深圳一致药业股份有限公司

Shenzhen Accord Pharmaceutical Co.,Ltd.

The Third Quarterly Report

2004

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

1.2 The Financial Report of the third Quarterly Report was not audited.

1.3 Mr. Zheng Hongjie, Chairman of the Company, Mr. Shi Jinming, General Manager, Mrs. Ling Jing, 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	930,408,630.94	1,008,326,556.03	-7.73
Shareholders' equity (excluding minority interests)	355,034,537.13	341,584,149.93	3.94
Net assets per share	1.232	1.185	3.97
Net assets per share after adjustment	1.126	1.110	1.14
	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	50,425,778.66	43,108,498.00	81.74
Earnings per share	0.015	0.057	200.00
Return on equity (%)	1.245	4.612	Up 0.853
Return on equity after deducting non-recurring gains and losses (%)	1.524	4.858	Up 1.204

Items of non-recurring gains and losses	Amount
Non-operating income	741,668.38
Non-operating expenditure	1,614,983.04
Total	-873,314.66

2.2.2 Statement of profit

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

Items	Jan.-Sep. 2004		Jan.-Sep. 2003	
	Consolidation	Parent company	Consolidation	Parent company
I. Income from core business	1,237,223,550.68	702,491,937.65	1,410,944,245.62	737,130,194.19
Less: Cost of core business	935,455,772.33	667,927,854.61	1,077,924,827.20	688,215,575.36
Taxes and extras of core business	1,834,439.83	123,819.34	1,959,230.54	199,666.25
II. Profit from core business (Loss is listed with “-”)	299,933,338.52	34,440,263.70	331,060,187.88	48,714,952.58
Add: Profit from other business lines (Loss is listed with “-”)	13,476,992.51	3,523,377.05	7,602,322.06	1,637,645.77
Less: Operating expense	236,699,359.57	29,478,175.23	262,158,885.23	32,165,582.26
Administrative expense	48,143,842.46	12,915,786.28	57,199,187.04	13,329,178.09
Financial expense	3,516,948.63	3,128,691.96	5,946,184.27	2,985,316.56
III. Operating profit (Loss is listed with “-”)	25,050,180.37	-7,559,012.72	13,358,253.40	1,872,521.44
Add: Investment income (Loss is listed with “-”)	-5,997,594.65	23,945,376.41	-9,626,778.44	6,766,200.45
Subsidy income				
Non-operating income	741,668.38	302,600.00	1,315,225.52	36,440.00
Less: Non-operating Expenditure	1,614,983.04	731,217.60	1,119,280.67	819,673.50
IV. Total profit (Loss is listed with “-”)	18,179,271.06	15,957,746.09	3,927,419.81	7,855,488.39
Less: Income taxes	5,378,481.20	630,859.59	3,673,779.70	333,756.18
Less: Minority shareholders’ gains and losses	-649,597.34		104,972.28	
Add: Unconfirmed investment losses	2,923,477.29		7,373,064.38	
V. Net profit (Loss is listed with “-”)	16,373,864.49	15,326,886.50	7,521,732.21	7,521,732.21

Items	Jul.-Sep. 2004		Jul.-Sep. 2003	
	Consolidation	Parent company	Consolidation	Parent company

I. Income from core business	431,624,862.81	246,953,086.98	6,222,080.13	252,615,207.93
Less: Cost of core business	328,875,356.67	235,438,089.56	1,336,970.70	235,864,538.76
Taxes and extras of core business	766,804.25	60,820.28	467,610.69	12,739.14
II. Profit from core business (Loss is listed with "-")	101,982,701.89	11,454,177.14	94,417,498.74	16,737,930.03
Add: Profit from other business lines (Loss is listed with "-")	4,187,590.79	619,640.56	2,848,876.01	562,918.90
Less: Operating expense	80,182,415.25	9,526,557.97	76,100,880.03	13,232,102.24
Administrative expense	16,497,855.47	4,303,130.75	15,025,954.33	3,915,292.08
Financial expense	813,803.87	1,093,304.84	2,167,735.20	1,513,024.00
III. Operating profit (Loss is listed with "-")	8,666,218.09	-2,849,175.86	3,971,805.19	-1,359,569.39
Add: Investment income (Loss is listed with "-")	-3,127,705.58	7,921,664.83	-3,357,254.69	2,741,717.38
Subsidy income			-	-
Non-operating income	45,000.00	3,600.00	29,360.00	100.00
Less: Non-operating Expenditure	1,033,680.73	551,076.46	-212,542.83	-259,282.99
IV. Total profit (Loss is listed with "-")	4,549,831.78	4,525,012.51	856,453.33	1,641,530.98
Less: Income taxes	1,844,321.04	-0.02	1,452,535.73	333,756.18
Less: Minority shareholders' gains and losses	-518,367.63		-32,806.57	-
Add: Unconfirmed investment losses	1,196,615.31		1,871,050.63	-
V. Net profit (Loss is listed with "-")	4,420,493.68	4,525,012.53	1,307,774.80	1,307,774.80

