深圳一致药业股份有限公司

Shenzhen Accord Pharmaceutical Co.,Ltd.

The Third Quarterly Report

2003

SHENZHEN ACCORD PHARMACEUTICAL CO., LTD.
THE THIRD QUARTERLY REPORT OF YEAR 2003

1. Important Notice

1.1 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.
1.2 The Financial Report of the third Quarterly Report was not audited.
1.3 Mr. Guo Yuan, Chairman of the Company, Mr. Su Yanwei, General Manager, Mr. Qin Changsheng, Chief Financial Supervisor and Ms. Lai Wanying, Person in Charge of Accounting hereby confirm that the Financial Report enclosed of the Quarterly Report is true and complete.

2. Company Profile

2.1 Brief information

Short Form of the Stock	Accord Pharm., Accord Pharm.-B	Stock Code	000028,200028
	Secretary of the Board	Securities Affaires Representative	
Name	Chen Changbing	None	
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		

2.2 Financial information
2.2.1 Major accounting data and financial indexes

Unit: RMB

	End of the report period	End of the last year	Increase/decrease of the end of report period than that of the end of last year (%)
Total assets	1,005,603,783.94	1,052,596,979.41	-4.46
Shareholders' equity (excluding minority interests)	333,483,724.78	333,335,056.95	0.04
Net assets per share	1.157	1.157	0
Net assets per share after adjustment	1.036	0.997	3.91
	The report period (Jul.-Sep.)	Year-begin to the end of report period (Jan.-Sep.)	Increase/decrease of the report period compared with the same period of last year (%)

Net cash flows arising from operating activities	27,745,420.79	22,282,677.03	-43.26
Earnings per share	0.005	0.026	-27.78
Return on equity (%)	0.392	2.256	-20.56
Return on equity after deducting non-recurring gains and losses (%)	0.320	2.197	-31.09

Items of non-recurring gains and losses	Amount
Non-operating income	1,315,225.52
Non-operating expenditure	1,119,280.67
Total	195,944.85

2.2.2 Statement of profit

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

Items	Jan.-Sep. 2003		Jan.-Sep. 2002	
	Consolidation	Parent company	Consolidation	Parent company
I. Income from core business	1,410,944,245.62	737,130,194.19	1,368,644,528.21	186,327,899.98
Less: Cost of core business	1,077,924,827.20	688,215,575.36	1,061,632,069.57	165,003,263.65
Taxes and extras of core business	1,959,230.54	199,666.25	1,885,232.15	257,907.79
II. Profit from core business (Loss is listed with "-")	331,060,187.88	48,714,952.58	305,127,226.49	21,066,728.54
Add: Profit from other business lines (Loss is listed with "-")	7,602,322.06	1,637,645.77	5,754,203.09	3,028,823.44
Less: Operating expense	262,158,885.23	32,165,582.26	220,268,553.04	12,642,880.79
Administrative expense	57,199,187.04	13,329,178.09	70,949,067.86	19,750,182.04
Financial expense	5,946,184.27	2,985,316.56	11,435,156.31	1,446,556.96
III. Operating profit (Loss is listed with "-")	13,358,253.40	1,872,521.44	8,228,652.37	-9,744,067.81
Add: Investment income (Loss is listed with "-")	-9,626,778.44	6,766,200.45	-3,742,106.96	20,610,456.35
Subsidy income				
Non-operating income	1,315,225.52	36,440.00	19,645,458.33	52,522.90
Less: Non-operating Expenditure	1,119,280.67	819,673.50	8,720,786.44	576,934.29
IV. Total profit (Loss is listed with "-")	3,927,419.81	7,855,488.39	15,411,217.30	10,341,977.15
Less: Income taxes	3,673,779.70	333,756.18	5,941,065.47	68,331.86
Less: Minority shareholders' gains and losses	104,972.28		-803,493.46	
Add: Unconfirmed investment losses	7,373,064.38			
V. Net profit (Loss is listed with "-")	7,521,732.21	7,521,732.21	10,273,645.29	10,273,645.29

