Shenzhen Accord Pharmaceutical Co., Ltd.
Summary of Semi-annual Report 2004

§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.

The summary of semi-annual report 2004 is abstracted from the semi-annual report; and full text of the semi-annual report is published on the Internet website http://www.cninfo.com.cn in the mean time. The investors are suggested to read the full text of semi-annual report to understand more details. 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.

1.2 No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or has objection for this report.

1.3 Due to business trip, Director Ms. Yuan Xueping entrusted Director Mr. Guo Yuan to attend and vote on her behalf.

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

1.5 Chairman of the Company Mr. Guo Yuan, General Manager Mr. Shi Jinming and Chief Financial Officer Ms. Lin Jing and Person in charge of Accounting Organ Ms. Lai Wanying hereby confirm that the Financial Report enclosed in the semi-annual report is true and complete.

§2. Company Profile

2.1 Basic information

Short form of the stock	Accord Pharm., Accord Pharm.-B
Stock code	000028, 200028
Listed stock exchange	Shenzhen Stock Exchange
	Secretary of the Board of Directors
Name	Chen Changbing
Contact address	Accord Pharm. Bldg., No. 15, Ba Gua Si Road, Futian District, Shenzhen Guangdong
Telephone	+(86) 755 25875195
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E-mail	champion@szaccord.com.cn

2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB

Items	At the end of this report period	At the period-end of last year	Increase/decrease at the end of this report period compared with the year-begin (%)
Current assets	640,791,486.87	758,098,058.75	-15.47%
Current liabilities	523,166,426.18	662,665,928.06	-21.05%
Total assets	876,922,333.27	1,008,326,556.03	-13.03%
Shareholders' equity (excluding minority interests)	351,810,658.76	341,584,149.93	2.99%
Net assets per share	1.221	1.185	3.04%
Net assets per share after adjustment	1.113	1.110	0.27%
Items	**In this report period (Jan. to Jun. 2004)**	**The same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	11,953,370.81	6,213,957.41	92.36%
Net profit after deducting non-recurring gains and losses	11,838,004.74	6,259,915.39	89.11%
Earnings per share	0.041	0.022	86.36%
Return on equity	3.40%	1.86%	Up 1.54%
Net cash flow arising from operating activities	-7,317,280.66	-5,462,743.76	

2.2.2 Item of non-recurring gains and losses

√Applicable □Inapplicable

Unit: RMB

Item of non-recurring gains and losses	Amount
Non-operating income	696,668.38
Non-operating expenses	581,302.31
Total	115,366.07

2.2.3 Differences between CAS and IAS:

√Applicable □Inapplicable

Unit: RMB'000

	CAS	IAS
Net profit	11,953	11,503

Explanation on difference	(1) Excess deficiency of subsidiaries 1,727 (2) Goodwill and its amortization -1,277

§3. Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in shares

☐Applicable √Inapplicable

3.2 Particulars about shares held by the top ten shareholders

Unit: share

Total shareholders at the end of report period	35,766					
Particulars about shares held by the top ten shareholders						
Full name of shareholders	**Increase / decrease in this report period**	**Shares held at the end of the report period**	**Proportion (%)**	**Type of shares (circulating or non-circulating)**	**Number of share pledged or frozen**	**Nature of shareholders (state-owned shareholder or foreign shareholder)**
SHENZHEN INVESTMENT HOLDING CORPORATION	0	124,864,740	43.33	Non-circulating	0	State-owned shareholder
SHENZHEN BAO'AN DISTRICT SHIYAN TOWN ECONOMIC AND DEVELOPMENT CORPORATION	0	26,070,660	9.05	Non-circulating	16,079,700	
SHENZHEN BAO'AN SHANGWU ECONOMIC AND DEVELOPMENT CO., LTD.	0	13,942,800	4.84	Non-circulating	13,846,000	
SHENZHEN WANGZONG INDUSTRIAL CO., LTD.	0	5,303,200	1.84	Non-circulating	Unknown	
NANJING JUNYUE INVESTMENT AND CONSULTATION CO., LTD.	0	5,000,000	1.74	Non-circulating	Unknown	
WUXI HUAXIN INVESTMENT MANAGEMENT CO., LTD.	0	1,396,800	0.48	Non-circulating	Unknown	
SHANGHAI SHISHENG ENTERPRISE DEVELOPMENT CO., LTD.	0	1,000,000	0.35	Non-circulating	Unknown	
SHANGHAI HUAXIA YIFU INVESTMENT CO., LTD.	0	800,000	0.28	Non-circulating	Unknown	
HAN WANG CHEN	Unknown	720,000	0.25	Circulating	Unknown	
SKANDIA GLOBAL FUNDS PLC	Unknown	513,478	0.18	Circulating	Unknown	Foreign shareholder

