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# 廣州藥業股份有限公司

**Guangzhou Pharmaceutical Company Limited**

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

(Stock Code: 0874)

## Preliminary Announcement on Share Reform Plan

The board of directors of the Company hereby announces that trading in the A Shares of the Company listed on the SSE will be suspended with effect from 6 March 2006 as a result of the proposal being made by the Holders of Non-circulating Domestic Shares in respect of the Share Reform Plan.

Investors should exercise caution when dealing in the Company's shares.

At the request of the Company, trading in the Company's H Shares will be suspended with effect from 6 March 2006 pending the release by the Company of a further announcement on the details of the Share Reform Plan.

Pursuant to the relevant rules and regulations issued by the relevant authorities of the People's Republic of China ("PRC"), including "The Guidelines on Share Reform Plan of the Listed Companies", "Provisions on Management of Share Reform Plan of the Listed Companies", "Guidelines on the Practice and Operation of the Share Reform Plan of the Listed Companies" and "Notice on Certain Issues Regarding Management of the State-owned Shares Involved in the Share Reform Plan of Listed Companies", Guangzhou Pharmaceutical Holdings Limited and China Great Wall Asset Management Corporation (the "Holders of Non-circulating Domestic Shares"), which respectively hold 491,000,000 and 22,000,000 non-circulating domestic shares (representing approximately 60.55% and 2.71% of the total issued share capital respectively) of Guangzhou Pharmaceutical Company Limited (the "Company") and which are independent of each other have put forward a proposal relating to a share reform plan for the Company (the "Share Reform Plan"). The sponsor appointed by the Holders of Non-circulating Domestic Shares in relation to the Share Reform Plan, has consulted with the Shanghai Stock Exchange (the "SSE") in relation to the feasibility of the Share Reform Plan and the date of meeting among the holders of the domestic shares of the Company (the "Meeting Among Domestic Shareholders").

As confirmed by the SSE, the board of directors of the Company hereby announces that:

1. trading in the domestic shares of the Company which are listed on the SSE ("A Shares") will be suspended with effect from 6 March 2006; and
2. the Company will publish a notice of the Meeting Among Domestic Shareholders and will announce the details of the Share Reform Plan as soon as possible.

Investors should exercise caution when dealing in the Company's shares.

At the request of the Company, trading in overseas listed foreign shares of the Company (H Shares) on The Stock Exchange of Hong Kong Limited will be suspended with effect from 6 March 2006 pending the release by the Company of a further announcement on the details of the Share Reform Plan.

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

By order of the Board  
**He Shuhua**  
*Company Secretary*

Guangzhou, PRC, 3 March 2006

**As at the date of this announcement, the board of directors of the Company comprises Mr. Yang Rongming, Mr. Zhou Yuejin, Mr. Xie Bin 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.