

## CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

1. Share capital structure

	As at 30 June 2004 Number of shares	As at 31 December 2003 Number of shares
I. Unlisted shares		
1. Issuer's shares (A Shares) - State-owned shares	214,440,000	214,440,000
2. Domestic legal person shares (A Shares)	16,719,500	16,719,500
Total number of unlisted shares	<u>231,159,500</u>	<u>231,159,500</u>
II. Listed shares		
1. Domestic listed ordinary shares (A Shares)	76,153,330	76,153,330
2. Overseas listed foreign shares (H Shares)	150,000,000	150,000,000
Total number of listed shares	<u>226,153,330</u>	<u>226,153,330</u>
III. Total number of shares	<u>457,312,830</u>	<u>457,312,830</u>

During the six months ended 30 June 2004, there were no bonus shares, new shares, or convertible corporate debt issued, nor was there any transfer from reserves to share capital made that resulted in any change in the number of shares and the structure of share capital of the Company.

2. As at 30 June 2004, the Company had on record a total of 33,730 shareholders, including 93 holders of H Shares and 33,637 holders of A Shares.
3. As at 30 June 2004, the ten largest shareholders of the Company were as follows:

No	Name of Shareholder	Class of shares	Number of shares held	% of the total share capital
1	Shandong Xinhua Pharmaceutical Group Company Limited ("SXPGC")	State-owned A Shares	214,440,000	46.89
2	HKSCC (Nominees) Limited	Listed H Shares	142,881,998	31.24
3	Jiangsu Software Industry Company Limited	Listed A Shares	4,203,300	0.92
4	Shanghai Zhengda Investment Management Company Limited	Legal person A Shares	2,100,000	0.46
5	China National Pharmaceutical Industry Corporation	Legal person A Shares	1,540,000	0.34
6	Hofgren Carl Gunnar	Listed H Shares	1,010,000	0.22
7	China National Pharmaceutical Foreign Trade Corporation	Legal person A Shares	1,000,000	0.22
8	Shandong Huanzhong Pharmaceutical Co., Ltd.	Legal person A Shares	1,000,000	0.22
9	Hong Kong & Shanghai Banking Corporation (Nominees) Limited A/C BR-79	Listed H Shares	902,000	0.20
10	Hong Kong & Shanghai Banking Corporation (Nominees) Limited A/C BR-80	Listed H Shares	902,000	0.20

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*Note:*

1. During the six months ended 30 June 2004, the number of issued shares of the Company held by SXPGC, the only domestic shareholder with a shareholding of more than 5% of the total number of the Company, remained unchanged, but 15,000,000 A Shares of which were frozen by the People's Court pending judicial adjudication;

During the six months ended 30 June 2004, 2,100,000 A Shares of the Company held by Shanghai Zhengda Investment Management Company Limited were charged and 1,000,000 A Shares held by Shandong Huanzhong Pharmaceutical Co., Ltd were frozen by the People's Court pending judicial adjudication;

2. There was no change of controlling shareholder of the Company during the six months ended 30 June 2004;
3. So far as the Directors are aware, there is no association amongst the ten largest domestic shareholders of the Company, nor the persons acting in concert as defined in the Rules for the Information Disclosure of Changes in the Shareholding of Listed Companies issued by the CSRC. However, the Directors are not aware whether there is any association amongst the shareholders of H Shares of the Company or persons acting in concert as referred to above.

4. As at 30 June 2004, the ten largest shareholders holding the listed shares of the Company were as follows:

<b>Name of Shareholder</b>	<b>Number of shares held</b>	<b>Class of shares</b>
HKSCC (Nominees) Limited	142,881,998	Listed H Shares
Jiangsu Software Industry Company Limited	4,203,300	Listed A Shares
Hofgren Carl Gunnar	1,010,000	Listed H Shares
HSBC Nominees (Hong Kong) Limited <A/C BR-79>	902,000	Listed H Shares
HSBC Nominees (Hong Kong) Limited <A/C BR-80>	902,000	Listed H Shares
HSBC Nominees (Hong Kong) Limited <A/C BR-81>	902,000	Listed H Shares
HSBC Nominees (Hong Kong) Limited <A/C BR-78>	704,000	Listed H Shares
Yeung Ting Kwong David	440,000	Listed H Shares
Kay and Company Ltd	400,000	Listed H Shares
Chow Kang Chuen	340,000	Listed H Shares

*Note:* The Directors of the Company are not aware whether there is any association amongst the ten largest shareholders holding the listed shares of the Company, or the persons acting in concert as defined in the Rules for the Information Disclosure of Changes in the Shareholding of Listed Companies issued by CSRC.