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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

VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTIONS INVOLVING MAJOR ASSETS REORGANIZATION – PROFIT FORECASTS IN RELATION TO THE MAJOR ASSETS REORGANIZATION PREPARED UNDER CASBE FOR THE YEAR ENDING 31 DECEMBER 2013

Financial Advisers to the Company



This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

References are made to the announcements of the Company dated 27 March 2012 (the “**March Announcement**”) and 18 June 2012 (the “**June Announcement**”) in relation to the Major Assets Reorganization. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the March Announcement and the June Announcement respectively.

PROFIT FORECASTS IN RELATION TO THE MAJOR ASSETS REORGANIZATION PREPARED UNDER CASBE FOR THE YEAR ENDING 31 DECEMBER 2013

In compliance with the PRC laws and regulations and pursuant to the requirements of the CSRC, in addition to the 2012 Profit Forecasts, the Board has reviewed and approved (i) the 2013 Enlarged Group Profit Forecast; and (ii) the 2013 Target Assets Profit Forecast on 24 August 2012. The 2013 Profit Forecasts have been disclosed on the website of the Shanghai Stock Exchange. To ensure equal dissemination of unpublished price sensitive information in the stock exchange markets where the Shares are listed, the Company discloses the details of the 2013 Profit Forecasts by way of this announcement.

GENERAL

All material information in relation to the 2013 Profit Forecasts has been disclosed in this announcement. Investors can also refer to the 2013 Profit Forecasts reports (in Chinese only) published on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk) by the Company.

The 2013 Profit Forecasts are prepared based on the assumptions and estimations of the Board for illustrative purposes only and do not provide any assurance or indication that any event will take place in the future and may not give a true picture of the results of the Enlarged Group and/or the Target Assets for the year ending 31 December 2013.

As the Board has made no reference to the 2013 Profit Forecasts in determining the terms for the Major Assets Reorganization, the Shareholders and potential investors in H Shares should not rely on the information in the 2013 Profit Forecasts when they assess the merits and demerits of the Major Assets Reorganization.

Investors are cautioned that the Major Assets Reorganization is subject to various conditions precedent. The Major Assets Reorganization may or may not proceed or become unconditional or effective. There is no assurance that all the conditions precedent contained in the Absorption and Merger Agreement and Assets Acquisition Agreement can be satisfied. Investors and potential investors in Shares of the Company should exercise care, and should only rely on information published by the Company, when they deal, or contemplate dealing, in the H Shares or other securities of the Company.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

References are made to the March Announcement and the June Announcement. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the March Announcement and the June Announcement respectively.

PROFIT FORECASTS IN RELATION TO THE MAJOR ASSETS REORGANIZATION PREPARED UNDER CASBE FOR THE YEAR ENDING 31 DECEMBER 2013

In compliance with the PRC laws and regulations and pursuant to the requirements of the CSRC, in addition to (i) the Enlarged Group Profit Forecast and (ii) the Target Assets Profit Forecast for the year ending 31 December 2012 (collectively the “**2012 Profit Forecasts**”, which was approved by the Board on 15 June 2012 and announced by the Company on 18 June 2012), the Board has reviewed and approved (i) the profit forecast of the Enlarged Group (the “**2013 Enlarged Group Profit Forecast**”); and (ii) the profit forecast of the Target Assets (the “**2013 Target Assets Profit Forecast**”, together with the 2013 Enlarged Group Profit Forecast, the “**2013 Profit Forecasts**”) for the year ending 31 December 2013 under the CASBE in the meeting of the Board on 24 August 2012. The 2013 Profit Forecasts have been disclosed on the website of the Shanghai Stock Exchange. To ensure equal dissemination of unpublished price sensitive information in the stock exchange markets where the Shares are listed, the Company discloses the details of the 2013 Profit Forecasts by way of this announcement.

