

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. Renminbi-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 in October 1997. In January 2001, it issued 78,000,000 A shares in the PRC. Currently, the total number of shares issued by the Company amounted to 810,900,000 shares, out of which 63.26% are State-owned shares, 9.62% are A shares and the remaining 27.12% are H shares.

Change in Share Capital and Shareholders

3. The inner staff shares

The Company does not have any inner staff shares.

INTRODUCTION OF SHAREHOLDERS

1. Number of shareholders as at the end of the Reporting Period

As at 31 December 2004, there were 47,042 shareholders in total, out of which two shareholders holding the State-owned shares, 47,000 shareholders holding the A shares and the remaining 41 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 2004, 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 the Stock Exchange of Hong Kong Limited (the "HKEX") pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") and as recorded in the register required to be 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	491,000,000	95.71%	—
The Hongkong and Shanghai Banking Corporation Limited ⁽²⁾	H shares	39,766,694	—	18.09%
HSBC Securites (Hong Kong) Company Limited ⁽²⁾	H shares	21,616,000	—	9.83%
Guotai Junan (Hong Kong) Securities Company Limited ⁽²⁾	H shares	16,996,000	—	7.73%
Citibank ⁽²⁾	H Shares	15,058,000	—	6.85%
Bank of China (Hong Kong) Company Limited ⁽²⁾	H shares	13,993,000	—	6.36%
Hang Seng Bank Limited ⁽²⁾	H shares	11,118,274	—	5.06%

Change in Share Capital and Shareholders

Notes:

- (1) During the Reporting Period, GPLH, the Company's controlling shareholder, disposed of 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 ("Baiyunshan Pharmaceutical"). The total number of the State-owned shares involved was 152,600,000 shares, including a proposed disposal of 12,480,000 State-owned shares to Baiyunshan Pharmaceutical, and relevant procedures to complete the disposal are currently in progress. Relevant procedures in relation to the proposed disposal of 22,000,000 State-owned shares to the Guangzhou Office of China Greatwall Asset Management Corporation was completed in December 2004. During the Reporting Period, 15,160,000 shares of the Company held by GPLH which were previously pledged had been released, while 102,960,000 shares of the Company held by GPLH are still pledged.

The Company was informed by GPLH, that 56,110,000 State-owned shares of the Company held by GPLH, representing approximately 6.91% of the Company's total issued share capital which has been pledged has been frozen with effect from 11 April 2005. The frozen period is from 11 April 2005 to 10 April 2006.

- (2) As notified by HKSCC Nominees Limited, as at 31 December 2004, 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.

As far as the Directors are aware, as at 31 December 2004, 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.

3. The top ten shareholders of the Company as at 31 December 2004 are set out as follows:

Shareholders	Change during the Reporting Period (share)	No. of shares (share)	Type of shares	% of the issued share capital	Nature of shares
GPLH	-22,000,000	491,000,000	Unlisted	Approximately 60.55	State-owned shares
HKSCC Nominees Limited	+44,000	218,214,999	Listed	Approximately 26.91	H shares
China Greatwall Asset Management Corporation	+22,000,000	22,000,000	Unlisted	Approximately 2.71	State-owned shares
Bank of Communications - Xiang Cai He Feng Growth Sector Fund	+1,499,897	1,499,897	Listed	Approximately 0.18	A shares
HSBC Nominees (Hong Kong) Limited	0	862,000	Listed	Approximately 0.11	H shares
Bank of Communications - Xing Ke Securities Investment Fund	+365,500	365,500	Listed	Approximately 0.05	A shares
Wong Chung King	0	308,000	Listed	Approximately 0.04	H shares
Xu Wei Ping	+220,746	220,746	Listed	Approximately 0.03	A shares
Xing He Securities Investment Fund	-86,061	216,354	Listed	Approximately 0.03	A shares
Xing Gui Song	+144,420	144,420	Listed	Approximately 0.02	A shares

Notes:

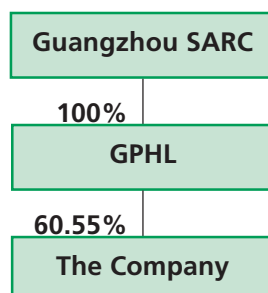
- According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.
- Among the top ten shareholders of the Company, GPLH is not connected with the other nine shareholders and are not persons acting in concert as stipulated in the "Rules Governing the Disclosure of Change in Shareholder's Shareholding in Listed Companies". The Company is not aware of any connection among the other 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".

Change in Share Capital and Shareholders

4. Information of the shareholder holding 10% or more of the Company's total issued shares

Name of shareholder	% of shares held	Legal representative	Date of establishment	Registered capital	Business scope
GPHL	60.55%	Yang Rongming	7 August 1996	RMB1,007.7 million	To invest in and manage State-owned assets, to sell and manufacture chemical medicine, Chinese and western medicine, Chinese raw medicine, bio-tech products, medical apparatus, packing materials for pharmaceutical products, health drinks and food, hygienic materials and pharmaceutical related merchandise; to undertake medicine-related import and export affairs and to develop real estate.

During the Reporting Period, the controlling shareholder of the Company is GPHL, the beneficial owner of which is the State-owned Assets Regulatory Commission of Guangzhou ("Guangzhou SARC").



5. 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

6. The top ten shareholders holding the listed shares of the Company as at 31 December 2004 are set out as follows:

Shareholders	No. of listed shares held (share)	Nature of shares
HKSCC Nominees Limited	218,214,999	H shares
Bank of Communications — Xiang Cai He Feng Growth Sector Fund	1,499,897	A shares
HSBC Nominees (Hong Kong) Limited	862,000	H shares
Bank of Communications — Xing Ke Securities Investment Fund	365,500	A shares
Wong Chung King	308,000	H shares
Xu Wei Ping	220,746	A shares
Xing He Securities Investment Fund	216,354	A shares
Xing Gui Song	144,420	A shares
Lian Yuan Jie	121,600	A shares
Liu Zhi Zhong	120,000	A shares

Notes:

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

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

8. During the Reporting Period, there was no change in the controlling shareholder of the Company.

PUBLIC FLOAT

Based on the publicly available information and to the best knowledge of the Directors, the Company has maintained sufficient public float as at the latest practicable date prior to the date of this annual report.

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.