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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)

ANNOUNCEMENT OF RESOLUTIONS PASSED AT THE 31ST MEETING OF THE THIRD SESSION OF THE BOARD

Guangzhou Pharmaceutical Company Limited (the “Company”) and all members of the Board of Directors (the “Board”) hereby confirm the truthfulness, accuracy and completeness of the contents of this announcement and jointly and severally accept full responsibility for any false representation, misleading statement or material omission herein contained.

The 31st meeting of the third session of the Board of the Company was held on 27 April 2007 at the Company’s conference room at Room 203, 2nd Floor, 45 Sha Mian North Street, Guangzhou City, Guangdong Province, the PRC, notice of which was dispatched on 12 April 2007 by way of fax and email. 7 out of the 7 eligible directors attended the meeting, among whom Mr. Chen Zhinong appointed Mr. Yang Rongming to attend the meeting and vote on his behalf and Mr. Wong Hin Wing, an independent non-executive director, attended the meeting by means of telephone. The meeting was presided by the Chairman, Mr. Yang Rongming. The supervisors, senior management and lawyers of the Company attended the meeting, which was in compliance with the requirements of the Company Law and the Articles of Association of the Company.

After due consideration, the following resolutions were unanimously passed with 7 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting:

1. Report of the Board for the year 2006;
2. The financial reports of the Company for the year 2006;
3. The auditors’ reports for the year 2006;

4. The proposed profit distribution and dividend payment for the year 2006;
 - (a) The distribution of the profit after tax of the Company and its subsidiaries for the year 2006 are as follows:
 - 1) among the subsidiaries, manufacturing business transfers 10% to the statutory surplus reserve fund, 10% to the discretionary surplus reserve; trading business transfers 10% to the statutory surplus reserve fund, 20% to the discretionary surplus reserve.
 - 2) the Company transfers 10% to the statutory surplus reserve fund, and no transfer is made to the discretionary surplus reserve.
 - b) Payment of a final dividend of RMB0.084 per share (including withholding tax for A shares) totalling RMB68,115,600.

5. The projected profit distribution policy for the year 2007;

The Company projected that there would be only one dividend distribution in 2007. The amount to be apportioned as dividends would not be lower than 30% of the net profit and would be distributed in the form of cash. The Company did not plan to make any transfer from surplus reserve to capital in 2007.

6. The total emoluments to be paid to the directors of the Company for the year 2007;

It is projected that the total emoluments for the Company's directors for 2007 would be approximately RMB2,000,000.

7. The total emoluments to be paid to the supervisors of the Company for the year 2007;

It is projected that the total emoluments for the Company's supervisors for 2007 would be approximately RMB400,000.

8. The re-appointment of Guangdong Yangcheng Certified Public Accountants Co. Ltd. and PricewaterhouseCoopers, whose appointments have expired, as the domestic and international auditors respectively, and the authorization of the Board to determine their respective remuneration;

9. The first quarterly report of the Company in 2007;

10. The nomination of Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Feng Zansheng as candidates for election as directors of the new session of the Board of the Company, and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua as candidates for election as independent non-executive directors of the new session of the Board of the Company (profiles attached in Attachment 1);

11. The change of the previous accounting policy and adjustment of the previous accounting estimation pursuant to the requirements of the new accounting standards;

12. The adjustment of the accounting treatment to the employee benefits in medical insurance payable for the retirees of the Group for the next five years;
13. The resolution to convene the annual general meeting for the year 2006.

The Board of directors of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 27 April 2007

Attachement 1:

Profiles of the candidates for election as executive directors

Mr. Yang Rongming, aged 53, Chairman of the Company, was a postgraduate and is currently the Chairman and General Manager of Guangzhou Pharmaceutical Holdings Limited (“GPHL”). Mr. Yang started his career in October 1970 and served as vice factory manager of Guangzhou Monosodium Glutamate and Food Factory, Deputy General Manager of Guangzhou Ao Sang Monosodium Glutamate & Food Co., Ltd, Director and General Manager of Guangzhou Eagle Coin Enterprises Group Corporation, Chairman and General Manager of Guangzhou Zhujiang Brewery Group Co., Ltd and Chairman of Guangzhou Zhujiang Brewery Co., Ltd. Mr. Yang is also Director of Guangzhou Xingqun Pharmaceutical Co., Ltd., Guangzhou Zhongyi Pharmaceutical Company Ltd. and Guangzhou Pharmaceuticals Corporation and Chairman of Guangzhou Pharmaceutical Soccer Club Co., Ltd. Mr. Yang has extensive experience in business management and sales and marketing.