The 2013 Enlarged Group Profit Forecast

Based on the bases and principal assumptions set out below and in the absence of unforeseen circumstances, the forecasted revenue and the profit of the Enlarged Group for the year ending 31 December 2013 will be as follows:

	For the year ending 31 December 2013 Forecasted RMB'000
Revenue (main operation)	11,815,857
Profit for the year	877,388

Bases and principal assumptions

The 2013 Enlarged Group Profit Forecast has been prepared on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2011 and is based on the following principal assumptions:

1. there will not be any significant changes in the existing government policies and political, legal, fiscal, market or economic conditions in the PRC, Hong Kong or any countries/regions in which the Enlarged Group carries on its business, or any other countries/regions that may have significant impact on the businesses of the Enlarged Group;
2. there will not be any material adverse changes in the existing state and local laws, rules, or regulations in the PRC, Hong Kong or any countries/regions in which the Enlarged Group carries on its business, or with which the Enlarged Group has any arrangement or agreement

- with any parties operates therein;
3. there will not be any significant changes in the prospects of the Enlarged Group and the industry it operates and the market conditions for the sales of product and provisions of services by the Enlarged Group;
 4. there will not be any material delay in the production schedules, operational projects and capacity expansion projects planned by the Enlarged Group;
 5. there will not be any material changes in the market prices of the pharmaceutical-related raw materials and the labor cost in the PRC;
 6. there will be no interruption of operations that will adversely affect the Enlarged Group as a result of shortage of supply of raw materials, which are beyond management's control;
 7. there will not be any significant changes in the current inflation rates, interest rates and foreign currency exchange rates in the business environments that the Enlarged Group operates;
 8. there will not be any significant changes in the taxation system and relevant tax bases, tax rates and preferential tax applicable to the Enlarged Group in the PRC, Hong Kong or any country or region in which the Enlarged Group carries on its business;
 9. the Enlarged Group and the operation of the Enlarged Group will not be severely affected or interrupted by any force majeure events or any unpredictable factors, and any unpredictable reasons that are out of the control of the Directors;
 10. there will be no significant deviation of the weighted average selling price of all types of products offered by the Enlarged Group under normal operations in 2013, after taking into account of the sales discounts and rebates, from that of 2011;
 11. the unrealized profits from inter-company transactions and connected transactions of the Enlarged Group included in the inventory balance before elimination for consolidation for the year ending 31 December 2013 will be consistent with those for the year ended 31 December 2011;
 12. the net profit attributable to the owners of the Company in the 2013 Enlarged Group Profit Forecast is calculated based on the assumption that the completion of transactions contemplated under the Major Assets Reorganization had taken place before 31 December 2011;
 13. apart from transactions contemplated under the Major Assets Reorganization, there will be no material changes in the existing structure of the Enlarged Group and the shareholding interests of the Company in its subsidiaries, joint ventures and associates for the year ending 31 December 2013;

14. certain subsidiaries of the Enlarged Group will be able to renew their high-tech enterprise certifications which expired/expires in 2011 and 2012 respectively and will continue to calculate and pay the enterprise income tax at a rate of 15% in the PRC in 2013;
15. there will be no breaches of laws by the Enlarged Group and the management of the Enlarged Group which will cause any material adverse impact on the Enlarged Group; and
16. the Enlarged Group excludes Guangzhou WangLaoJi Great Health Industry Company Limited* (廣州王老吉大健康產業有限公司) and any revenue, cost and expenses in relation to the operation of “red-canned” WangLaoJi herbal tea in 2012 and 2013.

The 2013 Target Assets Profit Forecast

Based on the bases and principal assumptions set out below and in the absence of unforeseen circumstances, the forecasted revenue and the profit of the Target Assets for the year ending 31 December 2013 will be as follows:

	For the year ending 31 December 2013 Forecasted RMB'000
Revenue (main operation)	140,820
Profit for the year	17,238

Bases and principal assumptions

The 2013 Target Assets Profit Forecast has been prepared on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2011 and is based on the following principal assumptions:

