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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 2nd MEETING OF THE FIFTH 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 2nd meeting of the fifth session of the Board of the Company was held on 27 August 2010 at the Company’s conference room, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the People’s Republic of China (the “PRC”), notice of which was despatched on 13 August 2010 by way of fax and email. All of the nine eligible directors attended the meeting, among whom, Mr. Yang Rongming, the chairman, was unable to attend the meeting and appointed Mr. Li Chuyuan, the vice chairman, to attend the meeting and vote on his behalf. Mr. Li Chuyuan, the vice chairman of the Board, presided over the meeting. The supervisors, senior management and the lawyer 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 Board, resolutions numbered 1 to 4 set out below were passed with 9 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Resolution numbered 5 set out below was passed with 8 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Mr. Shi Shaobin refrained from voting on resolution numbered 5. Resolutions numbered 6 to 8 set out below were passed with 6 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Mr. Yang Rongming, Mr. Li Chuyuan and Mr. Shi Shaobin refrained from voting on resolutions numbered 6 to 8.

1. The 2010 interim report of the Company (please refer to the website of The Shanghai Stock Exchange for details).
2. The financial reports of the Company for the first half of 2010.

3. Amendment to the Articles of Association of the Company, details of which are set out as follows:

The existing Article 6 is amended as follows:

These Articles of Association are amended by way of special resolution passed at the general meeting of the Company and come into effect thereupon, with the existing related Articles of Association voided on the same day.

These Articles of Association shall be, with effect from their effective date, taken as the instrument with binding effect in governing the Company's organisation and corporate behaviour, the rights and obligations between the Company and shareholders and among shareholders.

The existing Article 23 is amended as follows:

Shares held by the promoters in the Company shall not be transferred within one year from the date of incorporation of the Company. Shares issued by the Company before the share offering shall not be transferred within one year from the date on which the shares of the Company are listed on a stock exchange.

Directors, supervisors and senior management of the Company shall declare their shareholdings in the Company and the changes therein to the Company; and shall not transfer more than 25% of their shareholdings in the Company during their respective term of office or transfer their shares within one year from the date on which the shares of the Company are listed on a stock exchange. The aforesaid persons shall not transfer their shares in the Company within half a year after leaving their offices.

In the event that any director, supervisor or senior management of the Company or any person who holds more than 5% of the shares in the Company sells the Company's shares within six months after the acquisition of the same or repurchases the Company's shares within six months after sale of the same, any proceed arising therefrom shall be attributed to the Company and the Company's board of directors shall retrieve such proceed. In the case that the board of directors fails to comply with the requirements under this paragraph, the responsible director(s) shall assume joint liability according to the law.

In the case that the board of directors fails to comply with the requirements under the aforesaid paragraph, a shareholder shall have the right to request the board of directors to comply within thirty days. In case of the board of directors' failure to comply with the same within the aforesaid period, such shareholder shall have the right to institute a legal proceeding directly with the people's court in its own name for the benefit of the Company.

Unless otherwise required by the laws, administrative regulations and these Articles of Association, the shares of the Company may be freely transferred free from any lien. The Company shall not accept its shares being held as security under a pledge.

4. Amendment of the Code on Dealings in Securities of the Company by Directors, Supervisors and Senior Management (please refer to the website of The Shanghai Stock Exchange for details).
5. Provision of guarantees by Guangzhou Bai Di Bio-technology Co., Ltd (“Guangzhou Bai Di”), a subsidiary of the Company, to secure bank loans for Guangzhou Nuo Cheng Bio-technology Co., Ltd (“Nuo Cheng”).

Nuo Cheng is a joint venture established by Guangzhou Bai Di, a subsidiary of the Company, and Guangzhou Jia He Bio-technology Co., Ltd. (“Jia He”), in which Guangzhou Bai Di holds 50% equity interest. Nuo Cheng was founded in April 2006, and its legal representative is Mr. Zou Lijian. Its registered capital is RMB84,000,000, and its registered address is at Room A1001, Guangzhou International Business Incubator Area A, Guangzhou Science City, Luogang District, Guangzhou City. Nuo Cheng is mainly engaged in the production of Rabies Bacterin.

The general information of Nuo Cheng is as follows:

Items	2009	The first half of 2010
Income from principal operation (RMB'000)	42,016	1,107
Net profit (RMB'000)	2,048	(5,826)
Items	As at 31 December 2009	As at 30 June 2010
Total assets (RMB'000)	118,196	127,274
Total liabilities (RMB'000)	68,228	83,132
Net assets (RMB'000)	49,967	44,141
Gearing ratio (%)	57.72	65.32

In order to ensure a smooth operation, upon the demands of Nuo Cheng’s business development, Guangzhou Bai Di intends to provide not more than RMB80,000,000 bank loan guarantee limit to Nuo Cheng between the period from 1 January 2010 to 30 June 2011. The above-mentioned guarantees are joint and several liability guarantees provided jointly by Guangzhou Bai Di and Jia He.

As at the date of this announcement, the cumulative amount of guarantees provided by the Company and its subsidiaries amounted to RMB205,000,000, and there has been no overdue amount of the guarantee provided by the Company and its subsidiaries. The cumulative amount of guarantees provided to Nuo Cheng by the Company and its subsidiaries was RMB60,000,000.

As Mr. Shi Shaobin, a director of the Company, is currently the director of Nuo Cheng, the provision of guarantees by Guangzhou Bai Di to Nuo Cheng constitutes a connected transaction under the relevant listing rules of The Shanghai Stock Exchange. In consideration of this resolution, Mr. Shi Shaobin abstained from voting on this resolution. The independent directors of the Company gave

their independent opinions, the independent directors of the Company considered that the above connected transaction was on normal commercial terms, which were 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 the shareholders as a whole.

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

6. The resolution in relation to renewal of the Office Leasing Agreement, which is to be entered into between the Company and Guangzhou Pharmaceutical Holdings Limited (“GPHL”).

The Agreement	Contents	Term	The annual rent (RMB'000)
The Office Leasing Agreement	The leasing of the office premise located at the front portion of 2 nd Floor, 45 Sha Mian North Street, Guangzhou City, Guangdong Province, the PRC from GPHL by the Company, the rent rate of which shall remain unchanged.	From 1 September 2010 to 31 August 2013	Approximate 540

7. The resolution in relation to renewal of the Premises Leasing Agreement, which is to be entered into between the Company and GPHL.

The Agreement	Contents	Term	The annual rent (RMB'000)
The Premises Leasing Agreement	The leasing of operational premises from GPHL by the Company, the rent rate of which will be adjusted as agreed by the parties of the Premises Leasing Agreement, with reference to the market value of relevant properties. The rent rate of the above premises will remain unchanged during the validity of the Premises Leasing Agreement.	From 1 January 2011 to 31 December 2013	Approximate 1,280

8. The resolution in relation to renewal of the Accommodation Services Agreement, which is to be entered into between the Company and GPLL.

The Agreement	Contents	Term	The annual rent (RMB'000)
The Accommodation Services Agreement	The leasing of various houses located in Guangzhou City, Guangdong Province, the PRC from GPLL by the Company, which will be used by the Company's subsidiaries. The rent rate shall remain unchanged.	From 1 January 2011 to 31 December 2013	Approximate 360

Resolutions numbered 3 and 5 above will be submitted to the next general meeting of the Company 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, 27 August 2010

As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Li Chuyuan, Mr. Shi Shaobin and Mr. Wu Changhai as executive directors, and Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Mr. Wong Lung Tak Patrick and Mr. Qiu Hongzhong as independent non-executive directors.