

3. CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF MAJOR SHAREHOLDERS

3.1 CHANGES IN SHARE CAPITAL

(Unit: share)

	Before change		New issues	Bonus issues	Change Reserves capitalised	Others	Sub-total	After change	
	Number	Percentage						Number	Percentage
I. Shares subject to selling restrictions									
1. State-owned shares	513,000,000	63.26%	—	-23,400,000	—	—	-23,400,000	489,600,000	60.38%
2. Shares held by State-owned legal entities	—	—	—	—	—	—	—	—	—
3. Other domestic shares									
Including: Shares held by domestic legal entities	—	—	—	—	—	—	—	—	—
Shares held by domestic natural persons	—	—	—	—	—	—	—	—	—
4. Shares held by foreign capital									
Including: Shares held by overseas legal entities	—	—	—	—	—	—	—	—	—
Shares held by overseas natural persons	—	—	—	—	—	—	—	—	—
Total shares subject to selling restrictions	513,000,000	63.26%	—	-23,400,000	—	—	-23,400,000	489,600,000	60.38%
II. Shares not subject to selling restrictions									
1. Renminbi-denominated ordinary shares	78,000,000	9.62%	—	+23,400,000	—	—	+23,400,000	101,400,000	12.50%
2. Domestically listed foreign capital shares	—	—	—	—	—	—	—	—	—
3. Overseas listed foreign capital shares	219,900,000	27.12%	—	—	—	—	—	219,900,000	27.12%
4. Others	—	—	—	—	—	—	—	—	—
Total shares not subject to selling restrictions	297,900,000	36.74%	—	+23,400,000	—	—	+23,400,000	321,300,000	39.62%
III. Total shares	810,900,000	100%	—	—	—	—	—	810,900,000	100%

On 12 April 2006, the relevant A shareholders' meeting of the Company approved the share reform plan, pursuant to which the holders of circulating A shares would be offered 3 shares for every 10 A shares held.

3.2 SHAREHOLDINGS OF MAJOR SHAREHOLDERS

3.2.1 As at 30 June 2006, there were 35,044 shareholders in total, among which, 2 shareholders holding State-owned shares, 35,013 shareholders holding the Renminbi-denominated domestic ordinary shares (A shares) and 29 shareholders holding the overseas listed foreign capital shares (H shares).

3.2.2 As at 30 June 2006, the ten largest shareholders of the Company and their shareholdings were as follows:

Name of shareholders	Nature of shares	% of the total share capital (%)	Number of shares held as at the end of the Reporting Period (Share)	Changes in the number of shares held during the Reporting Period (Share)	Number of shares held subject to selling restrictions (Share)	Number of pledged or frozen shares (Share)
Guangzhou Pharmaceutical Holdings Limited ("GPHL")	State-owned shares	Approximately 57.79	468,603,509	-22,396,491	468,603,509	Note (1)
HKSCC Nominees Limited	H shares	Approximately 26.97	218,662,799	+ 388,000	—	Unknown
China Greatwall Asset Management Corporation	State-owned shares	Approximately 2.59	20,996,491	-1,003,509	20,996,491	Nil
Western Securities Co., Limited	A shares	Approximately 0.55	4,465,861	+4,465,861	—	Unknown
Shenyin Wanguo – Citibank – UBS Limited	A shares	Approximately 0.29	2,374,020	+537,820	—	Unknown
China Merchants Securities – Stanchart – ING Bank N.V.	A shares	Approximately 0.27	2,161,032	+498,700	—	Unknown
Industrial and Commercial Bank of China – BOC Sustainable Growth Equity Fund	A shares	Approximately 0.23	1,899,995	+1,899,995	—	Unknown
Guotai Junan – CCB – The Hongkong and Shanghai Banking Corporation Limited	A shares	Approximately 0.22	1,813,548	+418,511	—	Unknown
Shenyin Wanguo – HSBC – Merrill Lynch International	A shares	Approximately 0.22	1,780,141	+410,802	—	Unknown
Xinghua Securities Investment Fund	A shares	Approximately 0.19	1,565,524	+1,565,524	—	Unknown

Notes:

- (1) During the Reporting Period, GPHL, the controlling shareholder of the Company, applied part of its shareholdings in the Company's shares for the purpose of financing the debt restructuring of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. ("BYSCL"). The number of the shares involved was 115,440,000 shares, among which 12,480,000 shares were intended to be transferred to BYSCL and the relevant procedures had been underway. There are still 102,960,000 shares being pledged (including 65,110,000 shares which were continued to be frozen on 15 May 2006.)
- (2) According to the information provided by HKSCC Nominees Limited, the H shares held under its name were held on behalf of its several clients.
- (3) The Company is not aware of any connection among the above-mentioned 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".