1. there will not be any significant changes in the existing government policies and political, legal, fiscal, market or economic conditions in the PRC, Hong Kong or any countries/regions in which the Target Assets carry on its business, or any other countries/regions that may have significant impact on the businesses of the Target Assets;
2. there will not be any material adverse changes in the existing state and local laws, rules, or regulations in the PRC, Hong Kong or any countries/regions in which the Target Assets carry on its business, or with which the Target Assets have any arrangement or agreement with any parties operates therein;
3. there will not be any material changes in the prospects of the Target Assets and the industry it operates and the market conditions for the sales of product and provisions of services by the Target Assets;

4. there will not be any material delay in the production schedules, operational projects and capacity expansion projects planned by the Target Assets;
5. there will not be any material changes in the market prices of the pharmaceutical-related raw materials and the labor cost in the PRC;
6. there will be no interruption of operations that will adversely affect the Target Assets as a result of shortage of supply of raw materials, which are beyond management's control;
7. there will not be any significant changes in the current inflation rates, interest rates and foreign currency exchange rates in the business environments that the Target Assets operate;
8. there will not be any significant changes in the taxation system and relevant tax bases and tax rates applicable to the Target Assets in the PRC, Hong Kong or any country or region in which the Target Assets carry on its business;
9. the Target Assets and the operation of the Target Assets will not be severely affected or interrupted by any force majeure events or any unpredictable factors, and any unpredictable reasons that are out of the control of the Directors; and
10. there will be no significant deviation of the weighted average selling price of all types of products offered by the Target Assets under normal operations in 2013, after taking into account of the sales discounts and rebates, from that of 2011.

Responsibility

The Board is satisfied that the 2013 Profit Forecasts, for which the Directors are solely responsible, have been made after due and careful enquiry. In the event that such 2013 forecasts are not met, or if any event occurs during the forecast period which would significantly affect any of the assumptions above, the Company will make further announcement to explain the reasons and/or its view of the likely impact of that event on the 2013 Enlarged Group Profit Forecast and/or the 2013 Target Assets Profit Forecast.

Letters from the Financial Advisers

The financial advisers (the “**Financial Advisers**”) of the Company, Celestial Capital Limited and Goldman Sachs (Asia) L.L.C., have reviewed the 2013 Profit Forecasts and discussed with the Directors the bases and assumptions made by the Directors as set out above upon which the 2013 Profit Forecasts have been prepared. The Financial Advisers have also considered the letters from BDO referred to below regarding the accounting policies and the calculations upon which the 2013 Profit Forecasts have been made.

On the basis of the foregoing, the Financial Advisers are of the opinion that the 2013 Profit Forecasts, for which the Directors are solely responsible, have been made after due and careful enquiry. The letters from the Financial Advisers prepared in accordance with the requirements of the Listing Rules have been lodged with the Hong Kong Stock Exchange.

Letters from BDO

BDO CHINA SHU LUN PAN Certified Public Accountants LLP (“**BDO**”), the reporting accountants of the Company, has reviewed the calculations and accounting policies adopted in arriving at the 2013 Profit Forecasts and is of the opinion that, so far as the calculations and accounting policies are concerned, the 2013 Profit Forecasts have been properly complied in accordance with the bases and assumptions made by the Directors as set out above and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group in preparing the audited financial statements of the Group for the year ended 31 December 2011 in accordance with CASBE. The letters from BDO prepared in accordance with the requirements of the Listing Rules has been lodged with the Hong Kong Stock Exchange.

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The 2013 Profit Forecasts are prepared based on the assumptions and estimations of the Board for illustrative purposes only and do not provide any assurance or indication that any event will take place in the future and may not give a true picture of the results of the Enlarged Group and/or the Target Assets for the year ending 31 December 2013.

As the Board has made no reference to the 2013 Profit Forecasts in determining the terms for the Major Assets Reorganization, the Shareholders and potential investors in H Shares should not rely on the information in the 2013 Profit Forecasts when they assess the merits and demerits of the Major Assets Reorganization.

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The Board of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 24 August 2012

As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Li Chuyuan, 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.

** For identification purpose only*