

Guangzhou Pharmaceutical Company Limited's (the "Company") 13th meeting of the 2nd term of the Board of Directors, which was held on 4 April 2002 in the conference room of the Company's premises at 2nd Floor, 45 Sha Mian North Street, Guangzhou Province, the People's Republic of China (the "PRC") was attended by all nine eligible directors; Mr. Cai Zhixiang, the Chairman of the Company presided over the meeting; and the Company's supervisors and senior management have also attended the meeting. The meeting was in accordance with the Company Law of the PRC and the Company's articles of association. After detailed discussion, all of the directors in attendance agreed on the following resolutions:

1. considered and approved the directors' report for the year 2001;
2. considered and approved the report of the Supervisory Committee for the year 2001;
3. considered and approved the audited accounts for the Company for the year 2001;
4. considered and approved the auditors' reports for the year 2001;
5. considered and approved the reappointment of the retiring auditors' (Guangzhou Yangcheng Certified Public Accountants Co. Ltd.) and the international auditors (PricewaterhouseCoopers) and to authorise the Board to determine their respective remunerations;
6. considered and approved the resolution of profit distribution and dividend payment for the year 2001;
 - i) the profit distribution and dividend payment of the Company and its related enterprises are to be as follows:
 - a) the related enterprises are to transfer 10% to the statutory surplus reserve fund; 10% to the statutory public welfare reserve; 20% to the discretionary surplus reserve.
 - b) the Company is to transfer 10% to the statutory surplus reserve fund; 5% to the statutory public welfare reserve; no transfer is to be made to the discretionary surplus reserve.
 - ii) Following the above, the Company's consolidated net profit available for distribution will be Rmb49.185 million, the full year dividend for 2001 is recommended to be Rmb0.06 per share (inclusive of tax for 'A' shares), the total amount of dividends to be distributed amounts to Rmb48.654 million, which leaves Rmb0.53 million as retained earnings.
7. considered and approved the projected net profit distribution policy for the Company in 2002;

the Company proposes that there will be only one dividend distribution in 2002; the amount to be apportioned as dividend will not be lower than 30% of the net profit and this will be distributed in the form of cash; the Company does not plan to make any conversions from surplus reserve into capital.

8. considered and approved the amount of emoluments to be paid to the directors and supervisors of the Company;

it is proposed that in 2002, the emoluments for the Company's directors and supervisors will be Rmb2.5 million and Rmb0.45 million respectively, a total of Rmb2.95 million.

9. considered and approved amendments to the Company's articles of association; (see attached announcement)
10. considered and approved the rules and procedures for general meetings;
11. considered and approved the rules and procedures for directors meetings;
12. considered and approved the rules for the system of independent directors;
13. considered and approved the system for releasing information to the market;
14. considered and approved the system of work for the general manager;
15. considered and approved the resolution regarding the long-term incentive mechanism for the Company in 2002:
 - i) eligible parties: chairman, vice chairman, directors (does not include independent directors), supervisors (does not include external supervisors), general managers, deputy general managers, financial controllers, company secretary, middle management and principal technicians.
 - ii) profit target: based on PRC accounting standards, the profit target for 2002 will be at the profit to net asset ratio of 12% (excluding all non-operating factors).

A resolution will be proposed at the shareholder's meeting to authorise the board of directors to set profit target each year at the directors' meeting. The profit target will be at a level not below the above-mentioned and will be set with reference to the situation at the time. The profit target for the current year will be released at the same time when the prior year's annual report is announced.

- iii) distribution of incentive fund: the actual annual allocation to the incentive fund to reward the eligible parties will be based on the financial results under the PRC accounting standards and will not exceed 1.78% of that year's profit. The amount will be allocated to the incentive fund as operating cost for that year.

A resolution will be proposed at the shareholder's meeting to authorize the board of directors to set the allocation ratio. The ratio will be at a level not exceeding the above-mentioned and will be set with reference to the situation at the time. The ratio for the current year will be released at the same time when the prior year's annual report is announced.

16. Considered and approved the proposal to be proposed at the 2001 annual general meeting to authorise the directors to allot and issue new shares (H shares):
- a) subject to paragraphs c) and d) and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and the Company Law of the PRC and other relevant regulations, the exercise by the directors of all the powers of the Company to allot and issue new shares, either separately or concurrently during the Relevant Period and the exercise of powers by the directors to determine the terms and conditions for the allotment and issue of new shares including the following terms:
 - i) number of new shares to be issued;
 - ii) issue price of new shares;
 - iii) the starting and closing time for the issue;
 - iv) class and number of the new shares to be issued to existing shareholders; and
 - v) the making or granting of offers, agreements and options which might require the exercise of such powers.
 - b) the approval in paragraph (a) shall authorise the directors during the Relevant Period to make grant offers, agreements and options which would or might be exercised after the end of the Relevant Period.
 - c) the aggregate nominal amount of overseas listed foreign shares and domestic shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors pursuant to the approval in paragraph a), otherwise than pursuant to issue of shares by conversion of the statutory surplus reserve into capital in accordance with the Company Law of the PRC and the articles of association of the Company and other relevant regulations, shall not exceed twenty per cent (20%) of each of the existing overseas listed foreign shares and domestic shares of the Company.
 - d) in exercising the powers granted under paragraph (a), the directors must (1) comply with the Company Law of the PRC and other relevant regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time); and (2) obtain approval from the China Securities Regulatory Commission.

