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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 EIGHTEENTH 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 eighteenth meeting of the fourth session of the Board was held on 26 March 2010 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 despatched on 10 March 2010 by way of fax and email. All of the seven eligible directors attended the meeting, among whom, Mr. Yang Rongming, the Chairman of the Board, and Mr. Zhang Yonghua, an independent non-executive director, were unable to attend the meeting personally and respectively appointed Mr. Shi Shaobin, an executive director and Mr. Li Shanmin, an independent non-executive director, to attend the meeting and vote on their behalf. Mr. Shi Shaobin, an executive director, was elected to preside over the meeting by more than one half of the directors of the Board. The supervisors, senior management, lawyers and auditors of the Company attended the meeting. The meeting was in compliance with the requirements of the Company Law and the Articles of Association of the Company.

After due consideration by the directors of the Board, resolutions numbered 1 to 8, 10 to 15 set out below were passed with 7 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Resolution numbered 9 set out below was passed with 5 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Mr. Shi Shaobin and Mr. Feng Zansheng refrained from voting on resolution numbered 9.

1. Report of the Board of the Company for the year 2009;
2. Financial reports of the Company for the year 2009;
3. Auditors’ reports of the Company for the year 2009;

4. Proposed profit distribution and dividend payment of the Company for the year 2009;
 - (1) The proposed distribution of the profit after tax of the Company and its subsidiaries for 2009 is as follows:
 - 1) Among the subsidiaries, manufacturing business transfers 10% to the statutory surplus reserve fund and 10% to the discretionary surplus reserve; the trading business transfers 10% to the statutory surplus reserve fund and 20% to the discretionary surplus reserve.
 - 2) The Company transfers 10% to the statutory surplus reserve fund. No transfer is made to the discretionary surplus reserve.
 - (2) The Company proposes to distribute the final dividend of RMB0.05 per share (including withholding tax) for 2009, totaling RMB40.545 million.

5. Social responsibility report of the Company for the year 2009 (the text of which has been published on the website of The Shanghai Stock Exchange);
6. Self-evaluation report on the internal control of the Company (the text of which has been published on the website of The Shanghai Stock Exchange);
7. Total service emoluments to be paid to the directors of the Company for the year 2010;

It is projected that the total service emoluments for the Company's directors for the year 2010 would be approximate RMB1 million.

8. Total service emoluments to be paid to the supervisors of the Company for the year 2010;

It is projected that the total service emoluments for the Company's supervisors for the year 2010 would be approximate RMB0.4 million.

9. Provision of loans by the Company to Guangzhou Pharmaceutical Corporation ("GP Corp.");

In order to improve the efficient usage of the Company's capital and the business development demand of GP Corp., a joint venture of the Company, the Company intends to provide loans of not more than RMB200 million to GP Corp. by 30 June 2011, the interest rates of the loans will be determined by reference to the interest rates of bank loans offered to GP Corp.. Meanwhile, the chairman of the Board is authorized to sign relevant documents in relation to provision of loans to GP Corp. within the line of credit approved by the Board and at the general meeting of the Company.

GP Corp. is a 50% owned trading enterprise of the Company, the legal representative of which is Xiaoying Gao (高小英). Its registered capital is RMB400 million and its scope of business covers: wholesale and retail of Chinese Patent Medicine, western medicine and medical apparatus. The income from the principal operations of GP Corp. for the year 2009 amounted to RMB11,310,827,000 and its

net profit was RMB111,199,000. As at the end of 2009, its net assets were RMB1,057,460,000 and it did not have any contingent liabilities. As at the date of this announcement, neither the Company nor its subsidiaries had provided any loans or guarantees to GP Corp..

As Mr. Shi Shaobin, a director of the Company, is currently the vice chairman of GP Corp., and Mr. Feng Zansheng, a director of the Company, is the director and president of GP Corp., the provision of loans by the Company to GP Corp. constitutes a connected transaction under the relevant listing rules of The Shanghai Stock Exchange. In consideration of this resolution, Mr. Shi Shaobin and Mr. Feng Zansheng, being connected directors, refrained from voting on this resolution. Meanwhile, the independent directors of the Company expressed their independent opinions on the transaction. The independent directors of the Company considered that the above connected transaction was on commercial terms, which was fair, just and equitable, and are beneficial to the parties involved. It was also in line with the long-term development of the Company and in the interests of its shareholders as a whole.

The connected transaction shall be presented at the general meeting of the Company for approval, and connected persons who have interests in this connected transaction shall abstain from voing on this resolution.