3.2.3 As at 30 June 2006, the interests and short positions of any persons (not being the Directors, Supervisors or Senior Management of the Company) in the shares and underlying shares of the Company, which were required to notify 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") (Chapter 571 of the Laws in Hong Kong) and which have to be recorded in the register maintained by the Company under section 336 of the SFO were as follows:

Name of shareholders	Nature of shares	Number of shares held (share)	% of issued State-owned shares (%)	% of issued H shares (%)
GPHL	State-owned shares	468,603,509	95.71	—
China Greatwall Asset Management Corporation	State-owned shares	20,996,491	4.29	—
The Hongkong and Shanghai Banking Corporation Limited	H shares	48,689,000	—	22.14
Standard Chartered Bank (Hong Kong) Limited	H shares	35,039,000	—	15.93
Morgan Stanley Dean Witter Hong Kong Securities Limited	H shares	29,357,000	—	13.35
Prime Capital Management (Cayman) Limited	H shares	24,528,000	—	11.15
Greenwoods Asset Management Limited	H shares	15,220,000	—	6.92
Guotai Junan Securities (Hong Kong) Limited	H shares	12,844,000	—	5.84
Shenyin Wanguo Securities (Hong Kong) Limited	H shares	11,822,000	—	5.38
Value Partners Limited (Note)	H shares	11,142,000	—	5.07
Cheah Cheng Hye (Note)	H shares	11,142,000	—	5.07

Note: According to the corporate substantial shareholder notice from Value Partners Limited, its 11,142,000 H shares were held in the capacity of investment manager.

According to the individual substantial shareholder notice from Mr. Cheah Cheng Hye, his 11,142,000 H shares were held as a result of his interest in Value Partners Limited.

As far as the Directors are aware and other than those listed above, as at 30 June 2006 there was no other person or corporation having an interest or short position in the shares and underlying shares of the Company which represents 5% or more of any class of the issued share capital of the Company.

3.2.4 As at 30 June 2006, the ten largest shareholders holding the shares not subject to selling restrictions of the Company and their shareholdings were as follows:

Name of shareholders	Number of shares held not subject to selling restrictions (share)	Nature of shares
HKSCC Nominees Limited	218,662,799	H shares
Western Securities Co., Ltd.	4,465,861	A shares
Shenyin Wanguo - Citibank-UBS Limited	2,374,020	A shares
China Merchants Securities - Stanchart - ING Bank N.V.	2,161,032	A shares
Industrial and Commercial Bank of China – BOC Sustainable Growth Equity Fund	1,899,995	A shares
Guotai Junan - CCB -The Hongkong and Shanghai Banking Corporation Limited	1,813,548	A shares
Shenyin Wanguo – HSBC - Merrill Lynch International	1,780,141	A shares
Xinghua Securities Investment Fund	1,565,524	A shares
National Social Security Fund 109 Group	1,034,508	A shares
Agricultural Bank of China – Citic – prudential Sijihong Mixed Securities Investment Fund	789,413	A shares

Notes:

- (1) According to information provided 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-mentioned ten shareholders holding the shares not subject to selling restrictions, 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 Number of shares held by the largest ten shareholders subject to selling restrictions and terms of the selling restrictions

Name of shareholders subject to selling restrictions	Number of shares held subject to selling restrictions (share)	Listing and trading of shares subject to selling restrictions		
		Listing and trading date	Number of additional tradable shares (share)	undertaken
GPHL	468,603,509	24 April 2007	40,545,000	Note (1)
	428,058,509	24 April 2008	40,545,000	
	387,513,509	24 April 2009	387,513,509	
China Greatwall Asset Management Corporation	20,996,491	24 April 2007	20,996,491	Note (2)

Notes:

- (1) The non-circulating shares held by GPHL shall not be listed and traded, nor transferred within 12 months from the date of implementation of the share reform plan. Upon the expiry of that 12 months period, GPHL will not dispose of its shares (which are originally non-circulating shares) which exceeds 5% and 10% of the total number of the issued shares of the Company in the following 12 months and 24 months respectively.
- (2) The non-circulating shares held by China Greatwall Asset Management Corporation shall not be listed and traded nor transferred within 12 months from the implementation of the share reform plan.

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