Mr. Shi Shaobin, aged 39, Director and General Manager of the Company, was a postgraduate and holds a master degree in business administration, and is a senior engineer in pharmacy. Mr. Shi started his career in 1989, and had served as a technician in research institute, salesman in Sales Department, head of the Administration Department, assistant to General Manager, Manager of Marketing Department and Deputy General Manager of Guangzhou Jingxiutang Pharmaceutical Co., Ltd., Chairman and General Manager of Guangzhou Yangcheng Pharmaceutical Co., Ltd.. He is also a director and Chief Executive Officer of Guangzhou Wanglaoji Pharmaceutical Co., Ltd.. Mr. Shi has extensive experience in corporate production, marketing and operation management.

Mr. Feng Zansheng, aged 56, Director of the Company, joined GPHL in 1970. He graduated from Guangzhou Medical College in 1977 with a Diploma in Medical Treatment. Mr. Feng is the Chairman and General Manager of Guangzhou Pharmaceuticals Corporation, and Vice Chairman of the Chinese Medical Commerce Association. He is also an executive member of Guangdong Medical Society and Vice Commissioner of Trading Speciality. Mr. Feng has extensive experience in corporate management and pharmaceutical trading.

Profiles of the candidates for election as independent non-executive directors

Mr. Wong Hin Wing, aged 44, has been an Independent Non-executive Director of the Company since 26 March 2004. Mr. Wong holds a master degree in Executive Business Administration from the Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors, the Association of Chartered Certified Accountants, as well as a member of the American Institute of Certified Public Accountants. He is also a fellow member of the Institute of Chartered Secretaries and Administrators and a member of the Securities Institute in the United Kingdom. Mr. Wong is currently the managing director and Responsible Officer of Legend Capital Partners Inc., a licensed corporation under the Securities and Futures Ordinance. He has over 23 years of experience in accounting, finance, investment management and advisory. Mr. Wong had worked with an international audit firm for four years and was the chief financial officer of a listed public company for seven years. He is also a director of Aeon Credit Service (Asia) Company Limited.

Mr. Liu Jinxiang, aged 66, graduated from Xi’an Construction Technology University in 1964, had been appointed as independent non-executive director of the Company from August 2000 to March 2004. Mr. Liu was previously Chairman of Yue Xiu Enterprises (Holdings) Limited, Guangzhou Investment Company Limited, and Yue Xiu Transportation Company Limited. He was once Vice-Mayor of Guangzhou City and head of Guangzhou’s Economic Committee. Mr. Liu has over 40 years’ experience in industrial technology and management of enterprise and economic affairs.

Mr. Li Shanmin, aged 44, graduated from Nanjing Agricultural University with a doctorate degree in management science (previous agricultural science). He is currently a professor of the school of management of Zhongshan University, mentor of a Ph. D. student in finance and investment majors, section chief for finance and state-owned asset section of Zhongshan University, secretary-general of Zhongshan University Education Fund, a member of International Financial Management Association. Mr. Li is also acting as the independent director of Hubei Yihua Chemical Industry Co., Ltd, Guangzhou Zhujiang Industrial Co., Ltd and China Soft Package Company Limited, directive expert of postdoc station of the Shenzhen Stock Exchange.

Mr. Zhang Yonghua, aged 48, graduated from Huazhong Normal University with a bachelor degree of Law in 1982, and got a master degree of Law in 1989. He is currently the director of education and legal system institute under the School of Law of Guangdong University of Foreign Studies. Mr. Zhang acted as deputy director of Publicity Department of Huazhong Normal University, vice-professor of School of Political science & Law, deputy director of minor department of Guangzhou University of Foreign Students, deputy director of Guangdong University of Foreign Students. Mr. Zhang is concurrently the director of Guangdong Law Society, consultation expert of legal system office of Guangzhou government, the second session commissioner of Guangzhou Arbitration Commission and intercessor of Guangzhou Arbitration Commission.

