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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)

PROGRESS OF THE MAJOR ASSETS REORGANIZATION

This announcement is made by Guangzhou Pharmaceutical Company Limited (the “**Company**”) for the purpose of providing information on the progress of the Proposed Assets Acquisition which forms part of the Major Assets Reorganization. Unless otherwise defined, capitalized terms used in this announcement have the meaning given to them in the circular of the Company in relation to the Major Assets Reorganization dated 4 September 2012 (the “**Circular**”).

The Board is pleased to announce that the Proposed Assets Acquisition was completed on 30 June 2013, relevant details of which are as follow:

- (a) among the Target Assets, the Target Properties, 100% equity interest in Po Lian and 12.5% equity interest in Baxter have already been transferred and registered under the name of the Company;
- (b) the total gross floor area of the Target Properties registered under the name of the Company was 34,769.19 sq. m., which was 137.74 sq. m. less than the total gross floor area provided under the Assets Acquisition Agreement. In this regard, GPHL has paid RMB1,342,300 to the Company as compensation pursuant to its undertaking signed in June 2012, such amount represented the corresponding valuation as set out in the “Asset valuation on the properties and trademarks held by Guangzhou Pharmaceutical Holdings Limited intended to be acquired through private placement of additional shares by Guangzhou Pharmaceutical Company Limited (Zhong Tian Heng Ping Ping Zi [2012] No. 26)” which formed Appendix VII(A) of the Circular (the “**Assets Valuation Report**”);
- (c) the Target Trademarks in the Target Assets are in the process of being transferred for registration under the name of the Company; and

- (d) pursuant to the Assets Acquisition Agreement, the Company and GPLH have signed an asset transfer settlement statement on 30 June 2013 under which: (i) GPLH undertook to use its best endeavours to process the transfer of the trademarks and will ensure that the Company can use these trademarks without having to pay consideration during the period of transfer; and (ii) if these trademarks cannot be transferred to the Company, GPLH will fully indemnified the Company in cash in respect of those trademarks which cannot be transferred in accordance with the valuation of such trademarks contained in the Assets Valuation Report within 10 working days after the Trademark Office of The State Administration For Industry & Commerce of the PRC (中國國家工商行政管理總局商標局) has determined against the transfer.

The Company will apply to the Shanghai Branch of the China Securities Depository and Clearing Company Limited (中國證券登記結算有限責任公司上海分公司) for the registration of the GPC A Shares to be issued in relation to the Proposed Assets Acquisition accordingly.

The Board of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 2 July 2013

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.