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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 FIFTH 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 fifth meeting of the fourth session of the Board of the Company was held on 28 March 2008 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 March 2008 by way of fax and email. All of the seven eligible directors attended the meeting, among whom Mr. Wong Hin Wing, Independent Non-executive Director, attended the meeting by means of telephone. The meeting was presided over by Mr. Yang Rongming, the Chairman of the Board. The supervisors, senior management 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 by the directors attending the meeting, resolutions numbered 1 to 12 and 14 to 18 set out below were passed with 7 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Resolution numbered 13 set out below was passed with 6 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting, on which Mr. Yang Rongming refrained from voting.

1. Report of the Board of the Company for the year 2007;
2. The financial reports of the Company for the year 2007;
3. The auditors' reports of the Company for the year 2007;
4. The proposed profit distribution and dividend payment of the Company for the year 2007;
 - (1) The proposed distribution of the profit after tax of the Company and its subsidiaries for 2007 is 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.
 - (2) The Company proposes to distribute the final dividend of RMB 0.124 per share (including withholding tax for A shares) for 2007, totalling RMB 100,551,600.
5. Consolidation of the joint ventures based on their percentage of shareholding;

In the first quarterly report, interim report and the third quarterly report in 2007, the joint venture 廣州王老吉藥業股份有限公司 (Guangzhou WangLaoJi Pharmaceutical Company Limited) has been accounted for based on the equity method of accounting without being consolidated. The Company now in accordance with its actual condition consolidates its joint ventures based on their percentage of shareholding. The Company does not expect the adoption of such accounting policy will have any negative impact on the net profits and net assets of the Group, however, it expects that this will have material impact on the scales of operations and asset of the Group.

6. Adjustment of relevant items and their amounts as previously disclosed in the balance sheet for early 2007;

Pursuant to the relevant requirements of “Accounting Standard for Business Enterprises No. 38 - First time Adoption of Accounting Standards for Business Enterprises” and the “Notice of Disclosure of Relevant Financial Information under the New Accounting Standard” (Zheng Jian Fa 2006 No.136), the Company prepared the figures at the beginning of 2007 under the new accounting standards, and a reconciliation statement of equity under the new and the old accounting standards. In year 2007, pursuant to the requirements of “Interpretation No. 1 to the Accounting Standards for Business Enterprises” (Cai Hui 2007 No. 14) and the latest interpretation of the Accounting Standard for Business Enterprises by the Ministry of Finance, there were two major changes in light of reality: firstly, joint ventures of the Company were proportionately consolidated in the combined statement; secondly, the long-term equity investment in the subsidiaries of the Company was stated at cost in the statements of the parent company. Therefore, adjustments were made to the previously disclosed items within the balance sheet and their amounts as at the beginning of 2007.

For detailed changes or adjusted items and their amounts, please refer to Note 13 to 2007 Annual Report of the Company.

7. The total service emoluments to be paid to the supervisors of the Company for the year 2008. Details are set out as follows:

It is projected that the total service emoluments for the Company’s directors for 2008 would be approximately RMB 1,800,000.

8. The total service emoluments to be paid to the supervisors of the Company for the year 2008. Details are set out as follows:

It is projected that the total service emoluments for the Company’s supervisors for 2008 would be approximately RMB 320,000.

9. The re-appointment of Shu Lun Pan Yangcheng Certified Public Accounts Co., Ltd (formerly known as “Guangdong Yangcheng Certified Public Accountants Co., Ltd.”) and PricewaterhouseCoopers, whose appointments have expired, as the domestic and international auditors respectively, and the proposal to the shareholders’ meeting to authorize the Board to determine their respective remuneration;

10. The provision of guarantees by the Company to secure bank loans for its certain subsidiaries in 2008;

In order to ensure a smooth operation, the Company intends to provide guarantees for the loan facilities for its subsidiaries for the year of 2008, namely Guangzhou Han Fang Contemporary Medicine Research & Development Co., Ltd. (“Guangzhou Han Fang”), Guangzhou Bai Di Biotechnology Co., Ltd. (“Guangzhou Bai Di”), Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd (“Cai Zhi Lin Pharmaceutical”) and Guangzhou Pharmaceutical Import & Export Corporation (“Import & Export Corporation”). They are planning to apply for integrated credit facilities from banks of RMB80 million, RMB20 million, RMB100 million and RMB60 million respectively.

The details of the financial position of the four subsidiaries are as follows:

Company Name	Cumulative guarantee amount in 2007 (RMB'000)	Gearing ratio as at 31 December 2007	Shareholding (%)
Guangzhou Han Fang	51,920	>70%	72.96
Guangzhou Bai Di	10,000	>60%	95.69
Cai Zhi Lin Pharmaceutical	30,000	>70%	100.00
Import & Export Corporation	50,000	>70%	100.00

Meanwhile, the Chairman of the Company is authorized to execute limited guarantees for bank loans, details of which are as follows:

- (1) The Chairman is authorized to execute loan guarantee on behalf of the Board for Guangzhou Han Fang, Guangzhou Bai Di, Cai Zhi Lin Pharmaceutical and Import & Export Corporation within the limit of guarantees approved by the Board and the shareholders’ meeting of the Company.

- (2) The Chairman is authorized to execute loan guarantee on behalf of the Board for each bank loan of up to RMB 100 million for the subsidiaries of the Company with a gearing ratio of less than 70%, in which the Company holds 51% controlling interest or more.