Items	Jul.-Sep. 2003		Jul.-Sep. 2002	
	Consolidation	Parent company	Consolidation	Parent company
I. Income from core business	406,222,080.13	252,615,207.93	477,201,879.03	186,327,899.98
Less: Cost of core business	311,336,970.70	235,864,538.76	368,951,879.04	165,003,263.65
Taxes and extras of core business	467,610.69	12,739.14	597,010.67	257,907.79
II. Profit from core business (Loss is listed with "-")	94,417,498.74	16,737,930.03	107,652,989.32	21,066,728.54
Add: Profit from other business lines (Loss is listed with "-")	2,848,876.01	562,918.90	1,866,806.15	1,008,957.35
Less: Operating expense	76,100,880.03	13,232,102.24	80,015,486.52	12,642,880.79
Administrative expense	15,025,954.33	3,915,292.08	24,306,424.89	9,527,569.93
Financial expense	2,167,735.20	1,513,024.00	3,509,722.99	1,125,437.72
III. Operating profit (Loss is listed with "-")	3,971,805.19	-1,359,569.39	1,688,161.07	-1,220,202.55
Add: Investment income (Loss is listed with "-")	-3,357,254.69	2,741,717.38	-1,694,510.67	4,996,689.47
Subsidy income	-	-	-	-
Non-operating income	29,360.00	100.00	6,855,872.81	52,522.90
Less: Non-operating Expenditure	-212,542.83	-259,282.99	2,359,707.99	576,769.12
IV. Total profit (Loss is listed with "-")	856,453.33	1,641,530.98	4,489,815.22	3,252,240.70
Less: Income taxes	1,452,535.73	333,756.18	1,377,610.03	68,331.86
Less: Minority shareholders' gains and losses	-32,806.57	-	-71,703.65	-
Add: Unconfirmed investment losses	1,871,050.63	-		-
V. Net profit (Loss is listed with "-")	1,307,774.80	1,307,774.80	3,183,908.84	3,183,908.84

2.3 Total number of shareholders at the end of the report period

Ended Sep.30, 2003, the total number of shareholders of the Company was 30105 persons, including 19832 shareholders of A-share and 10273 shareholders of B-share.

3. Discussion and Analysis of the Management

3.1 Brief analysis of the whole status of operating activities of the Company in the report period

The core business of the Company is production, wholesale and chain retail of pharmaceutical products. According to the annual operating planning and work objective, the Company continued to develop all work seriously and effectively and tried hard to push and improve the planning and operation of medicine logistics project. While innovating the management and digging the potential internally, the Company actively replied to the gathering bidding purchase of pharmaceutical products and exerted efforts to expand the market. From the first quarter to the third quarter of 2003, the Company totally realized an income from core business of RMB 1.41 billion, up 3.09% year-on-year, a net profit of RMB 7,521,700 and earnings per share of RMB 0.026, except for a sales income of RMB 0.18 billion realized by

Shenzhen Jian'an Pharmaceutical Corporation since July 2003, which the Company has sold its 79% equity.

3.1.1 Particulars about core industries or products taking over 10% of the total amount of income from core business or profit of core business

√ Applicable ☐Inapplicable

Unit: RMB

Classified according to industries or products	Income from core business	Cost of core business	Gross profit ratio (%)
Pharmaceutical industry	328,662,037.82	145,429,002.79	55.75
Pharmaceutical commerce	1,781,359,307.80	1,631,572,924.41	8.41
Less: Sales of inner enterprises	699,077,100.00	699,077,100.00	
Total	1,410,944,245.62	1,077,924,827.20	23.60
Head spore series products	164,413,328.65	87,423,848.66	46.83
Jian'er Qingjie Ye	16,384,468.55	7,695,020.08	53.03

3.1.2 Seasonal or periodic characteristic of the operation of the Company

☐Applicable √ Inapplicable

3.1.3 Profit structure in the report period

√ Applicable ☐Inapplicable

Items	Jan.-Sept. 2003		Jan.-Sept. 2002		Increase/decrease of proportion in total profit (%)
	Amount (RMB)	Proportion in total profit (%)	Amount (RMB)	Proportion in total profit (%)	
Profit from core business	331,060,187.88	8,429.46	305,127,226.49	1,979.90	325.75
Profit from other business	7,602,322.06	193.57	5,754,203.09	37.34	418.40
Period expense	325,304,256.54	8,282.90	302,652,777.21	1,963.85	321.77
Investment earnings	-9,626,778.44	-245.12	-3,742,106.96	-24.28	-909.56
Subsidy income					
Net non-operating income and expenditure	195,944.85	4.99	10,924,671.89	70.89	-92.96
Total profit	3,927,419.81	100.00	15,411,217.30	100.00	

Reasons of changes in the above items than those of the same period of last year:

① Proportions of three indexes, namely profit from core business, profit from other business and period expense, in the total profit respectively changed relatively greatly than that of the same period of last year, which was mainly because that on the one hand, profit from core business increased accordingly while enlarging the sales scale in the period; On the other hand, the total profit of the Company declined in a relatively large extent tan that of the same period of last year.