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

Total shareholders at the end of the report period	The total number of shareholders of the Company was 34397 persons, including 24141 shareholders of A-share and 10256 shareholders of B-share.	
Shares held by the top ten shareholders of circulating shares		
Name of shareholders (full name)	Number of circulating shares held at period-end	Type (A-Share, B-Share, H-Share or others)
HAN WANGCHEN	720,000	A
SKANDIA GLOBAL FUNDS PLC	513,478	B
CHEN YONGQUAN	506,322	B
FAN HUIQIONG	484,900	B
CHEN ZEBING	304,000	B
YANG YUANZHOU	294,500	B
JIANG XIAOMING	291,950	B
LI DONG MEI	270,908	B

ZHANG YANDONG	270,000	A
FANG JINGDA	256,100	B

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 Company is mainly engaged in production, wholesale and chain sales of pharmaceuticals. In the report period, the Company was still in interim of transfer of state-owned shares and continued to push various kinds of work realistically and effectively in order to improve the system and fractionize the management according to annual business plan and business objectives. All staffs of the Company deeply studied and caught management concept and enterprise culture of SINOPHARM, changed ideas, dealt with concrete matters relating to work and were enterprising so as to make the Company's production and operation reach predicted objectives of developing steadily in the interim. During the first to the third quarter 2004, the Company realized income from main operations amounting to RMB 1,237.2236 million, a decrease of 12.31% over the same period of last year (after the factor from changes in caliber of consolidated statements being deducted, income from main operations realized increased by 1.93% over the same period of last year); profit from main operations amounting to RMB 299.9333 million, a decrease of 1.57% over the same period of last year; total profit amounting to RMB 18.1793 million, an increase of 362.88% over the same period of last year, which was mainly due to changes in caliber of consolidated statements and sales expansion in industrial board. In the early three quarter of 2004, the Company totally realized net profit amounting to RMB 16.3739 million with earnings per share amounting to RMB 0.057.

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	386,877,909.76	175,481,007.35	54.64
Pharmaceutical commerce	1,400,496,240.92	1,311,172,343.26	6.38
Less: Sales of inner enterprises	550,150,600.00	551,197,578.28	
Total	1,237,223,550.68	935,455,772.33	24.39
Head spore series products	181,116,381.81	111,066,296.24	38.68
Jian'er Qingjie Ye	19,816,421.08	9,371,027.93	52.71

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. 2004		Jan.-Jun. 2004		Increase/decrease of proportion in total profit (%)
	Amount (RMB)	Proportion in total profit (%)	Amount (RMB)	Proportion in total profit (%)	
Profit from core business	299,933,338.52	1,649.86	197,950,636.63	1,452.38	13.60
Profit from other business	13,476,992.51	74.13	9,289,401.72	68.16	8.76
Period expense	288,360,150.66	1,586.20	190,856,076.07	1,400.32	13.27
Investment earnings	-5,997,594.65	-32.99	-2,869,889.07	-21.06	56.65
Subsidy income					
Net non-operating income and expenditure	-873,314.66	-4.80	115,366.07	0.85	-664.71
Total profit	18,179,271.06	100.00	13,629,439.28	100.00	

Explanation on main reasons for changes over the last report period: proportion of such three indexes as profit from main operations, profit from other businesses and period expenses in total profit changed over the last report period, which was mainly due to sales expansion in industrial board.

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

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 than that of the same period of last year:

Name of companies		Increase/decrease		Reasons
Shenzhen Jian'an Pharmaceutical Co., Ltd.		Decrease		79% equity was transferred in June 2003.

