432.47	16,498,391.69	0.15	2.38

(II) Credit and liability between the Company and the related parties

Items	Name of companies	Amount		Proportion in net amount of receivable and payable	
		Jan.-June, 2003	Jan.-June, 2002	Jan.-June, 2003	Jan.-June, 2002
Accounts receivable	Related companies	18,293,333.23	20,672,484.05	5.62	7.65
Accounts payable	Related companies	3,246,173.13	3,496,094.98	0.99	1.18
Other accounts receivable	Related companies	26,680,126.46	16,975,610.05	45.44	27.58
Other accounts payable	Related companies	1,970,110.97	2,370,814.96	1.39	1.70

VI. Significant contracts and their implementations

(I) Entrustment, contract and lease

In the report period, the Company has no significant custody, contract and lease of other companies and vice visa occurred in the report period or occurred in previous period and lasted in the report period.

(II) Significant guarantee

In the report period, the Company has not occurred significant guarantee events. Ended as of June 30, the balance of the guarantee of the Company is converted to RMB 128,270,000. For details, please refer to Note 8 for the detail of guarantee.

(III) Entrusting others to manage cash assets

The Company did not entrust others to management its cash assets in the report period or occurred in previous period and lased in the report period.

(IV) Other material contract

The Company had no other material contract in the report period.

VII. Commitment of the Company or shareholders holding over 5% shares of the Company

In the report period, the shareholders holding over 5% equity (including 5%) of the Company have not commitment events with possible influence on operation result and financial status occurred in the report period or occurred in previous period and lased in the report period.

VIII. Engagement of Certified Public Accountants

In the report period, 2002 Annual Shareholders' General Meeting of the Company held on May 19, 2003 continued to engage Shenzhen Nanfang Minhe Certified Public Accountants and Ma Shiyun (Shenzhen) Nanfang Minhe Certified Public Accountants as the auditing institution of A share and B share of the Company in 2003.

IX. The semi-annual financial report of the Company was not audited.

X. Information indexes of other significant events

1. Public notice on resolutions of adjusting partial directors of the Board of Directors was published on Securities Times and Ta Kung Pao dated on Jan.4, 2003.

2. Public notice on change of contact telephone of the Company was published on Securities Times and Ta Kung Pao dated on Jan.18, 2003.

3. Public notice on resolution progress and arbitrament results of involved lawsuits of the Company was published on Securities Times and Ta Kung Pao dated on Mar.8, 2003.

4. 2002 annual report summary and notification of the Board of Directors of holding 2002 annul Shareholders' General Meeting were published on Securities Times and Ta Kung Pao dated on Apr.18, 2003.

5. The 1st quarterly report of 2003 was published on Securities Times and Ta Kung Pao dated on Apr.29, 2003.

6. Pubic notice on resolutions of annual Shareholders' General Meeting about 2002 annual profit policy was published on Securities Times and Ta Kung Pao dated on May 20, 2003.

7. Public notice on resolutions of the extraordinary meeting of the Board of Directors on engaging deputy general manager was published on Securities Times and Ta Kung Pao dated on May 20, 2003.

Section VI. Documents Available for Reference

1. Accounting statements carried with signatures and seals of the legal representative,

chief financial supervisor and person in charge of accounting affairs;

2. Originals of all documents and manuscripts of public notices of the Company disclosed in public in Securities Times and Ta Kung Pao designated by CSRC in the report period;

3. Original of Semi-annual Report with signature of Chairman of the Board.

4. The depositary of documents: Secretariat of the Company, AP Building, No. 15 Ba Gua 4th Rd., Futian Dis., Shenzhen

Board of Directors of
Shenzhen Accord Pharmaceutical Co., Ltd.
Aug.22, 2003

Attachment: Financial Report (Un-audited)