Attachment 2:

Declaration in respect of the nomination of Independent Non-executive Director of Guangzhou Pharmaceutical Company Limited

The Board of Guangzhou Pharmaceutical Company Limited publicly declared its nomination of Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua as candidates for election as Independent Non-executive Directors of the 4th session of the Board of Guangzhou Pharmaceutical Company Limited. The nominated candidates have absolutely no relationship with Guangzhou Pharmaceutical Company Limited which may affect the independence of the nomination. The particulars are as follows:

This nomination is made in full knowledge of the nominated candidates' profession, academic background, professional posts, detailed work experience, and all other concurrent posts. The nominated candidates have already given written consent to be appointed as Independent Non-executive Director of the 4th section of the Board of Guangzhou Pharmaceutical Company Limited (Declarations of Candidates for Independent Non-executive Directors are enclosed). The nominator is of the opinion that each nominated candidate:

1. is qualified to be a director of a listed company based on statues, administrative laws and regulations and other stipulations;
2. complies with the conditions of employment stipulated in the Articles of Association of Guangzhou Pharmaceutical Company Limited;
3. has the independence required by the Guidance on Setting Up a System of Independent Non-executive Directors for Listed Companies issued by the China Securities Regulatory Commission;
 - (i) Neither the nominated candidate nor his immediate relatives, nor other important social connections was be employed by Guangzhou Pharmaceutical Company Limited;
 - (ii) Neither the nominated candidate nor his immediate relatives are shareholders holding either directly or indirectly 1% or more of the issued shares of Guangzhou Pharmaceutical Company Limited, nor are they amongst the ten largest shareholders of Guangzhou Pharmaceutical Company Limited;
 - (iii) Neither the nominated candidate nor his immediate relatives hold office as shareholders holding 5% or more of the issued shares of Guangzhou Pharmaceutical Company Limited, nor may they held office as one of the top five shareholders in such company;
 - (iv) Over the past year, the nominated candidate did not fall within any of the criteria in the above three points that would affect their independent.
 - (v) The nominated candidate is not an employee providing such services as financial, legal, management consultancy or technical consultancy to such company.

4. The nominated candidate may not concurrently hold more than five posts of Independent Non-executive Director in listed companies, including Guangzhou Pharmaceutical Company Limited.

Guangzhou Pharmaceutical Company Limited pledges the veracity, completeness and correctness of the above declaration and that it does not contain any false or misleading statements. Guangzhou Pharmaceutical Company Limited is fully aware of the possible consequences of making a false declaration.

**Nominator: The Board of
Guangzhou Pharmaceutical Company Limited**

27 April 2007

Attachment 3:

**Declaration of the Candidate for Election as Independent Non-executive Director of
Guangzhou Pharmaceutical Company Limited**

The declarant, Wong Hin Wing, as candidate for election as an Independent Non-executive Director of the 4th session of the Board of Directors of Guangzhou Pharmaceutical Company Limited (the “Company”), hereby publicly declares, that there does not exist any relationship between myself and the Company which may affect my independence during my tenure as Independent Non-executive Director of the Company. Particulars of the declaration are as follows:

1. Neither myself nor my immediate relatives, nor other important social connections was employed by the Company or its associated companies (referring to the enterprises in which the Company is holding more than 50% equity interest or the Company has effective controlling rights);
2. Neither myself nor immediate relatives are shareholders holding either directly or indirectly 1% or more of the Company’s issued shares;
3. Neither myself nor my immediate relatives are amongst the ten largest shareholders of the Company;
4. Neither myself nor my direct relations hold office in shareholder entities holding either directly or indirectly 5% or more of the Company’s issued shares;
5. Neither myself nor my immediate relatives hold office in the Company’s five largest shareholders entities;
6. Over the part year, I did not fall within any of the criteria in the above five points that would affect my independence for election as an Independent Non-Executive Director of the Company;
7. I do not provide such services as financial, legal, management consultancy or technical consultancy to the Company or its associated companies;
8. I have not received any other benefits from the Company, its major shareholders or interested institutions or employees which have not been disclosed;
9. I comply with the conditions of employment stipulated in the Article of Association of the Company.