(2) 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. 21, 2004

Attachment: Financial Report (Un-audited)

Balance Sheet

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Sep. 30, 2004 Unit: RMB

Items	Sep. 30, 2004		Dec. 31, 2003	
	Consolidation	Parent company	Consolidation	Parent company
Current assets:				
Monetary funds	82,794,620.94	48,218,249.17	163,502,893.04	101,637,979.83
Short-term investment	4,080.00		4,080.00	
Notes receivable	13,875,017.30	1,167,250.29		
Dividends receivable				
Interests receivable				
Accounts receivable	381,756,117.29	258,235,573.36	326,662,316.63	266,161,740.68
Other receivables	36,050,311.93	101,342,970.32	46,026,669.18	44,470,782.87
Accounts in advance	11,133,414.41	9,275,551.95	5,383,899.53	2,448,202.50
Subsidies receivable	203,284.16	203,284.16	821,125.50	821,125.50
Inventories	166,328,063.96	74,136,326.55	215,298,635.50	93,583,489.39
Expenses to be apportioned	389,812.71	142,822.27	398,439.37	213,482.26
Long-term credit investment due within one year				
Other current assets	-235,798.65			
Total current assets	692,298,924.05	492,722,028.07	758,098,058.75	509,336,803.03
Long-term investment:				
Long-term equity investment	41,761,359.72	249,466,177.58	47,140,088.46	253,540,612.10
Long-term credit investment	2,690.00		2,690.00	
Total long-term investment	41,764,049.72	249,466,177.58	47,142,778.46	253,540,612.10
Including: consolidated price difference	37,868,914.65		41,947,753.80	
Fixed assets:				
Fixed assets-original value	268,786,605.56	86,942,316.62	272,011,422.04	89,733,526.39
Less: Accumulated depreciation	117,873,460.88	19,447,299.93	108,257,622.86	15,302,608.20
Fixed assets-net value	150,913,144.68	67,495,016.69	163,753,799.18	74,430,918.19
Less: Provision for devaluation of fixed assets	3,591,696.50	512,279.34	3,836,427.11	709,026.66
Net amount of fixed assets	147,321,448.18	66,982,737.35	159,917,372.07	73,721,891.53
Engineering materials				
Construction in progress	31,604,961.59	31,604,961.59	31,607,233.77	31,594,461.59
Disposal of fixed assets	117,566.61			
Total fixed assets	179,043,976.38	98,587,698.94	191,524,605.84	105,316,353.12
Intangible and other assets:				
Intangible assets	11,110,399.96	1,873,465.00	3,061,951.35	2,324,183.50
Long-term expenses to be apportioned	6,191,280.83	541,450.25	8,499,161.63	681,509.60

Other long-term assets				
Total intangible and other assets	17,301,680.79	2,414,915.25	11,561,112.98	3,005,693.10
Deferred taxes:				
Deferred taxes-borrowing item				
Total assets	930,408,630.94	843,190,819.84	1,008,326,556.03	871,199,461.35

Balance Sheet (Con.)

Prepared by Shenzhen Accord Pharmaceutical Co., Ltd. Sep. 30, 2004 Unit: RMB

Items	Sep. 30, 2004		Dec. 31, 2003	
	Consolidation	Parent company	Consolidation	Parent company
Current liabilities:				
Short-term loans	80,500,000.00	80,000,000.00	190,351,900.00	105,000,000.00
Notes payable	8,969,586.87	2,840,564.90	7,310,361.00	4,046,416.00
Accounts payable	241,376,815.99	217,179,801.89	284,752,340.17	232,396,103.60
Accounts received in advance	15,024,027.36		15,102,037.38	
Wages payable	6,711,463.42	3,987,568.02	12,698,816.36	7,554,456.68
Welfare funds payable	4,462,013.74	1,232,613.75	4,673,066.37	1,276,903.60
Dividends payable				
Taxes payable	40,801,661.52	13,114,390.63	26,947,186.39	8,125,063.78
Other duties payable	17,711.49	395.64	31,474.44	1,683.70
Other accounts payable	167,836,368.49	145,505,123.08	113,774,198.78	148,862,286.68
Accrued expenses	6,247,564.23	793,452.00	7,024,547.17	726,523.88
Projected liabilities				
Long-term liabilities due within one year	2,000,000.00			
Other current liabilities				
Total current liabilities	573,947,213.11	464,653,909.91	662,665,928.06	507,989,437.92
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	800,000.00	800,000.00	2,800,000.00	800,000.00
Deferred taxes:				
Deferred taxes-credit item				
Total liabilities	574,747,213.11	465,453,909.91	665,465,928.06	508,789,437.92
Minority interests	626,880.70		1,276,478.04	
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	17,162,586.79	17,162,586.79	17,162,586.79	17,162,586.79
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	30,339,434.24	31,564,867.95	13,965,569.75	16,237,981.45
Unconfirmed investment losses	-21,476,939.09		-18,553,461.80	
Balance difference of foreign currency translation				
Total owner's equity (shareholders' equity)	355,034,537.13	377,736,909.93	341,584,149.93	362,410,023.43
Total liabilities and owner's equity (shareholder's equity)	930,408,630.94	843,190,819.84	1,008,326,556.03	871,199,461.35