Particulars about shares held by the top ten shareholders of circulation share		
Full name of Shareholders	**Number of circulation shares held at the period-end**	**Type (A-share, B-share, H-share and other)**
HAN WANG CHEN	720,000	A-share
SKANDIA GLOBAL FUNDS PLC	513,478	B-share
CHEN YONG QUAN	485,022	B-share
FAN HUI QIONG	484,900	B-share
JIANG XIAO MING	316,150	B-share

YANG YUAN ZHOU	294,500	B-share
LI DONG MEI	270,908	B-share
ZHANG YAN DONG	270,000	A-share
FANG JING DA	264,500	B-share
NBP/FRUCTILUX SICAV	226,200	B-share
Explanation on associated relationship among the top ten shareholders	The Company is unknown whether there exists associated relationship or whether they belong to the consistent actor.	
Explanation on the appointed period of holding shares which strategic investor or general legal person participates in the allotment of new shares	Shareholders' name	Appointed period of holding share
	No	No

3.3 Particulars about change in controlling shareholder and actual controller of the Company

□Applicable √Inapplicable

§4. Particulars about Directors, Supervisors and Senior Executives

4.1 Particulars about changes in shares held by directors, supervisors and senior executives

□Applicable √Inapplicable

§5. Discussion and Analysis of the Management

5.1 Statement of main operations classified according to industries

Unit: RMB'0000

Industries	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the same period of last year (%)	Increase/decrease in cost of main operations over the same period of last year (%)	Increase/decrease in gross profit ratio over the same period of last year (%)
Pharmaceutical industry	24,932.52	11,168.42	55.21	10.56	12.27	-1.22
Pharmaceutical commerce	91,351.82	85,329.26	6.59	-21.25	-18.71	-30.63
Including: related transactions	25.64	24.87	3.00	-88.95	-88.95	0.00

Products	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the same period of last year (%)	Increase/decrease in cost of main operations over the same period of last year (%)	Increase/decrease in gross profit ratio over the same period of last year (%)
Toubao	11,481.45	6,909.47	39.82	4.54	17.44	-14.24

products						
Jian'er Qingjie Ye	1,217.24	571.48	53.05	15.00	14.25	0.59
Including: related transactions	0.00	0.00	-			
Pricing rules for related transactions	Transactions conducted according to market price					

Including: total amount of related transactions that the listed company sold products to its controlling shareholder and subsidiaries was RMB 256,400 in the report period.

5.2 Particulars about main operations classified according to areas

Unit: RMB'0000

Areas	Income from main operations	Increase/decrease in income from main operations over the same period of last year (%)
Domestic sales	79,177.82	-15.37
Oversea sales	1,382.05	-80.02

5.3 Other operations affecting material influence on net profit

□Applicable √Inapplicable

5.4 Operation of share-holding companies (applicable to the situation where investment earnings takes over 10% of its net profit)

□Applicable √Inapplicable

5.5 Explanation on reasons of material changes in main operations and its structure

□Applicable √Inapplicable

5.6 Explanation on reasons of material changes in profitability capability of main operations (gross profit ratio) than that in the last year

□Applicable √Inapplicable

5.7 Analysis to reasons of material changes in profit structure compared with the previous year

√Applicable □Inapplicable

① Shenzhen Pharmaceutical Plant, an affiliated enterprise of the Company, increased in its benefits. ②Shenzhen Jian'an Pharmaceutical Company, originally affiliated enterprise, was no longer listed in the consolidated statements and the Company did not calculate investment earnings to Shenzhen Modern Computer Company (these two companies were both in losses in the same period of last year), which made the investment earnings of the Company increase by a great margin; ③Shenzhen Accord Pharmaceutical Chain Co., Ltd., an affiliated enterprise of the Company, operated in a better and better way; ④Three expenses decreased by relatively great margin over the same period of last year.

