

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 FOURTH MEETING OF THE FOURTH 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 fourth meeting of the fourth session of the Board of the Company was held on 26 October 2007 at the Company’s conference room at Room 203, 2nd Floor, 45 Sha Mian North Street, Guangzhou City, Guangdong Province, the People’s Republic of China (the “PRC”), notice of which was dispatched to all directors of the Company (“Directors”) on 12 October 2007 by way of fax and email. Seven out of seven eligible Directors attended the meeting which was presided by Mr. Yang Rongming, the Chairman. The supervisors, senior management members and lawyers of the Company attended the meeting as non-voting members, which was in compliance with the requirements of the Company Law and the Articles of Association of the Company.

After due consideration, the following five resolutions were considered and voted upon by the Directors attending the meeting and the results were as follows:

Resolutions number 1, 2, 4 and 5 were passed with 7 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting; Resolution number 3 was

passed with 6 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting, on which Mr. Yang Rongming abstained from voting .

1. The 2007 third quarterly report of the Company;
2. The resolution to re-structure and establish a number of special committees of the Board, which will be submitted to the forthcoming shareholders' meeting for consideration and approval;

It was approved that the original Investment Development Committee and the Remuneration & Evaluation Committee be re-structured to be Strategic Development & Investment Committee and Nomination & Remuneration Committee respectively, and that a new Budget Committee be established. The above special committees of the Board shall each consist of five members.

3. The resolution in relation to renewal of the Office Leasing Agreement, the Accommodation Services Agreement and the Premises Leasing Agreement which are to be entered into between the Company and Guangzhou Pharmaceutical Holdings Limited (“GPHL”). Details of which are set out as follows:

Proposed agreements	Main contents	Terms	Annual amount (RMB'000)
Office Leasing Agreement	The renewal of leasing of the office premises (the front portion) located on 2 nd Floor, 45 Sha Mian North Stree, Guangzhou City, Guangdong Province, the PRC by the Company from GPHL, with the rent unchanged	1 September 2007 ~ 31 August 2010	Approximately 540.60
Accommodation Services Agreement	GPHL continued to provide accommodation services to the employees of the Company and its subsidiaries, with the rent unchanged.	1 January 2008 ~ 31 December 2010	Approximately 390.10
Premises Leasing Agreement	The leasing of various operational premises from GPHL by the Company	1 January 2008 ~ 31 December 2010	Approximately 4,145.7

4. The resolution to amend the relevant articles under the Articles of Association

of the Company, which will be submitted to the forthcoming shareholders' meeting for consideration and approval:

(1) that the first paragraph of existing Article 11 shall be amended as follows:

Article 11 The Company's business scope covers the operation, investment, development and financing of state-owned assets, development and manufacturing of CPM, biological products and healthcare medicines and drinks (licensed), wholesale of dangerous chemicals (wholesale and retail of ethanol), sales of medical apparatus (licensed: three categories of injection apparatus, medical and optical instruments and apparatus and endoscopic equipment, medical X-ray equipment, extracorporeal circulation and blood processing equipment, equipment and apparatus for operation theatres, accidents and emergency rooms and clinics and medical macromolecule materials and products; two categories of general treatment apparatus, physiotherapy and rehabilitation equipment, medical X-ray auxiliary devices and components, clinical testing and analytical apparatus and diagnosis reagent, medical suture materials and adhesives and bandages) and wholesale and retail trade (except for the commodities exclusively sold and controlled by the State). (The following operation are carried out by the branches):

(2) The followings shall be added to the end of existing Article 53:

Directors, supervisors and senior management members of the Company shall be obliged to prevent a controlling shareholder from embezzlement of the Company's funds. In the event that any director or senior management member of the Company provides assistance to or allows a controlling shareholder and his/her respective subsidiaries to misappropriate the property/properties of the Company, the Board of the Company shall impose penalties to such person directly accountable for such misconduct, and remove the director(s) with material responsibility from office, as the case may be. In case that a controlling shareholder of the Company misappropriates the property/properties of the Company, including but not limited to the embezzlement of the Company's funds, the Board of the Company shall submit application on behalf of the Company to the People's Court, to freeze the misappropriated property/properties and the shares of the Company held by such controlling shareholder. In the event that such controlling shareholder is

not capable of restoring the property/properties of the Company misappropriated by him/her to its/their original conditions or to make compensation to the Company in cash for the misappropriation, the Company has the right to seek restitution of the misappropriated property/properties from such controlling shareholder by way of disposal of the shares of the Company held by him/her in accordance with the provisions and procedures of applicable laws, regulations and rules.

5. Report on the Governance and Reformation of the Company (Please refer to the websites of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited for the full texts).

The Board of Directors of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 26 October 2007

As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Feng Zansheng as Executive Directors, and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua as Independent Non-executive Directors.