Statement of Profit and Profit Distribution

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

Items	Jan.-Sep. 2004		Jan.-Sep. 2003	
	Consolidation	Parent company	Consolidation	Parent company
I. Income from core business	1,237,223,550.68	702,491,937.65	1,410,944,245.62	737,130,194.19
Less: Cost of core business	935,455,772.33	667,927,854.61	1,077,924,827.20	688,215,575.36
Taxes and extras of core business	1,834,439.83	123,819.34	1,959,230.54	199,666.25
II. Profit from core business (Loss is listed with "-")	299,933,338.52	34,440,263.70	331,060,187.88	48,714,952.58
Add: Profit from other business lines (Loss is listed with "-")	13,476,992.51	3,523,377.05	7,602,322.06	1,637,645.77
Less: Operating expense	236,699,359.57	29,478,175.23	262,158,885.23	32,165,582.26
Administrative expense	48,143,842.46	12,915,786.28	57,199,187.04	13,329,178.09
Financial expense	3,516,948.63	3,128,691.96	5,946,184.27	2,985,316.56
III. Operating profit (Loss is listed with "-")	25,050,180.37	-7,559,012.72	13,358,253.40	1,872,521.44
Add: Investment income (Loss is listed with "-")	-5,997,594.65	23,945,376.41	-9,626,778.44	6,766,200.45
Subsidy income				
Non-operating income	741,668.38	302,600.00	1,315,225.52	36,440.00
Less: Non-operating Expenditure	1,614,983.04	731,217.60	1,119,280.67	819,673.50
IV. Total profit (Loss is listed with "-")	18,179,271.06	15,957,746.09	3,927,419.81	7,855,488.39
Less: Income taxes	5,378,481.20	630,859.59	3,673,779.70	333,756.18
Add: Unconfirmed investment losses	-649,597.34		104,972.28	

Less: Minority shareholders' gains and losses	2,923,477.29		7,373,064.38	
V. Net profit (Loss is listed with "-")	16,373,864.49	15,326,886.50	7,521,732.21	7,521,732.21
Add: Retained profits at the year-begin	13,965,569.75	16,237,981.45	-1,225,155.43	-133,466.48
Other transfer-in				
VI. Profit available for distribution	30,339,434.24	31,564,867.95	6,296,576.78	7,388,265.73
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	30,339,434.24	31,564,867.95	6,296,576.78	7,388,265.73
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	30,339,434.24	31,564,867.95	6,296,576.78	7,388,265.73

Statement of Profit and Profit Distribution (Con.)

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

Items	Jul.-Sep. 2004		Jul.-Sep. 2003	
	Consolidation	Parent company	Consolidation	Parent company
I. Income from core business	431,624,862.81	246,953,086.98	406,222,080.13	252,615,207.93
Less: Cost of core business	328,875,356.67	235,438,089.56	311,336,970.70	235,864,538.76
Taxes and extras of core business	766,804.25	60,820.28	467,610.69	12,739.14
II. Profit from core business (Loss is listed with "-")	101,982,701.89	11,454,177.14	94,417,498.74	16,737,930.03
Add: Profit from other business lines (Loss is listed with "-")	4,187,590.79	619,640.56	2,848,876.01	562,918.90

