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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 PROGRESS OF THE MAJOR TRANSACTION

Guangzhou Pharmaceutical Company Limited (the “Company”) and all 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.

References are made to the announcement and the circular of the Company (the “Circular”) dated 30 January 2007 and 14 February 2007 respectively in relation to the Capital Transfer by the Company’s two subsidiaries and 33 individuals in GP Corp. and the Capital Increase in the registered capital of GP Corp. (together referred to as the “Transactions”). Terms used in this announcement shall have the same meanings as defined in the Circular unless otherwise defined herein.

The Company was informed that the Transactions together with the relevant agreements and documents were approved by the Ministry of Commerce of the People’s Republic of China on 30 July 2007. GP Corp. is currently in the process of making application to relevant administration authorities of industry and commerce for the approval of the transformation of GP Corp. into a Sino-foreign equity joint venture.

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

By Order of the Board
He Shuhua
Secretary to the Board

Guangzhou, the PRC, 1 August 2007

As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Feng Zansheng as Executive Directors, and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanming and Mr. Zhang Yonghua as Independent Non-executive Directors.