5.8 Application of the raised proceeds

5.8.1 Use of the raised proceeds

☐Applicable √Inapplicable

5.8.2 Particulars about the changed projects

☐Applicable √Inapplicable

5.9 Plan of the Board on amending the business plan in the second half of the year

☐Applicable √Inapplicable

5.10 Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

☐Applicable √Inapplicable

5.11 Explanation of the Management on "Qualified Opinion" from the Certified Public Accountants in the report period

☐Applicable √Inapplicable

5.12 Explanation of the Management on changes and disposal of the issues involved in "Qualified Opinion" from the Certified Public Accountants in the last year

☐Applicable √Inapplicable

§6. Significant Events

6.1 Acquisition and sales of assets and assets restructure

6.1.1 Assets acquired

☐Applicable √Inapplicable

6.1.2 Assets sold

☐Applicable √Inapplicable

6.1.3 Progress of these events and its influence on the operating results and financial status in the report period after the report on assets restructure or public notice on acquisition and sales of assets being published

☐Applicable √Inapplicable

6.2 Guarantees

√Applicable ☐Inapplicable

Unit: RMB'0000

Name of objects guaranteed	Date of happening (date of agreement signing)	Amount of guarantee	Type of guarantee	Term of guarantee	Finish implementation or not	Guarantee for related parties or not (yes or no)
Shenzhen Modern Computer Co., Ltd.	Feb. 9, 2004	1,660.00	Guarantee of joint and several liability	Feb. 9, 2004 – Feb. 9, 2005	No	No
Shenzhen Modern Computer Co., Ltd.	Dec. 20, 2002	2,507.00	Guarantee of joint and several liability	Dec. 20, 2002 – Dec. 31, 2004	No	No
Shenzhen Investment Management Company	Sept. 24, 2002	2,500.00	Guarantee of joint and several liability	Sept. 24, 2002 – Sept. 24, 2003	No	Yes
Shenzhen Jian'an Pharmaceutical Company	Nov. 28, 2003	1,000.00	Guarantee of joint and several liability	Nov. 28, 2003 – Nov. 28, 2004	No	Yes
Total amount of guarantees			7,667.00			
Total balance of guarantees			7,667.00			
Including: total balance of related guarantees			3,500.00			
Total illegal guarantees			7,667.00			
Proportion of total guarantees in net assets of the Company			21.79%			
Total guarantees provided by the listed company to its controlling subsidiaries			0.00			

Notes:

1. The Company provided guarantee amounting to RMB 16.60 million for Modern Computer Company and this guarantee was originally USD 4000 thousand (equivalent to RMB 33.20 million). According to the provisions in Equity Transfer Agreement signed by the Company and Shenzhen Yinghai Technology Investment Co., Ltd. for transfer of 45.9% equity of Shenzhen Modern Computer Company, ended Mar. 2, 2004, Yinghai Technology had released the Company's guarantee liability for the said USD 2000 thousand and RMB 20 million.

2. The Company provided guarantee for comprehensive credit limit of Shenzhen Jian'an Pharmaceutical Company amounting to RMB 10 million and Jian'an Company was still the wholly-owned affiliated enterprise of the Company when the Company approved this guarantee. After the restructure, Shantou Guangshan Packing Co., Ltd., the shareholder of this company, has issued anti-guarantee letter for this credit guarantee. Ended the present, this company has still not used this credit limit.

6.3 Current related credits and liabilities

√Applicable ☐Inapplicable

Unit: RMB'0000

Related parties	Relationships	Capital provided to related parties		Capital provided by related parties to the listed company	
		Debit	Balance	Credit	Balance
Shenzhen Pharmaceutical Trade Company	Actual controller	100.00	67.54	0.00	0.00
Total		100.00	67.54	0.00	0.00

Including: in the report period, the listed company did not provide capital to the controlling shareholder and its subsidiaries. In July, Shenzhen Pharmaceutical Trade Company refunded loan amounting to RMB 320,000 and there still left RMB 355,400 to be refunded.

