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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 IMPLEMENTATION OF INCREASE OF SHAREHOLDING
IN THE COMPANY BY THE CONTROLLING SHAREHOLDER**

Reference is made to the announcement (the “Announcement”) of Guangzhou Pharmaceutical Company Limited (the “Company”) dated 22 September 2008 in relation to the increase of shareholding in the Company by the controlling shareholder of the Company. Terms used in this announcement shall have the same meanings as those defined in the Announcement, unless otherwise specified.

The Company was informed by Guangzhou Pharmaceutical Holdings Limited (“GPHL”), the controlling shareholder of the Company, that GPHL has increased its shareholding in the Company by 500,000 A shares, representing 0.06% of the total issued share capital of the Company, between 22 September 2008 and 21 September 2009. The above said Additional Shares were acquired from the secondary market.

On 22 September 2008, GPHL undertook that the aggregate number of shares to be acquired from the secondary market, in accordance with its Share Increase Plan, will be no more than 2% of the total issued share capital of the Company (including the Additional Shares) within one year, and that it would not reduce its shareholding in the Company during the said period of the implementation of the Share Increase Plan and the statutory period. During the period of the implementation of the Share Increase Plan, GPHL had strictly fulfilled its undertaking. As at 21 September 2009, GPHL completed its implementation of the Share Increase Plan and will apply to China Securities Regulatory Commission for a waiver of its obligations to launch an offer to acquire shares in accordance with the relevant provisions.

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.

The Board of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 22 September 2009

As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Shi Shaobin, Mr. Feng Zansheng as executive directors and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua as independent non-executive directors.