Less: Operating expense	80,192,415.25	9,526,557.97	76,100,880.03	13,232,102.24
Administrative expense	16,497,855.47	4,303,130.75	15,025,954.33	3,915,292.08
Financial expense	813,803.87	1,093,304.84	2,167,735.20	1,513,024.00
III. Operating profit (Loss is listed with "-")	8,666,218.09	-2,849,175.86	3,971,805.19	-1,359,569.39
Add: Investment income (Loss is listed with "-")	-3,127,705.58	7,921,664.83	-3,357,254.69	2,741,717.38
Subsidy income			-	-
Non-operating income	45,000.00	3,600.00	29,360.00	100.00
Less: Non-operating Expenditure	1,033,680.73	551,076.46	-212,542.83	-259,282.99
IV. Total profit (Loss is listed with "-")	4,549,831.78	4,525,012.51	856,453.33	1,641,530.98
Less: Income taxes	1,844,321.04	-0.02	1,452,535.73	333,756.18
Less: Minority shareholders' gains and losses	-518,367.63		-32,806.57	-
Add: Unconfirmed investment losses	1,196,615.31		1,871,050.63	-
V. Net profit (Loss is listed with "-")	4,420,493.68	4,525,012.53	1,307,774.80	1,307,774.80
Add: Retained profits at the year-begin				
Other transfer-in				
VI. Profit available for distribution	4,420,493.68	4,525,012.53	1,307,774.80	1,307,774.80
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	4,420,493.68	4,525,012.53	1,307,774.80	1,307,774.80
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	4,420,493.68	4,525,012.53	1,307,774.80	1,307,774.80

Cash Flow Statement

Jan.-Sep. 2004

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	1,386,970,335.82	819,603,164.20
Write-back of tax received	2,448,384.33	2,448,384.33
Other cash received concerning operating activities	70,598,559.30	20,713,133.79
Subtotal of cash inflow	1,460,017,279.45	842,764,682.32
Cash paid for purchasing commodities and receiving labor service	1,025,548,934.37	777,370,705.60
Cash paid to/for staff and workers	104,747,221.41	20,968,102.90
Taxes paid	67,071,010.84	6,280,843.97
Other cash paid concerning operating activities	219,541,614.83	93,850,151.34
Subtotal of cash outflow	1,416,908,781.45	898,469,803.81
Net cash flows arising from operating activities	43,108,498.00	-55,705,121.49
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		32,206,983.46
Net cash received from disposal of fixed, intangible and other long-term assets	1,762,838.00	1,508,000.00
Other cash received concerning investing activities		
Subtotal of cash inflow	1,762,838.00	33,714,983.46
Cash paid for purchasing fixed, intangible and other long-term assets	12,904,148.46	3,518,599.00
Cash paid for investment		
Other cash paid concerning investing activities	26,193.84	
Subtotal of cash outflow	12,930,342.30	3,518,599.00
Net cash flows arising from investing activities	-11,167,504.30	30,196,384.46
Ⅲ. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	108,098,400.00	105,000,000.00
Other cash received concerning financing activities	16,566.59	
Subtotal of cash inflow	108,114,966.59	105,000,000.00
Cash paid for settling debts	215,457,900.00	130,000,000.00
Cash paid for dividends and profit distributing or interest paying	5,112,904.73	2,870,993.63
Other cash paid concerning financing activities	193,427.66	40,000.00
Subtotal of cash outflow	220,764,232.39	132,910,993.63
Net cash flows arising from financing activities	-112,649,265.80	-27,910,993.63

IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-80,708,272.10	-53,419,730.66

Cash Flow Statement (Con.)

Jan.-Sep. 2004

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	16,373,864.49	15,326,886.50
Add: Minority shareholders' gains and losses	-649,597.34	
Unconfirmed investment losses	-2,923,477.29	
Add: Withdrawal of provision for devaluation of assets	70,407.17	
Depreciation of fixed assets	15,768,357.00	5,698,904.14
Amortization of intangible assets	820,731.09	450,718.50
Amortization of long-term expenses to be apportioned	3,488,226.03	140,059.35
Decrease of expenses to be apportioned (Less: increase)	8,626.65	70,659.99
Increase of accrued expenses (Less: decrease)	185,208.10	66,928.12
Losses on disposal of fixed, intangible and other long-term assets (Less: income)	246,576.05	365,056.66
Loss on reject of fixed assets		
Financial expenses	3,136,912.43	3,128,691.96
Losses on investment (Less: income)	5,997,594.65	-23,945,376.41
Deferred taxes – credit item (Less: debit item)		
Decrease of inventories (Less: increase)	48,711,023.17	19,447,162.84
Decrease of receivables in operating (Less: increase)	-25,315,469.34	-36,771,742.28
Increase of payables in operating (Less: decrease)	-29,629,416.29	-39,683,070.86
Other	6,818,931.43	
Net cash flows arising from operating activities	43,108,498.00	-55,705,121.49
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	82,794,620.94	48,218,249.17
Less: Balance of cash at the period -begin	163,502,893.04	101,637,979.83
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	-80,708,272.10	-53,419,730.66