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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)

FURTHER ANNOUNCEMENT IN RELATION TO THE DISTRIBUTION OF 2010 H SHARE FINAL DIVIDEND

The board of directors (the “Board”) of Guangzhou Pharmaceutical Company Limited (the “Company”) hereby announces the following further information in relation to the distribution of 2010 H share final dividend.

Due to the recent changes in the tax regulations of the People’s Republic of China (the “PRC”), the individual holders of H shares whose names appeared on the Register of Members of the Company (“the Individual H-Share Holders”) are no longer exempted from the individual income tax payment in the PRC pursuant to *Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income* (Guo Shui Fa 1993 No. 045) issued by the State Administration of Taxation.

Following numerous communications between the Company and the relevant tax authorities, the tax authorities have confirmed recently that the dividend (bonus) received by the overseas resident individual shareholders in respect of their interests in the stocks issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax in the PRC, which shall be withheld by the withholding agents according to the relevant laws. However, the overseas resident individual shareholders of the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements inked between the countries where they are residents and China or the tax arrangements between mainland China and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations, when the 2010 H share final dividend is to be distributed to the holders of H shares whose names appeared on the Register of Members of the Company as at 20 May 2011, the Company will withhold 10% of the dividend to be distributed to the Individual H-Share Holders as individual income tax in the PRC unless otherwise specified by the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividend at the tax rates and according to the relevant procedures as specified by such relevant tax regulations and tax agreement.

For non-resident enterprise holders of H shares, the Company will withhold 10% of the dividend as enterprise income tax in the PRC according to the relevant tax regulations in line with its previous practice.

Should the H-share holders of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.

The 2010 H share final dividend is expected to be distributed on or before 12 August 2011 if there is no extraordinary development related thereto.

The Board of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 15 July 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 independent non-executive directors.