In addition, I do not concurrently hold the post of Independent Non-executive Director in more than five listed companies including Guangzhou Pharmaceutical Company Limited.

I am fully aware of the responsibilities attached to the post of Independent Non-executive Director and pledge the veracity, completeness and correctness of the above declaration and that it does not contain any false or misleading statements. I am fully cognisant of the possible consequences of making a false declaration. The China Securities and Regulatory Commission may ascertain my independence and employment qualifications from this declaration. During my tenure as an Independent Non-executive Director of the Company, I will comply with the requirements of the regulations, stipulations and notices promulgated by the China Securities and Regulatory Commission, I will ensure that I have enough time and energy to carry out my obligations, that my judgement will be independent and that I will not be affected by the Company's major shareholders, the practical controlling personages, or other units or individuals which have interests in the Company.

Declarant: Wong Hin Wing

27 April 2007

Attachment 4:

**Declaration of the Candidate for Election as Independent Non-executive Director of
Guangzhou Pharmaceutical Company Limited**

The declarant, Liu Jinxiang, as candidate for election as an Independent Non-executive Director of the 4th session of the Board of Directors of Guangzhou Pharmaceutical Company Limited (the "Company"), hereby publicly declares, that there does not exist any relationship between myself and the Company which may affect my independence during my tenure as Independent Non-executive Director of the Company. Particulars of the declaration are as follows:

1. Neither myself nor my immediate relatives, nor other important social connections was employed by the Company or its associated companies (referring to the enterprises in which the Company is holding more than 50% equity interest or the Company has effective controlling rights);
2. Neither myself nor my immediate relatives are shareholders holding either directly or indirectly 1% or more of the Company's issued shares;
3. Neither myself nor my immediate relatives are amongst the ten largest shareholders of the Company;
4. Neither myself nor my immediate relatives hold office in shareholder entities holding either directly or indirectly 5% or more of the Company's issued shares;
5. Neither myself nor my immediate relatives hold office in the Company's five largest shareholders entities;
6. Over the part year, I did not fall within any of the criteria in the above five points that would affect my independence for election as an Independent Non-Executive Director of the Company;
7. I do not provide such services as financial, legal, management consultancy or technical consultancy to the Company or its associated companies;
8. I have not received any other benefits from the Company, its major shareholders or interested institutions or employees which have not been disclosed;
9. I comply with the conditions of employment stipulated in the Article of Association of the Company.

In addition, I do not concurrently hold the post of Independent Non-executive Director in more than five listed companies including Guangzhou Pharmaceutical Company Limited.

I am fully aware of the responsibilities attached to the post of Independent Non-executive Director and pledge the veracity, completeness and correctness of the above declaration and that it does not contain any false or misleading statements. I am fully cognisant of the possible consequences of making a false declaration. The China Securities and Regulatory Commission may ascertain my independence and employment qualifications from this declaration. During my tenure as an Independent Non-executive Director of the Company, I will comply with the requirements of the regulations, stipulations and notices promulgated by the China Securities and Regulatory Commission, I will ensure that I have enough time and energy to carry out my obligations, that my judgement will be independent and that I will not be affected by the Company's major shareholders, the practical controlling personages, or other units or individuals which have interests in the Company.

Declarant: Liu Jinxiang

27 April 2007

Attachment 5:

**Declaration of the Candidate for Election as Independent Non-executive Director of
Guangzhou Pharmaceutical Company Limited**

The declarant, Li Shanmin, as candidate for election as an Independent Non-executive Director for the 4th session of the Board of Directors of Guangzhou Pharmaceutical Company Limited (the "Company"), hereby publicly declares that there does not exist any relationship between myself and the Company which may affect my independence during my tenure as Independent Non-executive Director of the Company. Particulars of the declaration are as follows:

1. Neither myself nor my immediate relatives, nor other important social connections was employed by the Company or its associated companies (referring to the enterprises in which the Company is holding more than 50% equity interest or the Company has effective controlling rights);
2. Neither myself nor my immediate relatives are shareholders holding either directly or indirectly 1% or more of the Company's issued shares;
3. Neither myself nor my immediate relatives are amongst the ten largest shareholders of the Company;
4. Neither myself nor my immediate relatives hold office in shareholder entities holding either directly or indirectly 5% or more of the Company's issued shares;
5. Neither myself nor my immediate relatives hold office in the Company's five largest shareholders entities;
6. Over the part year, I did not fall within any of the criteria in the above five points that would affect my independence for election as an Independent Non-Executive Director of the Company;
7. I do not provide such services as financial, legal, management consultancy or technical consultancy to the Company or its associated companies;
8. I have not received any other benefits from the Company, its major shareholders or interested institutions or employees which have not been disclosed;
9. I comply with the conditions of employment stipulated in the Article of Association of the Company.

In addition, I do not concurrently hold the post of Independent Non-executive Director in more than five listed companies including Guangzhou Pharmaceutical Company Limited.

I am fully aware of the responsibilities attached to the post of Independent Non-executive Director and pledge the veracity, completeness and correctness of the above declaration and that it does not contain any false or misleading statements. I am fully cognisant of the possible consequences of making a false declaration. The China Securities and Regulatory Commission may ascertain my independence and employment qualifications from this declaration. During my tenure as an Independent Non-executive Director of the Company, I will comply with the requirements of the regulations, stipulations and notices promulgated by the China Securities and Regulatory Commission, I will ensure that I have enough time and energy to carry out my obligations, that my judgement will be independent and that I will not be affected by the Company's major shareholders, the practical controlling personages, or other units or individuals which have interests in the Company.

Declarant: Li Shanmin

27 April 2007

Attachment 6:

**Declaration of the Candidate for Election as Independent Non-executive Director of
Guangzhou Pharmaceutical Company Limited**

The declarant, Zhang Yonghua, as candidate for for election as an Independent Non-executive Director for the 4th session of the Board of Directors of Guangzhou Pharmaceutical Company Limited (the "Company"), hereby publicly declares that there does not exist any relationship between myself and the Company which may affect my independence during my tenure as Independent Non-executive Director of the Company. Particulars of the declaration are as follows:

1. Neither myself nor my immediate relatives, nor other important social connections are employed by the Company or its associated companies (referring to the enterprises in which the Company is holding more than 50% equity interest or the Company has effective controlling rights);
2. Neither myself nor my immediate relatives are shareholders holding either directly or indirectly 1% or more of the Company's issued shares;
3. Neither myself nor my immediate relatives are amongst the ten largest shareholders of the Company;
4. Neither myself nor my direct relations hold office in shareholder entities holding either directly or indirectly 5% or more of the Company's issued shares;
5. Neither myself nor my immediate relatives hold office in the Company's five largest shareholders entities;
6. Over the part year, I did not fall within any of the criteria in the above five points that would affect my independence for election as an Independent Non-Executive Director of the Company;
7. I do not provide such services as financial, legal, management consultancy or technical consultancy to the Company or its associated companies;
8. I have not received any other benefits from the Company, its major shareholders or interested institutions or employees which have not been disclosed;
9. I comply with the conditions of employment stipulated in the Article of Association of the Company.

In addition, I do not concurrently hold the post of Independent Non-executive Director in more than five listed companies including Guangzhou Pharmaceutical Company Limited.

I am fully aware of the responsibilities attached to the post of Independent Non-executive Director and pledge the veracity, completeness and correctness of the above declaration and that it does not contain any false or misleading statements. I am fully cognisant of the possible consequences of making a false declaration. The China Securities and Regulatory Commission may ascertain my independence and employment qualifications from this declaration. During my tenure as an Independent Non-executive Director of the Company, I will comply with the requirements of the regulations, stipulations and notices promulgated by the China Securities and Regulatory Commission, I will ensure that I have enough time and energy to carry out my obligations, that my judgement will be independent and that I will not be affected by the Company's major shareholders, the practical controlling personages, or other units or individuals which have interests in the Company.

Declarant: Zhang Yonghua

27 April 2007

Please also refer to the published version of this announcement in The Standard / Hong Kong Economic Times.