② Proportion of investment earnings in total profit changed than that of the last year, which was mainly because that the sales income of Shenzhen Modern Computer Co., Ltd., an associated enterprise of the Company, declined by a certain margin than that of the same period of last year due to the shift of core business. Simultaneously, the gross profit ratio of partial engineering projects declined, which made the achievements of this company decline by a certain margin. And another reason was that the Company remised its 70% equity of its affiliated enterprise called Shenzhen Jian’an Pharmaceutical Company and amortized the balance to equity investments of this company amounting to RMB 2.10 million.

③ Proportion of net non-operating income and expenditure in total profit changed than that of the last year, which was mainly because that in 2003 the state cancelled the preferential tax policies for those products that are produced and sold in the special economic zone.

3.1.4 Material changes in core business and its structure than that of the last report period and reasons

☐Applicable √Inapplicable

3.1.5 Material changes in profitability of core business (gross profit ratio) than that of the last report period and reasons

√Applicable ☐Inapplicable

In the report period, though the gross profit ratio of the Company did not change greatly as a whole, however, due to the influence of centralized invitation for bid and purchase to medicine of medical organizations in Shenzhen, the gross profit ratio of the Company in commercial wholesale business declined by a relatively large margin, which resulted that the profitability of the Company in commercial wholesale business decreased.

3.2 Significant events and analysis to their influences and solutions

☐Applicable √Inapplicable

3.3 Changes in accounting policy, accounting estimate and consolidated scope and significant accounting errors and reasons

√Applicable ☐Inapplicable

(1) Changes of consolidated scope in the report period and in the middle period of year 2003: The Company remised 70% equity of Shenzhen Jian’an Pharmaceutical Company, the former wholly-owned affiliated enterprise of the Company. According to the relevant provisions in consolidated statements, this company would not be listed into the consolidated statements of the Company from July.

(2) Changes of consolidated scope in the report period than that of the same period of last year:

Name of companies		Increase/decrease		Reasons
Shenzhen Pharmaceutical Trade Company		Decrease		Insolvency. It has been stopped in operation.
Guangdong Liguo Pharmaceutical Co., Ltd.		Decrease		It has been transferred.

(3) Except for the above, the Company had no changes in accounting policies, accounting estimate and consolidated scope and had no material accounting errors.

3.4 Relevant explanations from the Board of Directors and the Supervisory Board in the event of being audited and produced "Nonstandard Opinion"
□Applicable √Inapplicable

3.5 Forecasting of accumulated net profit from the beginning of the year to the end of the next report period probably to be in deficiency or warning of its great changes than that of the same period of last year and reasons
□Applicable √Inapplicable

3.6 Roll adjustments of the Company to the disclosed annual business plan or budget
□Applicable √Inapplicable

Board of Directors of
Shenzhen Accord Pharmaceutical Co., Ltd.
Oct. 23, 2003

Attachment: Financial Report (Un-audited)

