

Change in Share Capital and Shareholders

CHANGE IN SHARE CAPITAL

1. Movement in share capital and its components

Unit: share

	Before change	Change (+/-)					Sub-total	After 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	—	—	—	—	—	—	—	—
Overseas 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-denominated ordinary shares	78,000,000	—	—	—	—	—	—	78,000,000
2. Domestic listed foreign capital shares	—	—	—	—	—	—	—	—
3. Overseas listed foreign capital 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 Company issued 219,900,000 H shares in Hong Kong on 24 October 1997, with the issue price of HK\$1.65 per share. The H shares were listed on The Stock Exchange of Hong Kong Limited ("HKEX") on 30 October 1997.

The Company issued 78,000,000 A shares in the PRC on 10 January 2001, with the issue price of RMB9.80 per share. These A shares were listed on The Shanghai Stock Exchange ("SSE") on 6 February 2001.

Subsequent to the issue of the A shares, the total number of shares issued by the Company amounted to 810,900,000 shares.

3. The inner staff shares

The Company does not have any inner staff shares.

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INTRODUCTION OF SHAREHOLDERS

1. Number of shareholders at end of the Reporting Period

As at 31 December 2003, there were 52,718 shareholders in total, out of which only one shareholder holding the State-owned shares, 52,674 shareholders holding the A shares and the remaining 43 shareholders holding the H shares.

2. Shareholders' interests and short positions in the shares and underlying shares of the Company

(1) As at 31 December 2003, the interests and short positions of persons (not being the Directors, Supervisors and Senior Management of the Company) in the shares and underlying shares of the Company which were notified to the Company and HKEX pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") and required to be entered in register maintained by the Company under Section 336 of the SFO were as follows:

Shareholders	Nature of shares held	Number of shares held (share)	% of total issued State-owned shares	% of total issued H shares
Guangzhou Pharmaceutical Holdings Limited ("GPHL") ¹	State-owned shares	513,000,000	100%	—
The Hong Kong and Shanghai Banking Corporation Limited ²	H shares	41,212,194	—	18.74%
Guotai Junan (Hong Kong) Securities Company Limited ²	H shares	21,138,000	—	9.61%
Bank of China (Hong Kong) Company Limited ²	H shares	18,803,000	—	8.55%
Hang Seng Bank Limited ²	H shares	11,464,274	—	5.21%
Citibank ²	H shares	11,228,000	—	5.11%

As far as the Directors are aware, as at 31 December 2003, other than those listed above, there was no other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of any class of the issued share capital of the Company.

Notes:

1. During the Reporting Period, GPHL disposed part of its interests in the Company's State-owned shares for the purpose of financing the debt restructuring of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. The total number of the State-owned shares involved is 152,600,000 shares, including a proposed disposal of 12,480,000 State-owned shares to the Guangzhou Office of China Huarong Asset Management Corporation and 22,000,000 State-owned shares to the Guangzhou Office of China Greatwall Asset Management Corporation. Relevant procedures to complete the disposals are currently in progress. The remaining State-owned shares of the Company held by GPHL and as involved are still pledged as collateral.
2. As notified by HKSCC Nominees Limited, as at 31 December 2003, the H shares held by each corporation in its securities account with the Central Clearing and Settlement System amounted to more than 5% of the total issued H shares of the Company.

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(2) The top ten shareholders of the Company as at 31 December 2003 are set out as follows:

Shareholders	No. of shares (Share)	Type of shares	% of the issued share capital	Nature of shares
GPHL	513,000,000	Unlisted	Approximately 63.26	State-owned shares
HKSCC Nominees Limited	218,170,999	Listed	Approximately 26.90	H shares
HSBC Nominees (Hong Kong) Limited	862,000	Listed	Approximately 0.11	H shares
Wong Chung King	308,000	Listed	Approximately 0.04	H shares
Deng Da Kai	305,746	Listed	Approximately 0.04	A shares
Xing He Securities Investment Fund	302,415	Listed	Approximately 0.04	A shares
Chen Yu Liang	166,557	Listed	Approximately 0.02	A shares
Zhang La	123,000	Listed	Approximately 0.02	A shares
Liu Zhi Zhong	120,000	Listed	Approximately 0.01	A shares
Xie Feng Hua	115,000	Listed	Approximately 0.01	A shares

Notes:

(1) According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.

(2) GPHL is not connected with the other nine shareholders listed above. The Company is not aware of any connection among the nine shareholders, or whether they are persons acting in concert as stipulated in the "Rules Governing the Disclosure of Change in Shareholders' Shareholding in Listed Companies".

3. Information of the shareholders holding 10% or more of the Company's total issued shares

Name of shareholder:	GPHL
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
Shareholding structure:	100% state-owned

GPHL's business scope is to invest in and manage State-owned assets, to sell and manufacture chemical 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.

4. Other shareholders holding 10% or more of the Company's total issued shares

During the Reporting Period, the Company had no other shareholders holding 10% or more of the Company's total issued shares.

Change in Share Capital and Shareholders

5. The top ten shareholders holding the listed shares of the Company as at 31 December 2003 are set out as follows:

Shareholders	No. of listed shares held (Share)	Nature of shares
HKSCC Nominees Limited	218,170,999	H shares
HSBC Nominees (Hong Kong) Limited	862,000	H shares
Wong Chung King	308,000	H shares
Deng Da Kai	305,746	A shares
Xing He Securities Investment Fund	302,415	A shares
Chen Yu Liang	166,557	A shares
Zhang La	123,000	A shares
Liu Zhi Zhong	120,000	A shares
Xie Feng Hua	115,000	A shares
Jiangsu Jianghai Grain and Oil Trade Company	100,000	A shares

Notes:

- (1) According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.
- (2) The Company is not aware of any connection among the ten shareholders, or whether they are persons acting in concert as stipulated in the "Rules Governing the Disclosure of Change in Shareholders' Shareholding in Listed Companies".

6. Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

7. During the Reporting Period, there was no change in the controlling shareholder 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.

