

3.3 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 interim report.

3.4 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 the existing shareholders on a pro-rata basis.

3.5 NEITHER THE COMPANY NOR ANY OF ITS SUBSIDIARIES HAD PURCHASED, SOLD OR REDEEMED ANY OF THE COMPANY'S SHARES DURING THE REPORTING PERIOD.**4. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF****4.1 DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTEREST IN SHARES**

4.1.1 As at 30 June 2006, Directors', Supervisors' and Senior Management's interest in A Shares of the Company were as follows:

Name	Position	Shares held as at the beginning of the Reporting Period (share)	Shares held as at the end of the Reporting Period (share)	Reason for change
Yang Rongming	Chairman	—	—	—
Zhou Yuejin	Vice Chairman (resigned on 27 April 2006)	28,900	37,570	Bonus shares as a result of the share reform plan
Xie Bin	Executive Director, General Manager (resigned on 15 June 2006)	1,000	1,300	Bonus shares as a result of the share reform plan
Chen Zhinong	Executive Director (appointed on 15 June 2006)	—	—	—
Feng Zansheng	Executive Director	—	—	—
Wu Zhang	Independent Non-executive Director	—	—	—
Wong Hin Wing	Independent Non-executive Director	—	—	—
Zhang Heyong	Independent Non-executive Director	—	—	—
Chen Canying	Chairman of the Supervisory Committee	9,800	12,740	Bonus shares as a result of the share reform plan
Ouyang Qiang	Supervisor	10,100	13,130	Bonus shares as a result of share reform plan
Zhong Yugan	Supervisor	—	—	—
Shi Shaobin	General Manager (appointed on 15 June 2006)	—	—	—
He Shuhua	Deputy General Manager and Company Secretary	27,700	36,010	Bonus shares as a result of the share reform plan
Su Guangfeng	Deputy General Manager	—	—	—
Chen Binghua	Financial Controller	4,800	6,240	Bonus shares as a result of the share reform plan

4.1.2 Directors', Supervisors' and Senior Management's interests and short positions in the shares, underlying shares and debentures of the Company

- (1) As at 30 June 2006, the interests or short positions of the Directors, Supervisors and Senior Management of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the HKEX (the "Listing Rules") to be notified to the Company and the HKEX were as follows:

Name of Directors	Type of interest	Interest	Number of shares
Zhou Yuejin	Personal	A Shares of the company	37,570
Xie Bin	Personal	A Shares of the company	1,300
Feng Zansheng	Personal	Guangzhou Pharmaceutical Co., Ltd	700,000

Name of Supervisors	Type of interest	Interest	Number of shares
Chen Canying	Personal	A Shares of the company	12,740
Ouyang Qiang	Personal	A Shares of the company	13,130

Name of Senior Management	Type of interest	Interest	Number of shares
Shi Shaobin	Personal	Guangzhou Jing Xiu Tang Pharmaceutical Co., Ltd	25,000
He Shuhua	Personal	A Shares of the company	36,010
Chen Binghua	Personal	A Shares of the company	6,240

* The shares above, except those in the Company (A shares), are staff shares.

- (2) Save as disclosed above, as at 30 June 2006, none of the Directors, Supervisors, Senior Management of the Company and their associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred therein, or which were required, pursuant to the Model Code, to be notified to the Company and HKEX.

4.2 APPOINTMENTS AND RESIGNATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY DURING THE REPORTING PERIOD

- (1) As approved at the 22nd meeting of the Third Session of the Board of the Company held on 27 April 2006, Mr. Zhou Yuejin resigned as the Director and Vice Chairman of the Company.
- (2) At the 2005 annual general meeting of the Company held on 15 June 2006, Mr. Chen Zhinong was elected as an Executive Director of the Third Session of the Board of the Company, with a term of office commencing from the date of appointment up to the date when the members of the new session of the Board are elected.
- (3) As approved at the 23rd meeting of the Third Session of the Board of the Company held on 15 June 2006, Mr. Xie Bin resigned as the Director and General Manager of the Company.
- (4) At the 23rd meeting of the Third Session of the Board of the Company held on 15 June 2006, Mr. Shi Shaobin was appointed as the General Manager of the Company, with a term of office commencing from the date of appointment up to the date when the members of the new session of the Board are elected.

4.3 DURING THE REPORTING PERIOD, THE NUMBER OF THE COMPANY'S EMPLOYEES WAS APPROXIMATELY 8,268. THE REMUNERATION POLICY OF THE EMPLOYEES HAD NO MATERIAL CHANGES AS COMPARED WITH THAT OF THE PREVIOUS REPORTING PERIOD. THE TOTAL REMUNERATION FOR THE FIRST HALF OF 2006 WAS RMB220,388,000.