Balance Sheet

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Sep. 30, 2003 Unit: RMB

Items	Sep. 30, 2003		Dec. 31, 2002	
	Consolidation	Parent company	Consolidation	Parent company
Current assets:				
Monetary funds	143,496,054.55	64,529,273.59	109,152,320.64	45,488,633.87
Short-term investment	4,080.00		4,080.00	
Notes receivable	1,279,838.19	1,279,838.19		
Dividends receivable		414,706.46		9,872,568.09
Interests receivable				
Accounts receivable	327,677,026.02	248,390,371.17	270,067,979.07	173,020,958.67
Other receivables	53,919,215.21	29,482,486.40	61,547,832.98	47,711,843.33
Accounts in advance	11,227,272.39	6,159,410.81	66,701,501.82	8,598,399.12
Subsidies receivable			17,132,843.31	
Inventories	200,394,081.20	72,633,430.64	250,150,232.65	99,350,386.77
Expenses to be apportioned	1,338,187.76	779,179.90	437,119.28	148,065.67
Long-term credit investment due within one year				
Other current assets	185,994.81			
Total current assets	739,521,750.13	423,668,697.16	775,193,909.75	384,190,855.52
Long-term investment:				
Long-term equity investment	66,371,704.98	261,832,098.19	78,736,246.59	288,074,762.64
Long-term credit investment	2,690.00		2,690.00	
Total long-term investment	66,374,394.98	261,832,098.19	78,738,936.59	288,074,762.64
Including: consolidated price difference	44,413,726.03		53,131,240.55	
Fixed assets:				
Fixed assets-original value	240,657,139.69	79,952,929.49	231,787,795.11	66,644,551.49
Less: Accumulated depreciation	103,204,807.10	13,269,914.08	96,110,477.14	7,356,774.34
Fixed assets-net value	137,452,332.59	66,683,015.41	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	133,644,870.47	65,973,988.75	131,869,855.85	58,578,750.49
Engineering materials				
Construction in progress	46,606,722.18	34,519,052.94	34,138,519.34	34,138,519.34
Disposal of fixed assets	-11,433.00			
Total fixed assets	180,240,159.65	100,493,041.69	166,008,375.19	92,717,269.83
Intangible and other assets:				
Intangible assets	2,933,461.20	2,474,423.00	3,128,516.69	2,675,000.00
Long-term expenses to be apportioned	16,534,017.98	1,973,963.58	29,527,241.19	12,231,772.40

Other long-term assets				
Total intangible and other assets	19,467,479.18	4,448,386.58	32,655,757.88	14,906,772.40
Deferred taxes:				
Deferred taxes-borrowing item				
Total assets	1,005,603,783.94	790,442,223.62	1,052,596,979.41	779,889,660.39

Balance Sheet (Con.)

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Sep. 30, 2003 Unit: RMB

Items	Sep. 30, 2003		Dec. 31, 2002	
	Consolidation	Parent company	Consolidation	Parent company
Current liabilities:				
Short-term loans	219,729,900.00	105,000,000.00	172,155,700.00	65,000,000.00
Notes payable	2,986,700.00		11,420,000.00	
Accounts payable	230,659,430.36	209,424,868.82	294,729,374.23	211,055,225.16
Accounts received in advance	13,070,354.51		35,701,972.70	
Wages payable	7,835,022.95	5,190,512.05	5,022,355.01	1,601,267.86
Welfare funds payable	3,794,244.10	996,529.44	10,267,778.38	584,838.65
Dividends payable				
Taxes payable	29,846,970.99	9,246,366.91	29,303,581.61	8,908,021.39
Other duties payable	25,998.42	292.71	242,212.21	240,688.42
Other accounts payable	141,218,934.55	105,799,908.66	139,338,248.63	145,090,075.00
Accrued expenses	11,885,338.50	1,825,733.32	12,118,507.19	1,973,264.41
Projected liabilities	6,800,000.00		6,800,000.00	
Long-term liabilities due within one year				
Other current liabilities				
Total current liabilities	667,852,894.38	437,484,211.91	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 taxes:				
Deferred taxes-credit item				
Total liabilities	670,652,894.38	438,284,211.91	717,899,729.96	435,253,380.89
Minority interests	1,467,164.78		1,362,192.50	
Owners' equity (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 funds				
Retained profit	6,296,576.78	7,388,265.73	-1,225,155.43	-133,466.48
Unconfirmed investment losses	-17,582,597.98		-10,209,533.60	
Balance difference of foreign currency translation				
Total owner's equity (shareholders' equity)	333,483,724.78	352,158,011.71	333,335,056.95	344,636,279.50
Total liabilities and owner's equity (shareholder's equity)	1,005,603,783.94	790,442,223.62	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.-Sep. 2003		Jan.-Sep. 2002	
	Consolidation	Parent company	Consolidation	Parent company
I. Income from core business	1,410,944,245.62	737,130,194.19	1,368,644,528.21	186,327,899.98
Less: Cost of core business	1,077,924,827.20	688,215,575.36	1,061,632,069.57	165,003,263.65
Taxes and extras of core business	1,959,230.54	199,666.25	1,885,232.15	257,907.79
II. Profit from core business (Loss is listed with "-")	331,060,187.88	48,714,952.58	305,127,226.49	21,066,728.54
Add: Profit from other business lines (Loss is listed with "-")	7,602,322.06	1,637,645.77	5,754,203.09	3,028,823.44
Less: Operating expense	262,158,885.23	32,165,582.26	220,268,553.04	12,642,880.79
Administrative expense	57,199,187.04	13,329,178.09	70,949,067.86	19,750,182.04
Financial expense	5,946,184.27	2,985,316.56	11,435,156.31	1,446,556.96
III. Operating profit (Loss is listed with "-")	13,358,253.40	1,872,521.44	8,228,652.37	-9,744,067.81
Add: Investment income (Loss is listed with "-")	-9,626,778.44	6,766,200.45	-3,742,106.96	20,610,456.35
Subsidy income				
Non-operating income	1,315,225.52	36,440.00	19,645,458.33	52,522.90
Less: Non-operating Expenditure	1,119,280.67	819,673.50	8,720,786.44	576,934.29
IV. Total profit (Loss is listed with "-")	3,927,419.81	7,855,488.39	15,411,217.30	10,341,977.15
Less: Income taxes	3,673,779.70	333,756.18	5,941,065.47	68,331.86
Add: Unconfirmed investment losses	104,972.28		-803,493.46	

