

CHANGE IN SHARE CAPITAL AND SHAREHOLDERS

CHANGE IN SHARE CAPITAL

1 Movement in and components of the share capital

Unit: share

	Change (+/-)						Sub-total	After change
	Before change	Right issues	Bonus issues	Reserves capitalised	New issues	Others		
A. Unlisted shares								
1. Founders' shares including:								
State-owned shares	513,000,000	—	—	—	—	—	—	513,000,000
Domestic legal entities' shares	—	—	—	—	—	—	—	—
Foreign legal entities' shares	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
2. Collective legal entities' shares	—	—	—	—	—	—	—	—
3. Inner staff shares	—	—	—	—	—	—	—	—
4. Preferred shares or others	—	—	—	—	—	—	—	—
Total unlisted shares	513,000,000	—	—	—	—	—	—	513,000,000
B. Listed shares								
1. RMB ordinary shares	78,000,000	—	—	—	—	—	—	78,000,000
2. Domestic listed foreign invested shares	—	—	—	—	—	—	—	—
3. Foreign listed foreign invested shares (H Shares)	219,900,000	—	—	—	—	—	—	219,900,000
4. Others	—	—	—	—	—	—	—	—
Total listed shares	297,900,000	—	—	—	—	—	—	297,900,000
C. Total Shares	810,900,000	—	—	—	—	—	—	810,900,000

2 Shares issued to the public

The H shares of the Company were issued in Hong Kong on 24 October 1997. The issue price was HK\$1.65 per share and 219,900,000 shares were issued. These H shares were listed on The Stock Exchange of Hong Kong Limited ("HKSE") on 30 October 1997.

The A shares of the Company were issued in the PRC on 10 January 2001. The issue price was Rmb9.80 per share and 78,000,000 shares of Rmb1.00 each were issued. These A shares were listed on the Shanghai Stock Exchange ("SSE") on 6 February 2001.

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Subsequent to the issue of A shares, the total issued share capital of the Company is 810,900,000 shares of Rmb1.00 each. The Company's total issued share capital included 513,000,000 State-owned shares, 78,000,000 A shares and 219,900,000 H shares. The State-owned shares, A shares and H shares respectively representing 63.26%, 9.62% and 27.12% of the total issued share capital.

3 *The inner staff shares*

The Company does not have any inner staff shares.

INTRODUCTION OF SHAREHOLDER DETAILS

1 *Number of shareholders as at 31 December 2002*

As at 31 December 2002, there were 53,926 shareholders in total. Only one shareholder holds the State-owned shares for the State. There were 53,877 shareholders holding the A shares and 48 shareholders holding the H shares.

2 *Substantial shareholders*

(a) The register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), Chapter 396 of the Laws of Hong Kong shows that as at 31 December 2002, the Company had the following substantial shareholders' interest, being 10% or more of the Company's issued share capital. These interests are in addition to those disclosed elsewhere in this report in respect of the Directors, Supervisors and Senior Management.

- (i) Guangzhou Pharmaceutical Holdings Limited ("GZPHL") held 513 million State-owned shares, representing 100% of the issued State-owned shares and approximately 63.26% of the total issued share capital of the Company as at 31 December 2002.
- (ii) As notified by HKSCC Nominees Limited, the following company held more than 10% of the H shares issued by the Company as at 31 December 2002:

Shareholders	Types of shares	shareholding at year-end	Percentage
The Hong Kong and Shanghai Banking Corporation Limited	H Shares	42,379,950	19.27%

Other than those listed above, there was no other person or corporation holding 10% or more of the Company's issued share capital as at 31 December 2002.

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- (b) As at 31 December 2002, the top ten major shareholders of the Company were as follows:

Shareholders	Type of shares	No. of shares	%
GZPHL	State-owned shares	513,000,000	63.26
HKSCC Nominees Limited	H Shares	218,088,999	26.89
Hansheng Securities Investment Fund	A Shares	967,338	0.12
HSBC Nominees (Hong Kong) Limited	H Shares	800,000	0.10
Tongde Securities Investment Fund	A Shares	630,795	0.08
Penghua Industrial Growing Securities Investment Fund	A Shares	596,243	0.07
Hongta Securities Co., Ltd.	A Shares	567,000	0.07
Northern Securities Co., Ltd.	A Shares	492,971	0.06
Kerui Securities Investment Fund	A Shares	345,000	0.04
Shanghai Securities Co., Ltd.	A Shares	330,800	0.04

Note: GZPHL is not connected with the other nine shareholders listed above. The Company is not aware of any connection among these nine shareholders, nor whether these nine shareholders are for the same interest as described by "Rules Governing the Disclosure of Change in Shareholders' Shareholding in Listed Companies".

- (c) Information of the shareholders holding 10% or more of the Company's total issued shares

Name of shareholder	: GZPHL
Legal representative	: Mr. Cai Zhixiang
Date of establishment	: 7 August 1996
Registered capital	: Rmb1,007,700,000
Type of legal entity	: State-owned enterprise with limited liability

GZPHL's business scope is to invest in and manage State-owned assets, to sell and manufacture western pharmaceutical medicine, Chinese Patent Medicine ("CPM"), Chinese raw medicine, biological products, medical apparatus, packing materials for pharmaceutical products, health drinks and food, hygienic materials and medicine-related merchandise; to undertake medicine-related import and export affairs and to develop real estate.

- (d) During the reporting period, GZPHL pledged part of the State-owned shares of the Company as collateral for debt restructuring of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. ("GZ Baiyunshan"). The total number of shares concerned is 118,120,000.
- (e) During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
- (f) During the reporting period, there was no change in the controlling shareholders of the Company.

PRE-EMPTIVE RIGHTS

According to the laws of the PRC and the Articles of Association of the Company, there is no pre-emptive right, which would oblige the Company to issue new shares to existing shareholders on a pro-rata basis.