

# Changes in Share Capital and Shareholders

## CHANGES IN SHARE CAPITAL

### 1. Movement in share capital and shareholding

Unit: share

	Before change	Change (+/-)					Sub-total	After change
		Right issues	Bonus issues	Reserves capitalized	New issues	Others		
I. Unlisted shares								
1. Founders' shares	513,000,000	—	—	—	—	—	—	513,000,000
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	<u>513,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>513,000,000</u>
II. 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	<u>297,900,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>297,900,000</u>
III. Total shares	<u>810,900,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>810,900,000</u>

### 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.

### 3. The inner staff shares

The Company does not have any inner staff shares.

# Changes in Share Capital and Shareholders

## INTRODUCTION OF SHAREHOLDERS *(continued)*

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

As at 31 December 2005, there were 38,724 shareholders in total, out of which two shareholders holding the State-owned shares, 38,688 shareholders holding the A shares and the remaining 34 shareholders holding the H shares.

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

As at 31 December 2005, 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")	State-owned shares	491,000,000	95.71%	—
The Hongkong and Shanghai Banking Corporation Limited	H shares	45,505,000	—	20.69%
Standard Chartered Bank (Hong Kong) Ltd	H shares	23,435,000	—	10.66%
Morgan Stanley Dean Witter Hong Kong Securities Ltd	H shares	21,816,870	—	9.92%
Prime Capital Management (Caymen) Limited	H shares	17,916,000	—	8.15%
Shenyin Wanguo Securities (Hong Kong) Limited	H shares	17,856,000	—	8.12%
Guotai Junan (Hong Kong) Securities Co. Ltd	H shares	13,206,000	—	6.01%
HSBC Broking Securities (Hong Kong) Limited	H shares	12,366,000	—	5.62%

*Note: As notified by HKSCC Nominees Limited, as at 31 December 2005, 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 2005, 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.

# Changes in Share Capital and Shareholders

## INTRODUCTION OF SHAREHOLDERS *(continued)*

### 3. The top ten shareholders of the Company

The top ten shareholders of the Company as at 31 December 2005 are set out as follows:

Shareholders	Nature of shares	No. of shares (share)	Number of unlisted shares	% of the issued share capital (%)	Number of pledged or locked shares
GPHL	State-owned shares	491,000,000	491,000,000	Approximately 60.55	note (a)
HKSCC Nominees Limited	H shares	218,274,799	—	Approximately 26.92	Unknown
China Greatwall Asset Management Corporation	State-owned shares	22,000,000	22,000,000	Approximately 2.71	None
Yulong Securities Investment Fund	A shares	2,000,000	—	Approximately 0.25	Unknown
Shenyin & Wanguo-Citibank-UBS Limited	A shares	1,836,200	—	Approximately 0.22	Unknown
National Social Security Fund 109 Group	A shares	1,692,353	—	Approximately 0.21	Unknown
Everbright Bank of China-Taixin Strategic Open Securities Investment Fund	A shares	1,685,703	—	Approximately 0.21	Unknown
Merchants Securities-Standard Chartered-ING Bank N.V.	A shares	1,662,332	—	Approximately 0.20	Unknown
Guotai Junan-Construction Bank-The Hongkong and Shanghai Banking Corporation Limited	A shares	1,395,037	—	Approximately 0.17	Unknown
Shenyin Wanguo-HSBC-Merrill Lynch International	A shares	1,369,339	—	Approximately 0.17	Unknown

Notes:

- (a) *During the Reporting Period, the controlling shareholder of the Company—GPHL applied part of its shares in the Company for debt restructuring of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. (“Guangzhou Baiyunshan”). The total number of shares involved was 115,440,000, among which 12,480,000 shares are intended to be transferred to Guangzhou Baiyunshan and the relevant procedures are currently being processed. There are still 102,960,000 shares being pledged (including 65,110,000 shares which were judged to be auctioned on 11 November 2005.)*
- (b) *According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.*
- (c) *Among the top ten shareholders of the Company, GPHL 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”.*

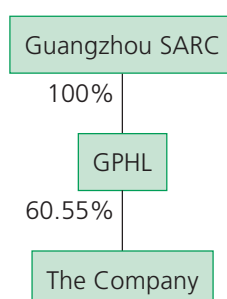
# Changes in Share Capital and Shareholders

## INTRODUCTION OF SHAREHOLDERS *(continued)*

### 4. Information of the corporate 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.



# Changes in Share Capital and Shareholders

## INTRODUCTION OF SHAREHOLDERS *(continued)*

6. **The top ten shareholders holding the listed shares of the Company as at 31 December 2005 are set out as follows:**

Shareholders	No. of listed shares held (share)	Nature of shares
HKSCC Nominees Limited	218,274,799	H shares
Yulong Securities Investment Fund	2,000,000	A shares
Shenyin & Wanguo-Citibank-UBS Limited	1,836,200	A shares
National Social Security Fund 109 Group	1,692,353	A shares
Everbright Bank of China-Taixin Strategic Open Securities Investment Fund	1,685,703	A shares
Merchants Securities-Standard Chartered-ING Bank N.V.	1,662,332	A shares
Guotai Junan-Construction Bank-The Hong Kong and Shanghai Banking Corporation Limited	1,395,037	A shares
Shenyin Wanguo-HSBC-Merrill Lynch International	1,369,339	A shares
HSBC Nominees (Hong Kong) Limited	866,000	H shares
China Construction Bank-Baokang Consumer Goods Securities Investment Fund	600,198	A shares

Notes:

- (a) *According to the information provided by HKSCC Nominees Limited, the H shares held by it were held on behalf of several clients.*
- (b) *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 Articles of Association of the Company and the laws of the PRC, there is no pre-emptive right, which would oblige the Company to issue new shares to existing shareholders on a pro-rata basis.