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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 6th MEETING
OF THE FIFTH SESSION OF THE BOARD**

The 6th meeting of the fifth session of the Board of directors (the “Board”) of Guangzhou Pharmaceutical Company Limited (the “Company”) was held on 25 March 2011 at the Company’s conference room 203, 2nd Floor, 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 9 March 2011 by way of fax and email. All of the nine eligible directors attended the meeting, among whom, Mr. Wong Lung Tak Patrick, an independent non-executive director, attended the meeting by means of telephone communication; Mr. Liu Jinxiang and Mr. Qiu Hongzhong, independent non-executive directors, were unable to attend the meeting personally and respectively appointed Mr. Li Shanmin and Mr. Zhang Yonghua, independent non-executive directors, to attend the meeting and vote on their behalf. Mr. Yang Rongming, the chairman of the Board, presided over the meeting. The supervisors, senior management, the lawyers and the auditors of the Company also attended the meeting. The meeting was convened and held 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 10 and 13 to 14 set out below were passed with 9 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Resolution numbered 11 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 11. Resolution numbered 12 set out below was passed with 7 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Mr. Li Chuyuan and Mr. Shi Shaobin refrained from voting on resolution numbered 12.

1. Report of the Board of the Company for the year 2010;
2. Financial reports of the Company for the year 2010;
3. Auditors’ reports of the Company for the year 2010;

4. Proposed profit distribution and dividend payment of the Company for the year 2010 as follows;
 - (1) The proposed distribution of the profit after tax of the Company and its subsidiaries for 2010 as follows:
 - 1) Among the subsidiaries, manufacturing business transfers 10% of relevant company to the statutory surplus reserve fund and 10% of relevant company to the discretionary surplus reserve; trading business transfers 10% of relevant company to the statutory surplus reserve fund and 20% of relevant company 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 a final dividend of RMB0.05 per share (including withholding tax) for 2010, totaling RMB40.545 million;
5. The financial budget report of the Company for the year 2011;
6. Social responsibility report of the Company for the year 2010 (the text of which has been published on the website of The Shanghai Stock Exchange);
7. Self-evaluation report on the internal control of the Company for the year 2010 (the text of which has been published on the website of The Shanghai Stock Exchange);
8. Total service emoluments to be paid to the directors of the Company for the year 2011;

It is projected that the total service emoluments for the Company's directors for the year 2011 would be approximately RMB1.1 million.
9. Total service emoluments to be paid to the supervisors of the Company for the year 2011;

It is projected that the total service emoluments for the Company's supervisors for the year 2011 would be approximately RMB0.5 million.
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 Chinese Medicine Research and 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 Co., Ltd. (“Import & Export Co., Ltd.”), from 1 July 2011 to 30 June 2012 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 <i>(RMB'000)</i>	Term of guarantee	Gearing ratio as at 31 December 2010 <i>(%)</i>	Shareholding <i>(%)</i>	Proposed bank loan facilities <i>(RMB'000)</i>
Guangzhou Han Fang	5,000	1 year	75.29	97.04	60,000
Guangzhou Bai Di	0	1 year	43.45	98.48	20,000
Cai Zhi Lin	90,000	1 year	94.43	100	220,000
Import & Export Co., Ltd.	30,000	1 year	86.83	100	150,000

As at the date of this announcement, the accumulative guarantees amount provided by the Company was RMB125 million, and it did not have any overdue amount of guarantees.

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

Company	Income from principal operations for 2010 <i>(RMB'000)</i>	Net profit for 2010 <i>(RMB'000)</i>	Net assets as at the end of 2010 <i>(RMB'000)</i>	Equity directly held by the Company <i>(%)</i>	Relationship with the Company
Guangzhou Han Fang	85,031	(16,023)	51,311	97.04	Subsidiary of the Company
Guangzhou Bai Di	1,388	(6,823)	40,158	98.48	Subsidiary of the Company
Cai Zhi Lin	1,599,577	8,427	38,663	100	Subsidiary of the Company
Import & Export Co., Ltd.	685,233	1,569	25,589	100	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 Co., Ltd. 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 RMB100 million for the subsidiaries of the Company with a gearing ratio of not more than 70%, in which the Company holds more than 51% controlling interest.