Less: Minority shareholders' gains and losses	7,373,064.38			
V. Net profit (Loss is listed with "-")	7,521,732.21	7,521,732.21	10,273,645.29	10,273,645.29
Add: Retained profits at the year-begin	-1,225,155.43	-133,466.48	7,874,849.04	8,168,924.32
Other transfer-in			-2,529,523.59	-2,529,523.59
VI. Profit available for distribution	6,296,576.78	7,388,265.73	15,618,970.74	15,913,046.02
Less: 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	6,296,576.78	7,388,265.73	15,618,970.74	15,913,046.02
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	6,296,576.78	7,388,265.73	15,618,970.74	15,913,046.02

Statement of Profit and Profit Distribution (Con.)

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd.

Unit: RMB

Items	Jul.-Sep. 2003		Jul.-Sep. 2002	
	Consolidation	Parent company	Consolidation	Parent company
I. Income from core business	406,222,080.13	252,615,207.93	477,201,879.03	186,327,899.98
Less: Cost of core business	311,336,970.70	235,864,538.76	368,951,879.04	165,003,263.65
Taxes and extras of core business	467,610.69	12,739.14	597,010.67	257,907.79
II. Profit from core business (Loss is listed with "-")	94,417,498.74	16,737,930.03	107,652,989.32	21,066,728.54
Add: Profit from other business lines	2,848,876.01	562,918.90	1,866,806.15	1,008,957.35

(Loss is listed with "-")				
Less: Operating expense	76,100,880.03	13,232,102.24	80,015,486.52	12,642,880.79
Administrative expense	15,025,954.33	3,915,292.08	24,306,424.89	9,527,569.93
Financial expense	2,167,735.20	1,513,024.00	3,509,722.99	1,125,437.72
III. Operating profit (Loss is listed with "-")	3,971,805.19	-1,359,569.39	1,688,161.07	-1,220,202.55
Add: Investment income (Loss is listed with "-")	-3,357,254.69	2,741,717.38	-1,694,510.67	4,996,689.47
Subsidy income	-	-	-	-
Non-operating income	29,360.00	100.00	6,855,872.81	52,522.90
Less: Non-operating Expenditure	-212,542.83	-259,282.99	2,359,707.99	576,769.12
IV. Total profit (Loss is listed with "-")	856,453.33	1,641,530.98	4,489,815.22	3,252,240.70
Less: Income taxes	1,452,535.73	333,756.18	1,377,610.03	68,331.86
Less: Minority shareholders' gains and losses	-32,806.57	-	-71,703.65	-
Add: Unconfirmed investment losses	1,871,050.63	-		-
V. Net profit (Loss is listed with "-")	1,307,774.80	1,307,774.80	3,183,908.84	3,183,908.84
Add: Retained profits at the year-begin				
Other transfer-in				
VI. Profit available for distribution	1,307,774.80	1,307,774.80	3,183,908.84	3,183,908.84
Less: 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	1,307,774.80	1,307,774.80	3,183,908.84	3,183,908.84
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	1,307,774.80	1,307,774.80	3,183,908.84	3,183,908.84

