

## 4. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

### 4.1 DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTEREST IN SHARES

4.1.1 As at 30th June 2004, the Directors', Supervisors' and Senior Management's interest in the Company's issued A shares are as follows:

Name	Position	Shares held as at 1st January 2004 (share)	Shares held as at 30th June 2004 (share)	Reason for change
Mr. Cai Zhixiang	Director	14,700	14,700	—
Mr. Zhou Yuejin	Director	28,900	28,900	—
Mr. Feng Zansheng	Director	—	—	—
Mr. Wong Hin Wing	Independent Director	—	—	—
Mr. Wu Zhang	Independent Director	—	—	—
Mr. Zhang Heyong	Independent Director	—	—	—
Mr. Chen Canying	Chairman of the Supervisory Committee	9,800	9,800	—
Mr. Ouyang Qiang	Supervisor	10,100	10,100	—
Mr. Zhong Yugan	Supervisor	—	—	—
Mr. He Shuhua	Deputy General Manager and Company Secretary	27,700	27,700	—
Mr. Gao Fang	Financial Controller	—	—	—

*Note:* According to the long-term incentive scheme approved at the Company's first Extraordinary General Meeting of 2002, Senior Management of the Company is entitled to an incentive bonus, provided that the targeted operating profit of the relevant year is achieved. Part of the bonus has been used to subscribe for the Company's RMB domestic shares (A shares) and has been reported to the Shanghai Stock Exchange ("SSE") in accordance with relevant rules and regulations.

4.1.2 Directors, Supervisors and Senior Management's interests and short positions in the shares and underlying shares of the Company or any associated corporations.

(1) As at 30th June 2004, the interests or short positions of the Directors, Supervisors and Senior Management in the shares and underlying shares of the Company or any of associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and HKEx pursuant to Subsections 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 Clause 352 of the SFO, to be recorded in the register referred therein, or which were required pursuant ("Model Code") of the Rules Governing the Listing of Securities on HKEx (the "Listing Rules") to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and HKEx were as follows:

#### Directors:

Name	Type of interest	Company	Number of shares	
Mr. Cai Zhixiang	Personal	A shares of the Company	14,700	
	Family	Guangzhou Xing Qun Pharmaceutical Co., Ltd.	1,900	
	Family	Guangzhou Pan Gao Shou Pharmaceutical Co., Ltd.	1,670	
	Family	Guangzhou Wang Lao Ji Pharmaceutical Co., Ltd. ("Guangzhou Wang Lao Ji")	1,960	
	Family	Guangzhou Jing Xiu Tang Pharmaceutical Co., Ltd	2,240	
	Family	Guangzhou Guang Hua Pharmaceutical Co., Ltd.	1,670	
	Family	Guangzhou Tian Xin Pharmaceutical Co., Ltd.	1,670	
	Trust*	Po Lian Development Company Limited ("Po Lian")	200,000	
	Mr. Zhou Yuejin	Personal	A shares of the Company	28,900
		Trust *	Po Lian	200,000

**Supervisors:**

Name	Type of interest	Company	Number of shares
Mr. Chen Canying	Personal	A shares of the Company	9,800
	Personal	Guangzhou Wang Lao Ji	22,150
Mr. Ouyang Qiang	Personal	A shares of the Company	10,100

**Senior Management:**

Name	Type of interest	Company	Number of shares
Mr. He Shuhua	Personal	A shares of the Company	27,700

\* Mr. Cai Zhixiang and Mr. Zhou Yuejin are holding the said shares in Po Lian as trustees only. The said shares, except those in Po Lian and the A shares of the Company, are inner staff shares.

- (2) Save as disclosed above, as at 30th June 2004, none of the Directors, Supervisors, Senior Management and their associates had any personal, family, corporation or other interests or short positions in the shares and underlying shares of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and HKEx pursuant to Subsections 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 Clause 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 APPOINTMENT AND RESIGNATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD**

- (1) At the Company's first Extraordinary General Meeting of 2004 held on 26th March 2004, Mr. Cai Zhixiang, Mr. Li Yimin, Mr. Zhou Yuejin and Mr. Feng Zansheng were elected to be the Executive Directors, and Mr. Wu Zhang, Mr. Wong Hin Wing and Mr. Zhang Heyong to be the Independent Non-executive Directors of the third session of the Company's Board of Directors. Mr. Ouyang Qiang and Mr. Zhong Yugan were elected to be the Supervisors of the third session of the Company's Supervisory Committee. Mr. Chen Canying was elected at the employees' general meeting to be the Supervisor representing employees. Mr. Zhu Youlin, Mr. Zhang Bohua, Mr. Liu Jinxiang and Mr. Huang Boren ceased to be Directors of the Company with effect from the same date.
- (2) As approved by the Board of Directors of the Company by means of written resolution passed on 22nd June 2004, Mr. Li Yimin resigned as Director and Vice Chairman of the Company with effect from the same date due to his health conditions.

#### **4.3 DURING THE REPORTING PERIOD, THE NUMBER OF THE COMPANY'S EMPLOYEES WAS 8,973. THE REMUNERATION POLICY OF THE EMPLOYEES HAD NO MATERIAL CHANGES COMPARED WITH THAT OF THE PREVIOUS REPORTING PERIOD. THE TOTAL STAFF COSTS FOR THE FIRST HALF OF 2004 WAS RMB299,976,000.**