Balance sheet

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Unit: RMB

Items	June 30, 2003		Dec.31, 2002	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	152,682,805.32	71,702,788.17	109,152,320.64	45,488,633.87
Short-term investment	4,080.00		4,080.00	
Notes receivable				
Dividends receivable				9,872,568.09
Interest receivable				
Accounts receivable	325,348,998.52	216,179,015.85	270,067,979.07	173,020,958.67
Other receivable	58,710,720.69	46,001,182.63	61,547,832.98	47,711,843.33
Accounts in advance	41,680,878.48	5,924,946.56	66,701,501.82	8,598,399.12
Subsidy receivable	23,367,415.87		17,132,843.31	
Inventory	300,905,353.83	101,425,710.00	250,150,232.65	99,350,386.77
Expenses to be apportioned	2,539,130.76	1,338,130.40	437,119.28	148,065.67
Long-term credit investment due within one year				
Other current assets	263,529.32			
Total current assets	905,502,912.79	442,571,773.61	775,193,909.75	384,190,855.52
Long-term investment				
Long-term equity investment	72,849,184.02	293,799,245.71	78,736,246.59	288,074,762.64
Long-term credit investment	2,690.00		2,690.00	
Total long-term investment	72,851,874.02	293,799,245.71	78,738,936.59	288,074,762.64
Including: Consolidation price variance	48,772,388.67		53,131,240.55	
Fixed assets				
Original value of fixed assets	255,736,390.59	79,440,454.49	231,787,795.11	66,644,551.49
Less: Accumulative depreciation	102,666,300.33	11,385,161.90	96,110,477.14	7,356,774.34
Net value of fixed assets	153,070,090.26	68,055,292.59	135,677,317.97	59,287,777.15
Less: Provision for devaluation of fixed assets	3,807,462.12	709,026.66	3,807,462.12	709,026.66
Net amount of fixed assets	149,262,628.14	67,346,265.93	131,869,855.85	58,578,750.49
Engineering material				
Construction in progress	34,155,198.74	34,145,345.54	34,138,519.34	34,138,519.34
Disposal of fixed assets				
Total fixed assets	183,417,826.88	101,491,611.47	166,008,375.19	92,717,269.83
Intangible and other assets:				
Intangible assets	7,015,767.16	2,620,125.00	3,128,516.69	2,675,000.00
Long-term expenses to be apportioned	15,930,110.95	773,757.50	29,527,241.19	12,231,772.40
Other long-term assets				
Total intangible and other assets	22,945,878.11	3,393,882.50	32,655,757.88	14,906,772.40
Deferred tax:				
Deferred tax-borrowing item				
Total assets	1,184,718,491.80	841,256,513.29	1,052,596,979.41	779,889,660.39

Balance sheet

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Unit: RMB

Items		June 30, 2003		Dec.31, 2002	
		Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities:					
Short-term loans		257,189,900.00	125,000,000.00	172,155,700.00	65,000,000.00
Notes payable		9,980,000.00		11,420,000.00	
Accounts payable		329,068,901.73	224,225,788.08	294,729,374.23	211,055,225.16
Accounts received in advance		45,873,084.40		35,701,972.70	
Wage payable		5,975,313.59	3,077,218.23	5,022,355.01	1,601,267.86
Welfare funds payable		11,457,050.56	887,372.32	10,267,778.38	584,838.65
Dividends payable					
Taxes payable		24,015,004.64	3,867,498.93	29,303,581.61	8,908,021.39
Other duties payable		24,027.64	224.49	242,212.21	240,688.42
Other accounts payable		141,240,619.75	127,678,263.77	139,338,248.63	145,090,075.00
Accrued expenses		14,747,617.53	4,869,910.56	12,118,507.19	1,973,264.41
Projected liabilities		6,800,000.00		6,800,000.00	
Long-term liabilities due within 1 year					
Other current liabilities					
Total current liabilities		846,371,519.84	489,606,276.38	717,099,729.96	434,453,380.89
Long-term liabilities					
Long-term loans		2,000,000.00			
Bonds payable					
Long-term accounts payable					
Special accounts payable		800,000.00	800,000.00	800,000.00	800,000.00
Other long-term liabilities					
Total long-term liabilities		2,800,000.00	800,000.00	800,000.00	800,000.00
Deferred tax					
Deferred tax-credit item					
Total liabilities		849,171,519.84	490,406,276.38	717,899,729.96	435,253,380.89
Minority interests		1,499,971.35		1,362,192.50	
Owner's equity (or shareholders' equity):					
Paid-in capital (or share capital)		288,149,400.00	288,149,400.00	288,149,400.00	288,149,400.00
Less: Restituted investment					
Net amount of paid-in capital (share capital)		288,149,400.00	288,149,400.00	288,149,400.00	288,149,400.00
Capital public reserve		15,760,290.79	15,760,290.79	15,760,290.79	15,760,290.79
Surplus public reserve		40,860,055.19	40,860,055.19	40,860,055.19	40,860,055.19
Including: Statutory public welfare fund					
Retained profit		4,988,801.98	6,080,490.93	-1,225,155.43	-133,466.48
Add: Loss of unconfirmed investment		-15,711,547.35		-10,209,533.60	
Balance difference of foreign currency					

translation					
Total owner's equity (shareholders' equity)		334,047,000.61	350,850,236.91	333,335,056.95	344,636,279.50
Total liabilities and owner's equity (shareholder's equity)		1,184,718,491.80	841,256,513.29	1,052,596,979.41	779,889,660.39