11. The resolution regarding converting the borrowings of some subsidiaries into capital:

Guangzhou Han Fang and Guangzhou Bai Di, the Company's controlling subsidiaries, have serious problem of insufficient funds and require long-term financial support from the Company. Considering the fact that the companies will not be able to repay the borrowings and the interests incurred, the Company has transferred the RMB 35 million of borrowings to Guangzhou Han Fang and the RMB 48 million of borrowings to Guangzhou Bai Di to capital at RMB 1.00 per share. Upon such transfer, shareholding of the Company in Guangzhou Han Fang and Guangzhou Bai Di would be 96.93% and 97.26% respectively.

12. The resolution regarding the impairment provision of the long-term equity investment to some subsidiaries:

Pursuant to the requirements of the Accounting Standards and Interpretation to the Accounting Standard No.1, the Company's long-term investment to the subsidiaries is stated at cost. The carrying value of the long-term equity investment originally stated using the equity method shall be retrospectively adjusted as the initial amount of investment, and the Company shall set aside impairment provisions for the impaired long-term equity investment.

The carrying value of long-term equity investment of the Company to Guangzhou Han Fang, Guangzhou Bai Di and Cai Zhi Lin Pharmaceutical is retrospectively adjusted as the initial amount of investment according to the requirements, and impairment provisions of RMB 55 million, RMB 47 million and RMB 69 million are made respectively for the Company's long-term equity investment in light of the actual operations of the above subsidiaries.

13. The resolution regarding the Agreement in relation to the Sales and Purchase Connected Transactions entered between the Company and Guangzhou Pharmaceutical Holdings Limited;

14. Working System on annual reports of Independent Directors (《獨立董事年報工作制度》) (please refer to the website of the Shanghai Stock Exchange for details);
15. Working Rules on annual reports of Audit Committee (《審核委員會年報工作規程》) (please refer to the website of Shanghai Stock Exchange for details);
16. Amendment of the relevant articles under the Articles of Association of the Company:

The existing Article 155 is amended as:

In accordance with resolutions passed by the Company in the shareholders' meeting, the Board sets up several special committees. All committees comprised of directors, and shall be convened by independent directors other than Strategic Development and Investment Committee. The majority of the members of the Audit Committee shall be independent non-executive directors, of whom at least one independent director shall be a professional accountant.

17. Amendment of the relevant articles under the Rules and Procedures for the Meeting of the Board of the Company:

- (1) The existing Article 23 is amended as:

The Board or the Nomination and Remuneration Committee thereof are responsible for formulating the criteria of appraisal of the directors and conducting the appraisal. In the event that the Board or the Nomination and Remuneration Committee are evaluating the performance of a director or determining his/her remuneration, such director shall be refrained from the meeting.

- (2) The existing Article 37(3) is amended as:

- (3) To determine the operation and investment plans of the Company. The authority to grant approval for each of investment plans is as follows:

- 1) investment plans with an investment amount of less than 3% of the latest audited and recognized net asset value of the Company, including entering into material contracts (guarantees, mortgages, borrowings, commissioned operations, entrustment, donation, contracting and leasing, etc.) and foreign investments (acquisitions, mergers, short term investment projects, etc.), shall be approved by the Strategic Development and Investment Committee and filed with the Board;

2) investment plans with an investment amount of 3% to 10% of the latest audited and recognized net asset value of the Company, including entering into material contracts (guarantees, mortgages, borrowings, commissioned operations, entrustment, donation, contracting and leasing, etc.) and foreign investments (acquisitions, mergers, short term investment projects, etc.), shall be approved by the Board;

3) Sub-paragraph 1 under the existing Article 37(4) is amended as:

1. investment plans with an investment amount of less than 3% of the latest audited and recognized net asset value of the Company shall be approved by the Strategic Development and Investment Committee and filed with the Board;

(4) The existing Article 41 is amended as:

Article 41 Pursuant to the Code of Corporate Governance for Listed Companies, the Board shall establish certain special committees such as the Strategic Development and Investment Committee, Audit Committee, Nomination and Remuneration Committee and Budget Committee as on demand. All members of the special committees are directors, and the majority of the members of the Audit Committee, Nomination and Remuneration Committee and Budget Committee shall be independent non-executive Directors who act as convenors. At least one independent director in the Audit Committee shall be a professional in accounting. The main duties of each special committee are set out below. Please refer to the Rules of Implementation of each committee for details.

(1) Duties of the Strategic Development and Investment Committee mainly include:

- 1) to study the long-term development strategy and major investment of the Company and give advice thereon;
- 2) to review or approve the proposed investment projects of the Company, and to review and supervise the implementation of the Company's investment projects subject to the authorization of the Board;
- 3) to review, approve and manage the other investment projects authorized by the Board.

(2) Duties of the Audit Committee mainly include:

- 1) to propose the appointment or change of external auditors;
- 2) to supervise the internal auditing system of the Company and its implementation;
- 3) to communicate between internal auditors and external auditors;
- 4) to review the financial information of the Company and its disclosure;
- 5) to review the internal control system of the Company.

(3) Duties of the Nomination and Remuneration Committee mainly include:

- 1) to study the criteria and procedures for selection of directors, general manager and other senior management and give advice thereon;
- 2) to seek for persons with the qualifications and conditions as directors and senior management, examine them and give recommendation thereto;
- 3) to study the criteria of appraisal of directors and senior management, conduct appraisal and give advice thereon;
- 4) to study and review the remuneration policy and plans for directors and senior management.

(4) Duties of the Budget Committee mainly include:

To direct the formulation of the annual operation plans and targets, annual budget plans of the Company, and supervise and examine the implementation.

18. A proposal for convening 2007 Annual General Meeting(the date of which and matters to be considered will be further notified).

Resolutions numbered 1 to 4, resolutions numbered 7 to 10, resolution numbered 13 and resolutions numbered 16 and 17 above will submit to the 2007 AGM for discussion.

The Board of Directors of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 28 March 2008

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.