- e) For the purpose of this Resolution:
- “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
- 1) twelve months from the date of passing this resolution;
 - 2) the conclusion of the next annual general meeting of the company; and
 - 3) the revocation or variation of the mandate granted under this resolution by special resolution of the shareholders in general meeting.
- f) the directors, subject to the approval of the relevant authorities and in accordance with the Company Law of the PRC, be and is hereby authorised to increase the registered share capital of the Company to the respective amount upon the exercise of the powers pursuant to paragraph a) above, provided that the registered share capital shall not exceed Rmb973,080,000.
- g) Subject to the approval of the relevant PRC authorities, the Board be and is hereby authorised to make appropriate and necessary amendments to the articles of association (including Article 18 and Article 21) to reflect the alteration of the registered share capital of the Company pursuant to the exercise of this mandate.
17. approved the resolution to convene the 2001 Annual General Meeting with details as follows:
- i) Notice is hereby given that the Company will hold its Annual General Meeting (AGM) at 10 am on Friday, 7th June, 2002 at the Company’s premises at 45 Sha Mian North Street, Guangzhou Province, the People’s Republic of China to deal with the following matters:
- A) By way of ordinary resolutions:
- 1) to consider and approve the directors’ report for the year 2001;
 - 2) to consider and approve the report of the Supervisory Committee for the year 2001;
 - 3) to consider and approve the audited accounts for the Company for the year 2001;
 - 4) to consider and approve the auditors’ reports for the year 2001;
 - 5) to consider and approve the reappointment of the retiring auditors (Guangzhou Yangcheng Certified Public Accountants Co. Ltd.) and the international auditors (PricewaterhouseCoopers) and to authorise the board of directors (the “Board”) to determine their remunerations;

- 6) to consider and approve the resolution of profit distribution and dividend payment for the year 2001;
 - 7) to consider and approve the projected net profit distribution policy for the Company in 2002;
 - 8) to consider and approve the amount of emoluments to be paid to the directors of the Company and to authorise the Board to decide the amount for each directors;
 - 9) to consider and approve the amount of emoluments to be paid to the supervisors of the Company and to authorise the Board to decide the amount for each supervisors; and
 - 10) to consider and approve the resolution regarding the long-term incentive mechanism for the Company in 2002.
- B) By way of special resolutions:
- 1) to consider and approve amendments to the Company's articles of association; (see attached announcement)
 - 2) to consider and approve the rules and procedures for shareholders' meetings; and
 - 3) to consider and approve the proposal to authorise the Board to allot and issue new shares.
- ii) Attendees:
- 1) Domestic and foreign shareholders whose names appear on the Register of Members of the Company at the close of trading in the afternoon on Monday, 13 May 2002, are entitled to attend the meeting. The Register of Members of the Company will be closed from Wednesday, 8th May 2002 to Friday, 7th June 2002 (both days inclusive) during which period no transfer of 'H' shares will be effected;
 - 2) Each shareholder can appoint his/her proxy to attend the meeting on his/her behalf (Proxy form attached); and
 - 3) the directors, supervisors and senior management of the Company.

iii) Registration for the meeting:

- 1) Registration procedures: to attend the meeting, an individual shareholder should bring along his/her identity card, shareholder account card; a proxy should bring along his/her identity card, the power of attorney, shareholder account card of his/her appointer; a representation of a legal person should bring along his/her identity card, the power of attorney issued by the unit, shareholder account card of the legal person and a copy of the business licence of the legal person. Overseas shareholders can make registration by mail, telephone or fax.
- 2) Registration time: 8:30 am - 11:30 am and 2:00 pm - 4:30 pm on Friday, 24 May 2002
- 3) Place of registration: Company Secretary Office

iv) In order to qualify for the final dividend, the shareholders of the Company's H shares should prepare all of the necessary transfer documentation for the distribution of the final dividend and lodge with HKSCC Registrars Limited by 4:00 pm on 7 May 2002. A further notice will be made in relation to the share registration date, payment date and distribution arrangements for holders of 'A' shares.

v) Others:

- 1) Shareholders attending the meeting shall be responsible for their own travelling and accommodation expenses.
- 2) Contact person: Mr. He Shuhua
Tel: +86(020) 81218106
Fax: +86(020) 81876408