Statement of Profit and Profit Distribution

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Unit: RMB

Items	Jan.-Jun. 2003		Jan.-Jun. 2002	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Income from core business	1,004,722,165.49	484,514,986.26	891,442,649.18	
Less: Cost of core business	766,587,856.50	452,351,036.60	692,680,190.53	
Taxes and extras of core business	1,491,619.85	186,927.11	1,288,221.48	
II. Profit of core business (Loss is listed with "-")	236,642,689.14	31,977,022.55	197,474,237.17	
Add: Profit of other business (Loss is listed with "-")	4,753,446.05	1,074,726.87	3,887,396.94	2,019,866.09
Less: Operating expense	186,058,005.20	18,933,480.02	140,253,066.52	
Administrative expense	42,173,232.71	9,413,886.01	46,642,642.97	10,222,612.11
Financial expense	3,778,449.07	1,472,292.56	7,925,433.32	321,119.24
III. Operating profit (Loss is listed with "-")	9,386,448.21	3,232,090.83	6,540,491.30	-8,523,865.26
Add: Investment earnings (Loss is listed with "-")	-6,269,523.75	4,024,483.07	-2,047,596.29	15,613,766.88
Subsidy income				
Non- operating income	1,285,865.52	36,340.00	12,789,585.52	
Less: non-operating expenditure	1,331,823.50	1,078,956.49	6,361,078.45	165.17
IV. Total profits (Total loss is listed with "-")	3,070,966.48	6,213,957.41	10,921,402.08	7,089,736.45
Less: Income tax	2,221,243.97		4,563,455.44	
Add: Loss of unconfirmed investment	5,502,013.75			
Less: Minority interests	137,778.85		-731,789.81	
V. Net profit (Net loss is listed with "-")	6,213,957.41	6,213,957.41	7,089,736.45	7,089,736.45
Add: Undistributed profits at the year-begin	-1,225,155.43	-133,466.48	7,874,849.04	8,168,924.32
Other transfer-in			-1,173,966.16	-1,173,966.16
VI. Profit available for distribution	4,988,801.98	6,080,490.93	13,790,619.33	14,084,694.61
Minus: appropriation of statutory surplus public reserve				
Appropriation of statutory public welfare funds				
Appropriation of employees' encouragement and welfare funds				
Appropriation of reserve funds				
Appropriation of enterprise development funds				
Profits' restoring to investments				
VII. Profits available for distribution to investors	4,988,801.98	6,080,490.93	13,790,619.33	14,084,694.61
Less: dividends of preference share payable				
Appropriation of arbitrary surplus public reserve				
Dividends of ordinary share payable				
Dividends of ordinary share converting into capital (share capital)				
VIII. Retained profit	4,988,801.98	6,080,490.93	13,790,619.33	14,084,694.61
Supplemental information:				

1. Income from selling or disposal branch and investee enterprise				
2. Losses due from natural disaster				
3. Increase (or decrease) of total profit due to the change of accounting policies				
4. Increase (or decrease) of total profit due to the change of accounting estimation				
5. Loss on debts reorganization				
6. Others				

Statement of Cash Flow

Jan.-Jun. 2003

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Unit: RMB

Items	Consolidation	Parent Company
Ⅰ. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1,102,809,944.16	445,410,024.17
Write-back of tax received	4,213,650.85	
Other cash received concerning operating activities	69,350,584.88	235,023,844.51
Subtotal of cash inflow	1,176,374,179.89	680,433,868.68
Cash paid for purchasing commodities and receiving labor service	825,001,065.94	522,837,692.37
Cash paid to/for staff and workers	69,958,718.13	13,361,816.07
Taxes paid	56,093,134.50	14,699,174.31
Other cash paid concerning operating activities	230,784,005.08	198,717,058.46
Subtotal of cash outflow	1,181,836,923.65	749,615,741.21
Net cash flows arising from operating activities	-5,462,743.76	-69,181,872.53
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		38,188,205.38
Net cash received from disposal of fixed, intangible and other long-term assets	28,830.00	
Other cash received concerning investing activities	62,122.89	1,680.00
Subtotal of cash inflow	90,952.89	38,189,885.38
Cash paid for purchasing fixed, intangible and other long-term assets	17,507,709.80	747,697.20
Cash paid for investment		
Other cash paid concerning investing activities	4,110,604.00	
Subtotal of cash outflow	21,618,313.80	747,697.20
Net cash flows arising from investing activities	-21,527,360.91	37,442,188.18
Ⅲ. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	181,432,702.39	60,000,000.00
Other cash received concerning financing activities	2,259,976.36	
Subtotal of cash inflow	183,692,678.75	60,000,000.00
Cash paid for settling debts	102,379,948.30	
Cash paid for dividend and profit distributing or interest p aying	6,893,224.41	2,046,161.35
Other cash paid concerning financing activities	3,898,916.69	
Subtotal of outflow	113,172,089.40	2,046,161.35
Net cash flows arising from financing activities	70,520,589.35	57,953,838.65
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	43,530,484.68	26,214,154.30

Statement of Cash Flow (Con.)