10. Provision of guarantees by the Company to secure bank loans for its subsidiaries;

In order to ensure a smooth operation of the business and manufacturing activities, the Company intends to provide guarantees to secure the respective loan facilities (as stated in the following table) of its subsidiaries, namely Guangzhou Han Fang Modern Medicine Research & Development Co., Ltd. (“Guangzhou Han Fang”), Guangzhou Bai Di Bio-technology Co., Ltd. (“Guangzhou Bai Di”), Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd (“Cai Zhi Lin”) and Guangzhou Pharmaceutical Import & Export Corporation (“Import & Export Corporation”), by 30 June 2011 upon the actual needs of their operation.

The financial position of the above-mentioned subsidiaries and the intended aggregate bank loan facilities to apply for are as follows:

Company	Accumulative guarantee amount as at the date of the announcement (RMB'000)	Term of guarantee	Gearing ratio as at 31 December 2009	Shareholding	Proposed bank loan facilities (RMB'000)
Guangzhou Han Fang	0	1 year	<70%	97.04%	60,000
Guangzhou Bai Di	0	1 year	<70%	97.26%	20,000
Cai Zhi Lin	8,000	1 year	>70%	100%	120,000
Import & Export Corporation	4,000	5 months	>70%	100%	100,000
	1,000	1 year			

As at the date of the announcement, the accumulative guarantee amount provided by the Company was RMB130 million, and it did not have any overdue amount of the guarantee.

Information of the above subsidiaries of the Company is set out below:

Name of enterprise	Income from principal operations for 2009 (RMB'000)	Net profit for 2009 (RMB'000)	Net assets as at the end of 2009 (RMB'000)	Equity directly held by the Company (%)	Relationship with the Company
Guangzhou Han Fang	75,443	(14,983)	67,390	97.04	Subsidiary of the Company
Guangzhou Bai Di	1,505	(8,395)	46,981	97.26	Subsidiary of the Company
Cha Zhi Lin	1,379,234	8,171	30,236	100.00	Subsidiary of the Company
Import & Export Corporation	269,343	(998)	24,181	100.00	Subsidiary of the Company

The chairman of the Board is authorized to execute limited guarantees for bank loans, details of which are as follows:

- (1) The chairman is authorized to execute loan guarantees on behalf of the Board for Guangzhou Han Fang, Guangzhou Bai Di, Cai Zhi Lin 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 guarantees on behalf of the Board for each bank loan of up to RMB100 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. Amendment of the Articles of Association of the Company, details of which are set out as follow:

The existing Article 11 is amended as:

The business scope of the Company should be consistent with those set out in the business license. The Company shall engage in operations within the business scope registered with the Administration for Industry and Commerce.

The business scope of the Company covers: the operation, investment, development and financing of state-owned assets; development and manufacturing of Chinese Patent Medicine ("CPM") (licensed); manufacturing of biological products, healthcare medicines and drinks (licensed); wholesale and retail trade (including CPM and except for items exclusively sold and controlled by other countries) (licensed). General cargo and transportation agency; wholesale of coal, packaged food and wine distribution.

(The following operation are carried out by branches): Wholesale of packaged food, wine (not containing healthcare food) (food licensed); wholesale of Chinese medicines (through purchase), Chinese traditional prepared herbal medicine slice, CPM, chemical crude drug and its preparation antibiotics crude drugs and its preparations, biochemical medicines, biological products (except vaccine) (drugs licensed); wholesale of dangerous chemicals: 3(1), 3(2), 3(3), 4(1), 5(1), 5(2), 6(1), 8(1), 8(2), 8(3) (except highly toxicants, refined oil products and liquefied petroleum gas); wholesale and retail of ethanol (95%) (dangerous chemicals licensed); sales of category III of injection apparatus, 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; category II of general treatment apparatus, medical and optical instruments and apparatus and endoscopic equipment, 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 (medical apparatus licensed); wholesale of healthcare food (hygiene licensed); wholesale of category I of medical apparatus; provision of technological services for new technology, products and materials in the medicine sector; product information enquiry; import and export of goods and technology (exclusive of projects restricted by the state); operation of imported material processing and three categories of processing and one category of compensation business; field leasing and storage (except dangerous chemicals).

12. Amendment of the Information Disclosure Management Bylaws of the Company (the text of which has been published on the website of The Shanghai Stock Exchange);
13. Major Responsibility for Errors of Annual Information Disclosure Bylaws of the Company (the text of which has been published on the website of The Shanghai Stock Exchange);
14. Insider Information and Registration Bylaws of the Company (the text of which has been published on the website of The Shanghai Stock Exchange);
15. Proposal for convening the 2009 Annual General Meeting (the date and matters to be considered will be further notified).

Resolutions numbered 1 to 4 and resolutions numbered 7 to 11 above will be submitted to the 2009 Annual General Meeting for consideration.

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 26 March 2010

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.