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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)

UNUSUAL FLUCTUATIONS IN TRADING OF A SHARES

1. THE FLUCTUATIONS IN TRADING OF A SHARES

The accumulated deviation in the closing prices of A shares of Guangzhou Pharmaceutical Company Limited (the “Company”) for the three consecutive trading days, namely 31 December 2010, 4 January 2011 and 5 January 2011, has reached 20%, which was regarded as unusual fluctuations in trading of shares under relevant regulations of the Listing Rules of The Shanghai Stock Exchange.

2. DETAILS OF RELEVANT INFORMATION CONCERNED AND VERIFIED BY THE COMPANY

- (1) After self-examination of the Company and written response from the Company’s controlling shareholder, namely Guangzhou Pharmaceutical Holdings Limited (“GPHL”), apart from the information previously disclosed by the Company, it is confirmed that both the Company and GPHL have no information which shall be discloseable and with significant impact on the Company’s share price as at the date of this announcement. The Company and GPHL do not have any plans of major asset restructuring, acquisition, issuance of shares and other matters of significance within the next three months.
- (2) There is no information which shall be discloseable, regarding the franchise right to use the trademark between GPHL and JDB Group.

- (3) Rabies Bacterin is produced by of Guangzhou Nuo Cheng Bio-technology Co., Ltd (“Nuo Cheng”), a joint venture of the Company’s subsidiary, Guangzhou Bai Di Bio-technology Co., Ltd (“Guangzhou Bai Di”). Nuo Cheng obtained the approval for production of Rabies Bacterin in May 2008, and commenced its formal production in August 2008. Subsequently, the production was affected since the standards for the approval and issuance of bacterin products has been tightened in China. Currently, the production and operation of Rabies Bacterin have resumed to be normal.

The Iia clinical research of the Company’s therapeutic dual-plasmid HBV DNA vaccine has basically completed, and the Company starts to prepare for the Iib clinical research.

- (4) Under the circumstances that there is drug tolerance in the western medicine antibiotics, GPLH has taken lead to jointly launch The Research on Anti “Super Bacteria” Pharmaceutical Products of GPLH in September 2010 in Guangzhou with scientific research institutions including South China Center for Innovative Pharmaceuticals. Thereafter, GPLH jointly launched the “Research on Heat Clearing and Anti-toxic Medicines’ Functions of Reducing Bacterial Drug Tolerance” (清熱解毒類中成藥改善細菌耐藥性研究) and the “Research on Combination of Heat Clearing and Anti-toxic Chinese Traditional Medicine and Western Medicine to Reduce Bacterial Drug Tolerance” (清熱解毒類中藥與西藥抗生素聯合用藥以改善細菌耐藥性研究) with Guangzhou Institute of Respiratory Disease. The related heat clearing and anti-toxic Chinese patent medicines produced by the Company’s subsidiaries include Shedan Chuanbei Pipa Gao, Xinyi Biyan Wan, Xin Xue Ke Li, Xin Xue Pian, Qingre Xiaoyanning Jiao Nang, Hou Ji Ling Jiao Nang and Xiasangju Ke Li. The research project is currently underway and has no conclusive result yet. It is expected that it will not have direct or material effect on the recent operating results of the Company.

3. STATEMENT ON WHETHER THERE WAS ANY SIGNIFICANT DISCLOSEABLE INFORMATION

The Directors of the Board (the “Board”) of the Company confirm that the Company has not been engaged in any events with significant impact on the Company’s share price, which are discloseable under relevant regulations of the Listing Rules of The Shanghai Stock Exchange, neither is the Board aware of any information with significant impact on the Company’s share price, which is discloseable under relevant regulations of the Listing Rules of The Shanghai Stock Exchange.

4. NECESSARY NOTICE OF RISKS BY THE COMPANY

The Company's designated media for publication of its information includes Shanghai Securities News, the website of The Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>). Investors are advised to pay attention to investment risks.

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, 5 January 2011

As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Li Chuyuan, Mr. Shi Shaobin and Mr. Wu Changhai as executive directors, and Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Mr. Wong Lung Tak Patrick and Mr. Qiu Hongzhong as non-executive independent directors.