Jan.-Jun. 2003

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Unit: RMB

Items	Consolidation	Parent Company
Supplement information:		
1. Adjusting net profit to cash flows for operating activities:		
Net profit	6,213,957.41	6,213,957.41
Add: Withdrawal of provision for devaluation of assets		
Loss of unconfirmed investment	-5,502,013.75	
Depreciation of fixed assets	9,764,256.22	3,525,454.61
Amortization of intangible assets	393,999.53	336,125.00
Amortization of long-term expenses to be apportioned	3,923,302.01	86,622.90
Decrease of expenses to be apportioned (Less: increase)	-2,102,011.48	-1,190,064.73
Increase of accrued expenses (Less: decrease)	929,110.34	1,196,646.15
Loss on disposal of fixed, intangible and other long-term assets (Less: income)	56,311.21	
Loss on rejection of fixed assets	109,845.72	
Financial expenses	3,778,449.07	1,472,292.56
Investment loss (less: income)	6,269,523.75	-4,024,483.07
Deferred tax- credit item (Less: borrowing item)		
Decrease of inventories (Less: increase)	-48,880,135.50	-2,075,323.23
Decrease of receivables in operating (less: increase)	-124,006,781.19	-38,773,943.92
Increase of payables in operating (less: decrease)	138,753,649.79	-35,949,156.21
Other	4,698,014.26	
Income of minority shareholders in this period	137,778.85	-
Net cash flows arising from operating activities	-5,462,743.76	-69,181,872.53
2. Investment and financing activities with no cash incomings/outgoings involved		
Capital transferred from debts		
Convertible company bonds due within one year		
Fixed assets leasing for financing		
3. Net increase of cash and cash equivalents:		
Balance of cash at the period-end	152,682,805.32	71,702,788.17
Less: Balance of cash at the period -begin	109,152,320.64	45,488,633.87
Add: Balance of cash equivalents at the period -end		
Less: Balance of cash equivalents at the period -begin		
Net increase of cash and cash equivalents	43,530,484.68	26,214,154.30

Statement of Provision for Devaluation of Assets

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. June 30, 2003

Items	Balance at the begin of the period	Increase in this year	Decrease in this year			Balance at the end of the period
			Switching back due to value of assets recovered ④	Switching out due to other reason ⑤	Total ⑥	
①	②	③				⑦
I. Total of provision for bad debts	13,902,776.17	-	-	61,012.24	61,012.24	13,841,763.93
Including: Accounts receivable	8,496,191.12	-	-	61,012.24	61,012.24	8,435,178.88
Other receivable	5,406,585.05	-	-	-	-	5,406,585.05
II. Total of provision for falling price of short-term investment	-	-	-	-	-	-
Including: Stock investment	-	-	-	-	-	-
Bond investment	-	-	-	-	-	-
III. Provision for falling price of inventory	10,582,585.23	32,335.08	-	220,617.90	220,617.90	10,394,302.41
Including: Raw material	856,162.81	-	-	156,036.17	156,036.17	700,126.64
Work in process	-	-	-	-	-	-
Finished goods	353,709.27	-	-	-	-	353,709.27
Merchandise inventory	1,863,074.84	32,335.08	-	-	-	1,895,409.92
Low price consumable commodity	-	-	-	-	-	-
Commodity issued on instalment	7,154,409.43	-	-	64,581.73	64,581.73	7,089,827.70
Packing	355,228.88	-	-	-	-	355,228.88
Other	-	-	-	-	-	-
IV. Total of provision for devaluation of long-term investment	5,024,660.03	-	-	-	-	5,024,660.03
Including: Long-term equity investment	5,024,660.03	-	-	-	-	5,024,660.03
Long-term credit investment	-	-	-	-	-	-
V. Total of provision for devaluation of fixed assets	3,807,462.12	-	-	-	-	3,807,462.12
Including: Building	2,063,013.88	-	-	-	-	2,063,013.88
Machinery and equipment	45,700.00	-	-	-	-	45,700.00
Equipment of conveyance	483,011.72	-	-	-	-	483,011.72
Electronic equipment	376,059.06	-	-	-	-	376,059.06
Other equipment	839,677.46	-	-	-	-	839,677.46
VI. Provision for devaluation of intangible assets	-	-	-	-	-	-
Including: Patent right	-	-	-	-	-	-
Trademark right	-	-	-	-	-	-
VII. Provision for devaluation of construction in progress	-	-	-	-	-	-

VIII. Provision for devaluation of commission loan	-	-	-	-	-	-
IX. Total	33,317,483.55	32,335.08	-	281,630.14	281,630.14	33,068,188.49