Cash Flow Statement

Jan.-Sep. 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	1,580,296,864.54	707,448,318.00
Write-back of tax received	4,213,650.85	
Other cash received concerning operating activities	137,291,616.41	208,792,271.84
Subtotal of cash inflow	1,721,802,131.80	916,240,589.84
Cash paid for purchasing commodities and receiving labor service	1,187,584,944.24	783,195,632.48
Cash paid to/for staff and workers	99,457,916.11	20,283,012.24
Taxes paid	72,286,714.88	16,112,842.06
Other cash paid concerning operating activities	340,189,879.54	158,605,918.03
Subtotal of cash outflow	1,699,519,454.77	978,197,404.81
Net cash flows arising from operating activities	22,282,677.03	-61,956,814.97
II. Cash flows arising from investing activities:		
Cash received from recovering investment	8,468,800.00	8,468,800.00
Cash received from investment income		38,188,205.38
Net cash received from disposal of fixed, intangible and other long-term assets	650,050.97	
Other cash received concerning investing activities	78,684.91	18,242.02
Subtotal of cash inflow	9,197,535.88	46,675,247.40
Cash paid for purchasing fixed, intangible and other long-term assets	21,391,514.42	1,875,469.60
Cash paid for investment		
Other cash paid concerning investing activities	4,126,786.00	16,182.00
Subtotal of cash outflow	25,518,300.42	1,891,651.60
Net cash flows arising from investing activities	-16,320,764.54	44,783,595.80
Ⅲ. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	216,471,616.96	95,000,000.00
Other cash received concerning financing activities	3,301,838.83	
Subtotal of cash inflow	219,773,455.79	95,000,000.00
Cash paid for settling debts	157,452,700.00	55,000,000.00
Cash paid for dividends and profit distributing or interest paying	9,280,928.34	3,786,141.11
Other cash paid concerning financing activities	24,658,006.03	

Subtotal of cash outflow	191,391,634.37	58,786,141.11
Net cash flows arising from financing activities	28,381,821.42	36,213,858.89
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	34,343,733.91	19,040,639.72

Cash Flow Statement (Con.)

Jan.-Sep. 2003

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

Items	Consolidation	Parent company
Supplementation information		
1. Adjusting net profit to cash flows for operating activities:		
Net profit	7,521,732.21	7,521,732.21
Add: Minority shareholders' gains and losses	104,972.28	
Unconfirmed investment losses	-7,373,064.38	
Add: Withdrawal of provision for devaluation of assets		
Depreciation of fixed assets	14,702,419.97	5,633,577.17
Amortization of intangible assets	870,839.32	355,077.00
Amortization of long-term expenses to be apportioned	5,872,894.12	132,184.35
Decrease of expenses to be apportioned (Less: increase)	-901,068.48	-631,114.23
Increase of accrued expenses (Less: decrease)	-233,168.69	-147,531.09
Losses on disposal of fixed, intangible and other long-term assets (Less: income)	66,311.21	
Loss on reject of fixed assets	109,845.72	
Financial expenses	5,946,184.27	2,985,316.56
Losses on investment (Less: income)	9,626,778.44	-6,766,200.45
Deferred taxes – credit item (Less: debit item)		
Decrease of inventories (Less: increase)	-37,805,811.46	26,716,956.13
Decrease of receivables in operating (Less: increase)	-25,129,880.06	-55,980,905.45
Increase of payables in operating (Less: decrease)	45,483,089.66	-41,775,907.17
Other	3,420,602.90	
Net cash flows arising from operating activities	22,282,677.03	-61,956,814.97
2. Investing and financing activities involving no cash incomings / outgoings:		
Debts transferred into capital		
Convertible bonds of the Company due within 1 year		
Renting fixed assets for financing purpose		
3. Net increase of cash and cash equivalents:		
Balance of cash at the period-end	143,496,054.55	64,529,273.59
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	34,343,733.91	19,040,639.72