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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 PROGRESS OF VERY SUBSTANTIAL ACQUISITIONS
AND CONNECTED TRANSACTIONS INVOLVING MAJOR ASSETS
REORGANIZATION**

References are made to the announcements of the Company dated 27 March 2012, 18 June 2012, 24 August 2012 and 16 October 2012 respectively and the circular of the Company dated 4 September 2012 (the “Circular”) 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 Circular.

Reference is also made to the announcement of the Company dated 17 September 2012 (the “Announcement”). As set out in the Announcement, the Company and BYS confirmed that Guangzhou Liby Enterprise Group Company Limited* (廣州立白企業集團有限公司) (“GZ Liby”) will act as the Cash Alternative Provider for BYS Shareholders, and Great Wall Securities Company Limited* (長城證券有限責任公司) (“Great Wall Securities”) will act as the Put Option Provider for GPC A Shares and H Shares for GPC Dissenting Shareholders.

It was confirmed by the Company, BYS and Great Wall Securities that the Put Option Provider for GPC H Shares for GPC Dissenting Shareholders has been changed to Yue Xiu Securities Holdings Limited (“Yuezheng Holdings”), while Great Wall Securities and GZ Liby will continue to act as the Put Option Provider for GPC A Shares for GPC Dissenting Shareholders and the Cash Alternative Provider for BYS Shareholders respectively.

Yuezheng Holdings is a limited liability company established in Hong Kong in accordance with the laws of Hong Kong, and is mainly engaged in providing financial services. Its wholly-owned subsidiary, Yue Xiu Securities Company Limited, is a corporation licensed to carry out type 1 (Dealing in securities) and type 4 (Advising on securities) regulated activities under the SFO.

Yuezheng Holdings is a wholly-owned subsidiary of Yue Xiu Group Company Limited* (越秀集團有限公司), which is a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of Guangzhou Municipal Government* (廣州市人民政府國有資產監督管理委員會).

To the best knowledge of the Directors, (i) Yuezheng Holdings is neither a connected person to the Company or to GPLH nor a party acting in concert with GPLH, and does not hold any interest in the Company as at the date of this announcement; (ii) Yuezheng Holdings, GZ Liby and Great Wall Securities are not parties acting in concert with each other; and (iii) Yuezheng Holdings has sufficient financial resources to provide the Put Option for GPC H Shares to the GPC Dissenting Shareholders.

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 the Shares 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.

The Board of Directors
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 8 November 2012

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