11. Provision of guarantees by 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. Zhou 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	2010
Income from principal operations (<i>RMB'000</i>)	52,473
Net profit (<i>RMB'000</i>)	7,798

Items	As at 31 December 2010
Total assets (<i>RMB'000</i>)	175,327
Total liabilities (<i>RMB'000</i>)	117,562
Net assets (<i>RMB'000</i>)	57,765
Gearing ratio (%)	67.05

In order to ensure a smooth operation of Nuo Cheng after taking into account its demands for business development, Guangzhou Bai Di intends to provide not more than RMB80,000,000 bank loan guarantees limit to Nuo Cheng between the period from 1 July 2011 to 30 June 2012. 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 RMB185,000,000, 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, being connected director, abstained from voting on this resolution. Meanwhile, the independent directors of the Company expressed their independent opinions on the transactions and considered that the above connected transaction was on normal commercial terms, which was fair, just and equitable, and was 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.

12. Provision of capital increase by Guangzhou Pharmaceuticals Corporation (“GP Corp.”);

To cope with the need of rapid business development of GP Corp., the joint venture of the Company, the Company and Alliance BMP Limited (“Alliance BMP”) intended to contribute additional capital to GP Corp. according to their respective percentage of shareholdings, amounting to RMB300,000,000 in total. The amount of the capital increase will be entirely applied for increasing the registered capital of GP Corp. Upon completion of the capital increase, the total investment and registered capital of GP Corp. will increase from RMB1,200,000,000 and RMB 400,000,000 to RMB1,500,000,000 and RMB 700,000,000 respectively.

Details of change in the registered capital of GP Corp. is as follows:

	Before		After	
	Capital contribution	Shareholding	Capital contribution	Shareholding
	<i>(RMB'000)</i>	<i>(%)</i>	<i>(RMB'000)</i>	<i>(%)</i>
The Company	200,000	50	350,000	50
Alliance BMP	200,000	50	350,000	50
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Total	<u>400,000</u>	<u>100</u>	<u>700,000</u>	<u>100</u>

The two parties as shareholders will enter into signed the “Amendment to the Joint Venture Contract of Guangzhou Pharmaceuticals Corporation” and the “Amendment to the Articles of

Association of Guangzhou Pharmaceuticals Corporation” in respect of the aforesaid capital increase. The amount of the capital increase assumed by the two parties as shareholders will be paid in full within 30 days upon obtaining the approval for the capital increase. The shared portion of the capital increase of the Company to be made to GP Corp., amounting to RMB 150,000,000, will be paid out of the internal capital of the Company.

GP Corp. is a 50% owned joint venture of the Company and Alliance BMP, the legal representative of which is Xiaoying Gao. 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 2010 amounted to RMB 13,261,417,000 and its net profit was RMB120,697,000. As at the end of 2010, its net assets were RMB1,143,172,000 and its contingent liabilities were RMB0. As at the date of this announcement, neither the Company nor its subsidiaries had provided any loans or guarantees to GP Corp.

As Mr. Li Chuyuan, a director of the Company, is the director of GP Corp., and Mr. Shi Shaobin, a director of the Company, is currently the vice chairman of GP Corp., the provision of capital increase 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. Li Chuyuan and Mr. Shi Shaobin, 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.

13. Implementation of internal control program of work of the Company;
14. Proposal for convening the 2010 Annual General Meeting (the date and matters to be considered will be further notified).

Resolutions numbered 1 to 5 and resolutions numbered 8 to 11 above will be submitted to the 2010 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, 25 March 2011

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.