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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 12th MEETING OF THE FIFTH SESSION OF THE BOARD

The 12th meeting of the fifth session of the board of directors (the “Board”) of Guangzhou Pharmaceutical Company Limited (the “Company”) was held on 16 February 2012 at the Company’s conference room, 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 1 February 2012 by way of fax and email. All of the nine eligible directors attended the meeting, among whom, Mr. Li Shanmin, an independent non-executive director, attended the meeting by means of telephone communication; Mr. Shi Shaobin, an executive director, Mr. Wong Lung Tak Patrick and Mr. Qiu Hongzhong, independent non-executive directors, were unable to attend the meeting and respectively appointed Mr. Wu Changhai, an executive director, Mr. Liu Jinxiang 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, all the following resolutions were passed with 9 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting.

1. Report of the Board of the Company for the year 2011.
2. Financial reports of the Company for the year 2011.
3. Auditors’ reports of the Company for the year 2011.

4. Proposed profit distribution and dividend payment of the Company for the year 2011 as follows:
 - (1) The proposed distribution of the profit after tax of the Company and its subsidiaries for 2011 as follows:
 - 1) Among the subsidiaries, the manufacturing business transfers 10% of relevant company to the statutory surplus reserve fund and 10% of relevant company to the discretionary surplus reserve; the 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 RMB0.10 per share (including withholding tax) for 2011, totaling RMB81.09 million.
5. The financial budget report of the Company for the year 2012.
6. Social responsibility report of the Company for the year 2011 (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 2011 (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 2012.

It is projected that the total service emoluments for the Company's directors for the year 2012 would be approximately RMB1,300,000.

9. Total service emoluments to be paid to the supervisors of the Company for the year 2012.

It is projected that the total service emoluments for the Company's supervisors for the year 2012 would be approximately RMB400,000.

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 Contemporary 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 Co., Ltd. ("Import & Export Co., Ltd."), from 1 July 2012 to 30 June 2013 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 this announcement (RMB'000)	Term of guarantee	Gearing ratio as at 31 December 2011 (%)	Shareholding (%)	Proposed bank loan facilities (RMB'000)
Guangzhou Han Fang	5,000	1 year	74.84	97.04	60,000
Guangzhou Bai Di	–	1 year	45.09	98.48	20,000
Cai Zhi Lin	110,000	1 year	93.82	100	250,000
Import & Export Co., Ltd.	10,000	1 year	89.76	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 the guarantees.

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

Name of enterprise	Income from principal operations for 2011 (RMB'000)	Net profit for 2011 (RMB'000)	Net assets as at the end of 2011 (RMB'000)	Equity directly held by the Company (%)	Relationship with the Company
Guangzhou Han Fang	102,587	801	52,098	97.04	Subsidiary of the Company
Guangzhou Bai Di	1,590	6,367	46,525	98.48	Subsidiary of the Company
Cai Zhi Lin	1,784,915	8,669	47,332	100	Subsidiary of the Company
Import & Export Co., Ltd.	1,723,592	5,289	29,786	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 general 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 in which the Company holds more than 51% controlling interest and with a gearing ratio of not more than 70%.

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”), an independent third party, 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	2011
Income from principal operation (<i>RMB'000</i>)	169,574
Net profit (<i>RMB'000</i>)	34,702

Items	As at 31 December 2011
Total assets (<i>RMB'000</i>)	240,469
Total liabilities (<i>RMB'000</i>)	145,442
Net assets (<i>RMB'000</i>)	95,027
Gearing ratio (%)	60.48

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 RMB60 million bank loan guarantees limit to Nuo Cheng between the period from 1 July 2012 to 30 June 2013. 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 RMB175 million 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 RMB50 million.

12. Agreement on the application by the Company for banking facilities of no more than RMB300 million, with a period of 1 year. In addition, in order to simplify the approval procedures of bank loans, the chairman of the Board is authorized to execute the documents in relation to individual bank loans on behalf of the Board, within the limit of banking facilities approved by the Board, which amount falls below 3% of the audited net assets of the Company for the previous reporting period, and sign relevant files relating to such bank loans.
13. Re-appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company as auditors of the Company for the year 2012, and the proposal to the general meeting to authorize the Board to determine its remuneration.
14. Re-appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company as auditors for the internal control of the Company for the year 2012, and the proposal to the general meeting to authorize the Board to determine its remuneration.
15. Resolution in relation to the establishment of Guangzhou Wang Lao Ji Great Health Industry Company Limited.

Guangzhou Wang Lao Ji Great Health Industry Company Limited, which is to be established, will be a wholly-owned subsidiary of the Company, the registered capital of which is RMB10 million, and it will mainly engage in the trading of foodstuffs, healthcare products and pharmaceutical apparatus (the business scope of the company is subject to the approval by relevant administration and trade department).

16. The resolution regarding converting the borrowings of Guangzhou Han Fang into capital. Guangzhou Han Fang, a subsidiary of the Company, is in great need of funds and requires long-term financial support from the Company. Considering the fact that Guangzhou Han Fang will not be able to repay the borrowings and the interests incurred, the Company intends to convert RMB77.30 million of borrowings to Guangzhou Han Fang into share capital at RMB 1.00 per share. Upon such conversion, shareholding of the Company in Guangzhou Han Fang will increase from 97.04% to 97.97%.
17. Proposal for convening the 2011 Annual General Meeting (the notice of which has been published on the same date of this announcement).

Resolutions numbered 1 to 5, resolutions numbered 8 to 11 and resolutions numbered 13 to 14 above will be submitted to the 2011 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, 16 February 2012

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.