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廣州藥業股份有限公司

Guangzhou Pharmaceutical Company Limited

(a joint stock company with limited liability established in the People's Republic of China)

(H Share Stock Code: 0874)

Announcement on the Listing of Shares subject to Selling Restrictions

Guangzhou Pharmaceutical Company Limited (“GPC” or the “Company”) and the members of the Board of Directors (the “Board”) hereby confirm the truthfulness, accuracy and completeness of the contents of this announcement and jointly accept full responsibility for any false representation, misleading statement or material omission herein contained.

Reference is made to the announcements (the “Announcements”) of the Company dated 3 March 2006, 14 March 2006, 23 March 2006, 6 April 2006, 12 April 2006 and 18 April 2006. Terms used in this announcement shall have the same meanings as defined in the Announcements unless otherwise defined herein.

Details of the implementation of the Amended Share Reform Plan are available for inspection on the website of the Shanghai Stock Exchange (the “SSE”) at <http://www.sse.com.cn>.

This announcement is made in accordance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

IMPORTANT NOTICE

- The number of shares to be listed and traded: 61,541,491 shares.
- The date when the shares subject to selling restrictions are to be listed and traded pursuant to the Share Reform Plan: 24 April 2007.

I. Information related to the Share Reform Plan

- (1) The Share Reform Plan of the Company was considered and approved at the Relevant A Shareholders’ Meeting of the Company on 12 April 2006. The registration date of shareholding was 20 April 2006. The trading of the shares of the Company was first resumed on 24 April 2006 after implementation of the Share Reform Plan.
- (2) No increase in consideration was arranged in the Share Reform Plan.

II. The undertakings in relation to the shares subject to selling restrictions (the “Selling Restrictions”) to be listed and traded pursuant to the Share Reform Plan

(1) Guangzhou Pharmaceutical Holdings Limited (“GPHL”), the controlling shareholder of the Company, undertakes that:

1. The Non-circulating Shares held by GPHL shall not be listed and traded on the SSE, or transferred within 12 months from the date of implementation of the Share Reform Plan. Upon expiry of that 12 month 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. Upon implementation of the Share Reform Plan, in the event that GPHL disposes of its shares on the SEE which represent 1% or more of the total issued shares of the Company, an announcement shall be made within two business days from the date on which such disposal occurs.
3. With a view to enhancing the enterprise value of the Company, upon completion of the Share Reform Plan, GPHL will work with the Company to establish an incentive option scheme for the Company’s management, which shall be correlated to the Company’s performance. The incentive option scheme will be set up in accordance with relevant laws and regulations of the PRC.

(2) China Greatwall Asset Management Corporation, the Company’s shareholder, undertakes that:

The Non-circulating Shares held by China Greatwall Asset Management Corporation shall not be listed and traded, or transferred within 12 months from the implementation of the Share Reform Plan.

III. Change of share capital structure and shareholdings of major shareholders since implementation of the Share Reform Plan

1. The share capital structure has remained unchanged since the implementation of the Share Reform Plan.

- The change of shareholding for each holder of shares subject to the Selling Restrictions since the implementation of the Share Reform Plan was as follows:

Name of shareholder	Number of shares held before change (share)	Change of number of shares held (share)	Reason of change	Date of change	Number of shares held after change (share)
GPHL	468,603,509	-56,090,000	Transfer by way of court ruling	—	412,513,509
Guangzhou Beicheng Rural Credit Cooperative	0	46,670,000	Transfer by way of court ruling	23 March 2007	46,670,000
Guangzhou Xinjiao Rural Credit Cooperative	0	4,220,000	Transfer by way of court ruling	9 February 2007	4,220,000
Guangzhou Xinfeng Rural Credit Cooperative	0	3,480,000	Transfer by way of court ruling	9 February 2007	3,480,000
Guangzhou Baiyun Rural Credit Cooperative	0	1,720,000	Transfer by way of court ruling	23 March 2007	1,720,000

IV. There is no appropriation of capital by the controlling shareholder of the Company.

V. Opinion of the sponsor of the Share Reform Plan after examination

Guotai Junan Securities Company Limited, the sponsor of the Share Reform Plan of the Company (the “Sponsor”), was of the opinion that:

- The listing of the shares subject to the Selling Restrictions of the Company is in compliance with the requirements of relevant laws, regulations and rules and listing rules of the SSE;
- The holders of such shares subject to the Selling Restrictions strictly adhered to their undertakings made during the Share Reform;
- There was no obstacles in physical for the listing of such shares subject to the Selling Restrictions;
- The Sponsor and representatives of the Sponsor agreed the listing of such shares subject to the Selling Restrictions.

VI. Information in relation to shares subject to the Selling Restrictions

- The number of shares to be listed and traded amounts to 61,541,491 shares.
- The shares subject to the Selling Restrictions are to be listed on 24 April 2007.

3. The breakdown of the shares are as follow:

No.	Name of shareholder	Number of non-circulating shares held (share)	Percentage in total share capital of the Company (share)	Number of shares to be listed (share)	Outstanding number of non-circulating shares (share)
1	GPHL	412,513,509	50.87%	-40,545,000	371,968,509
2	Guangzhou Beicheng Rural Credit Cooperative	46,670,000	5.76%	0	46,670,000
3	China Greatwall Asset Management Corporation	20,996,491	2.59%	-20,996,491	0
4	Guangzhou Xinjiao Rural Credit Cooperative	4,220,000	0.52%	0	4,220,000
5	Guangzhou Xinfeng Rural Credit Cooperative	3,480,000	0.43%	0	3,480,000
6	Guangzhou Baiyun Rural Credit Cooperative	1,720,000	0.21%	0	1,720,000
	Total	489,600,000	60.38%	-61,541,491	428,058,509

4. The listing of the shares subject to the Selling Restrictions is consistent with that stated in the explanatory notes of Share Reform Prospectus.

5. It is the first time for the Company to arrange the listing of shares subject to the Selling Restrictions.

VII. Table of changes in share capital structure

		Prior to the listing (share)	Changes (share)	After the listing (share)
Shares Subject to the Selling Restrictions	State-owned Shares	489,600,000	-61,541,491	428,058,509
	Total shares subject to the Selling Restrictions	489,600,000	-61,541,491	428,058,509
Shares not subject to the Selling Restrictions	A Shares	101,400,000	+61,541,491	162,941,491
	H Shares	219,900,000	0	219,900,000
	Total shares not subject to the Selling Restrictions	321,300,000	+61,541,491	382,841,491
Total number of shares		810,900,000	—	810,900,000

VIII. Documents available for inspection

1. Application form for the listing of the shares subject to the Selling Restrictions by the Board;
2. Evidence of enquiries in respect of the number of registered securities held by investors;
3. Opinion of the Sponsor after examination; and
4. Other documents

The Board of Directors
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 18 April 2007

As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Shi Shaobin, Mr. Chen Zhinong and Mr. Feng Zansheng as Executive Directors and Mr. Wu Zhang, Mr. Wong Hin Wing and Mr. Zhang Heyong as Independent Non-executive Directors.

Please also refer to the published version of this announcement in The Standard / Hong Kong Economic Times.