6.4 Material lawsuits and arbitrations

☐Applicable √Inapplicable

6.5 Other significant events and explanation on analysis to their influences and solutions

☐Applicable √Inapplicable

§7. Financial Report

7.1 Auditing opinion

Financial Report	√Unaudited ☐Audited
Auditing opinion	☐Unqualified ☐Qualified √Unaudited

7.2 Income statement of comparative consolidation and parent company

Income Statement (domestic)

Prepared by Guangdong Sunrise Holdings Co., Ltd.

Unit: RMB

Items	Jan.-Jun. 2004		Jan.-Jun. 2003	
	Consolidated	Parent Company	Consolidated	Parent Company
Ⅰ. Income from main operations	805,598,687.87	455,538,850.67	1,004,722,165.49	484,514,986.26
Less: Cost of main operations	606,580,415.66	432,489,765.05	766,587,856.50	452,351,036.60
Business and related taxes	1,067,635.58	62,999.06	1,491,619.85	186,927.11
Ⅱ. Profit from main operations (Loss is listed with "-")	197,950,636.63	22,986,086.56	236,642,689.14	31,977,022.55
Add: Other operating profit (Loss is listed with "-")	9,289,401.72	2,903,736.49	4,753,446.05	1,074,726.87
Less: Selling expenses	156,506,944.32	19,951,617.26	186,058,005.20	18,933,480.02
Administrative expenses	31,645,986.99	8,612,655.53	42,173,232.71	9,413,886.01
Financial expenses	2,703,144.76	2,035,387.12	3,778,449.07	1,472,292.56
Ⅲ. Operating profit (Loss is listed with "-")	16,383,962.28	-4,709,836.86	9,386,448.21	3,232,090.83
Add: Investment income (Loss is listed with "-")	-2,869,889.07	16,023,711.58	-6,269,523.75	4,024,483.07
Subsidy income				
Non-operating income	696,668.38	299,000.00	1,285,865.52	36,340.00
Less: Non-operating expenses	581,302.31	180,141.14	1,331,823.50	1,078,956.49
Ⅳ. Total profit (Total loss is listed with "-")	13,629,439.28	11,432,733.58	3,070,966.48	6,213,957.41
Less: Income tax	3,534,160.16	630,859.61	2,221,243.97	
Less: Minority interests	-131,229.71		137,778.85	
Add: unconfirmed investment losses	1,726,861.98		5,502,013.75	
Ⅴ. Net profit (Net loss is listed with "-")	11,953,370.81	10,801,873.97	6,213,957.41	6,213,957.41
Add: Retained earnings at the year-beginning	13,965,569.75	16,237,981.45	-1,225,155.43	-133,466.48
Other transfer-ins				
Ⅵ. Profit available for distribution	25,918,940.56	27,039,855.42	4,988,801.98	6,080,490.93
Less: Statutory surplus reserve				
Statutory public welfare reserve				
Employee bonus and welfare funds				
Reserve funds				
Enterprise development funds				
Returned investment from profit				
Ⅶ. Profit available for distribution to investors	25,918,940.56	27,039,855.42	4,988,801.98	6,080,490.93
Less: dividend for preferred shares payable				
Discretionary reserves				
Dividends for ordinary shares				

Dividends for ordinary shares converted to capital (or share capital)				
Ⅷ. Retained earnings	25,918,940.56	27,039,855.42	4,988,801.98	6,080,490.93
Supplemental information:				
1. Profit from selling or disposing branch or investee				
2. Losses from natural disaster				
3. Increase (or decrease) in total profit due to the changes of accounting policies				
4. Increase (or decrease) in total profit due to the changes of accounting estimation				
5. Loss on debts restructure				
6. Others				

7.3 Notes to financial report

7.3.1 Compared with the latest annual report period, there was no change in accounting policies and accounting estimates and correction in accounting errors in the report period.

7.3.2 Compared with the latest annual report, there was no material change in consolidated scope in the report period.

7.3.3 List notes related to the involved issues if the Company is issued a qualified opinion

□Applicable √Inapplicable

Board of Directors of
Shenzhen Accord Pharmaceutical Co., Ltd.
Aug. 12, 2004