

### 3. CHANGE IN SHARE CAPITAL AND SHAREHOLDINGS OF MAJOR SHAREHOLDERS

#### 3.1 CHANGE IN SHARE CAPITAL

During the reporting period, there was no change in the capital structure of the Company.

#### 3.2 SHAREHOLDINGS OF MAJOR SHAREHOLDERS

3.2.1 As at 30th June 2004, there were 49,746 shareholders in total, including one shareholder holding the State-owned promoters' shares for the State, 49,703 shareholders holding the RMB denominated domestic shares (A shares) and 42 shareholders holding the foreign capital listed shares (H shares).

3.2.2 As at 30th June 2004, the top ten shareholders of the Company are set out as follows:

Shareholders	Changes in no. of shares held during the reporting period (Share)	No. of shares held (Share)	Type of shares	% of the issued share capital	Nature of shares
Guangzhou Pharmaceutical Holdings Limited ("GPHL") (Note 1)	—	513,000,000	Unlisted	Approximately 63.26	State-owned shares
HKSCC Nominees Limited (Note 2)	+32,000	218,202,999	Listed	Approximately 26.91	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 Dakai	—	305,746	Listed	Approximately 0.04	A shares
Xu Weiping	Unknown	220,000	Listed	Approximately 0.03	A shares
Xing He Securities Investment Fund	-86,061	216,354	Listed	Approximately 0.03	A shares
Chen Yuliang	+4,800	171,357	Listed	Approximately 0.02	A shares
Xing Guisong	Unknown	142,720	Listed	Approximately 0.02	A shares
Zhang La	—	123,000	Listed	Approximately 0.02	A shares

*Notes:*

- 1) During the reporting period, GPHL, the controlling shareholder of the Company, 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.. The total number of the State-owned shares involved is 152,600,000 shares, including a proposed disposal of 12,480,000 shares to Guangzhou Baiyunshan Pharmaceutical Co., Ltd and 22,000,000 shares to Guangzhou office of China Greatwall Asset Management Corporation. The relevant procedures for the proposed disposals are currently in progress. During the reporting period, 15,160,000 shares of the Company held by GPHL which were previously pledged had been released while 102,960,000 shares of the Company held by GPHL are still pledged.
- 2) As notified by HKSCC Nominees Limited, the H shares under its name were held on behalf of its several clients.
- 3) GPHL is not connected with the other nine shareholders listed above and, accordingly, they are not persons acting in concert as stipulated in the "Rules Governing the Disclosure of Change in Shareholders' Shareholding in Listed Companies". 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".

- 3.2.3 As at 30th June 2004, the interests and short positions of persons (not being the Directors, Supervisors or Senior Management of the Company) in the shares and underlying shares of the Company and its associated corporations, which were required to notify the Company and The Stock Exchange of Hong Kong Limited (the “HKEx”) pursuant to Subsections 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”) in Chapter 571 of the Laws in Hong Kong and which have to be recorded in the register maintained by the Company under Clause 336 of the SFO were as follows:

Shareholders	Nature of shares	No. of shares held (share)	% of total issued State—owned shares	% of total issued H shares
GPHL	State-owned shares	513,000,000	100%	—
The Hong Kong and Shanghai Banking Corporation Limited	H shares	42,381,694	—	19.27
Guotai Junan (Hong Kong) Securities Company Limited	H shares	22,950,000	—	10.44
HSBC Finance & Securities(Hong Kong) Company Limited	H shares	19,468,000	—	8.85
Bank of China (Hong Kong) Company Limited	H shares	15,769,000	—	7.17
Citibank	H shares	14,660,000	—	6.67
Hang Seng Bank Limited	H shares	11,088,274	—	5.04

As far as the Directors are aware and other than those listed above, there was no other person or body corporation having an interest or short position in the shares and underlying shares of the Company as at 30th June 2004 which represents 5% or more of any class of the issued share capital of the Company.

- 3.2.4 As at 30th June 2004, the top ten shareholders holding the listed shares of the Company are set out as follows:

Shareholders	No. of listed shares held (share)	Nature of shares
HKSCC Nominees Limited	218,202,999	H shares
HSBC Nominees (Hong Kong) Limited	862,000	H shares
Wong Chung King	308,000	H shares
Deng Dakai	305,746	A shares
Xu Weiping	220,000	A shares
Xing He Securities Investment Fund	216,354	A shares
Chen Yuliang	171,357	A shares
Xing Guisong	142,720	A shares
Zhang La	123,000	A shares
Liu Zhizhong	120,000	A shares

Notes:

- (1) As notified by HKSCC Nominees Limited, the H shares under its name were held on behalf of its several clients.
- (2) The Company is not aware of any connection among the above 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”.

- 3.2.5 During the reporting period, there was no change in the controlling shareholder of the Company.