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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 3 March 2011, Guangzhou Wang Lao Ji Pharmaceutical Co., Ltd (“Wang Lao Ji”), a joint venture in which Guangzhou Pharmaceutical Company Limited (the “Company”) holds 48.0465% equity interest, and Guangzhou Baiyunshan Hutchison Whampoa Chinese Medicine Co., Ltd (“Baiyunshan Hutchison Whampoa”), a joint venture in which Guangzhou Baiyunshan Pharmaceutical Co., Ltd holds 50% equity interest, held the cooperation signing ceremony. In order to capitalize on their respective strengths and enlarge the scale, the two parties entered into the Sales Agency Framework Agreement in relation to Baiyunshan Herbal Tea Series. Pursuant to the above agreement, Baiyunshan Hutchison Whampoa authorized Wang Lao Ji as the national agent of its Baiyunshan Herbal Tea Series, with a term commencing from 1 March 2011 to 31 December 2013. Both parties agreed to set a proposed retail price for the captioned products, and that the final retail prices should not be less than the proposed retail price. Baiyunshan Herbal Tea Series were launched in December 2004, and its sales for the year 2010 amounted to approximately 550,000 cartons.

As the cooperation between the two parties is in an early stage, it is not possible to determine the impact on the Company brought by this cooperation. In the case there is any significant impact on the Company brought by the above cooperation, the Company will strictly comply with relevant regulations and fulfill disclosure obligations.

NECESSARY NOTICE OF RISKS: 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.

The Board of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 3 March 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.