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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 21ST MEETING OF THE FIFTH SESSION OF THE BOARD

The 21st meeting of the fifth session of the board of directors (the “Board”) of Guangzhou Pharmaceutical Company Limited (the “Company”) was held on 28 February 2013 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 7 February 2013 by way of fax and email. All of the nine eligible directors attended the meeting, among whom, Mr. Qiu Hongzhong, an independent non-executive director, attended the meeting by means of telephone communication; Mr. Liu Jinxiang, independent non-executive director, was unable to attend the meeting and appointed Mr. Li Shanmin, independent non-executive director, to attend the meeting and vote on his 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 2012;
2. Financial reports of the Company for the year 2012;

Since Mr. Chen Binghua resigned as financial controller of the Company on 15 January 2013, and the Company has not appointed a new financial controller at present, the Board hereby authorized Mr. Wu Changhai (director and general manager), Ms. Liu Fei (manager of the finance department) and the legal representative to sign off the financial reports of the Company for the year 2012.

3. Audit reports of the Company for the year 2012;

4. Proposal for profit distribution and dividend payment of the Company for the year 2012;

(1) The proposed distribution of the profit after tax of the Company and its subsidiaries for 2012 as follows:

- 1) Among the subsidiaries, the manufacturing business transfers 10% of the relevant company to the statutory surplus reserve fund and 10% of the relevant company to the discretionary surplus reserve; the trading business transfers 10% of the relevant company to the statutory surplus reserve fund and 20% of the 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 dividend payment of the Company for the year 2012 as follows:

According to the Absorption and Merger Agreement and its supplemental agreement entered into by the Company and Guangzhou Baiyunshan Pharmaceutical Company Limited, and the Asset Acquisition through Issuance of Shares Agreement and its supplemental agreement entered into by the Company and the Guangzhou Pharmaceutical Holdings Limited, before the completion of the implementation of the major assets reorganization (the “Major Assets Reorganization”), if the ex-right or ex-dividend on the shares of the Company, including bonus declaration, dividend payment, increase in share capital by transfer from capital reserve, etc. occurs, the share conversion price and the issue price will be adjusted accordingly, and number of the new shares and the issued shares will also change accordingly, which are subject to re-approval by the China Securities Regulatory Commission. To ensure that the implementation of the Major Asset Reorganization will not be affected by the bonus declaration and dividend payment, the Board suggested that:

- 1) No final dividend payment for the year 2012 and no increase in share capital by transfer from capital reserve was proposed;
- 2) Upon the completion of the implementation of the Major Assets Reorganization, the Company will consider distributing a special dividend to its shareholders, and the cash dividend distribution will not be less than 10% of the net profit attributable to the shareholders of the Company for the year 2012.

The above proposal for profit distribution of the Company for the year 2012 will be submitted to the Company’s 2012 annual general meeting for consideration and approval. The independent non-executive directors have given their independent opinions thereon.

5. Financial budget report of the Company for the year 2013;
6. Social responsibility report of the Company for the year 2012 (the full 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 2012 (the full 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 2013;

It is projected that the total service emoluments for the Company's directors for the year 2013 would be approximately RMB1,280,000.

9. Total service emoluments to be paid to the supervisors of the Company for the year 2013;

It is projected that the total service emoluments for the Company's supervisors for the year 2013 would be approximately RMB320,000.

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 Baiyunshan Han Fang Contemporary Pharmaceutical Co., Ltd. ("Guangzhou Han Fang"), Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd. ("Cai Zhi Lin") and Guangzhou Pharmaceutical Import & Export Co., Ltd. ("Import & Export Co., Ltd.") during the period from 1 July 2013 to 30 June 2014 upon the actual needs of their operation.

The financial position of the above three subsidiaries and the intended aggregate bank loan facilities to be applied 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 2012 (%) | Shareholding (%) | Proposed bank loan facilities (RMB'000) |
|---------------------------|--|------------------------------|---|-----------------------------|--|
| Guangzhou Han Fang | 10,000 | 1 year | 37.28 | 97.97 | 60,000 |
| Cai Zhi Lin | 150,000 | 1 year | 93.97 | 100 | 250,000 |
| Import & Export Co., Ltd. | 50,000 | 1 year | 92.47 | 100 | 50,000 |

As at the date of this announcement, the accumulative guarantees amount provided by the Company was RMB210 million, and it did not have any overdue amount of the guarantees.

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

| Name of enterprise | Income from principal operations for 2012 <i>(RMB'000)</i> | Net profit for 2012 <i>(RMB'000)</i> | Net assets as at the end of 2012 <i>(RMB'000)</i> | Equity directly held by the Company <i>(%)</i> | Relationship with the Company |
|---------------------------|--|--|---|--|--------------------------------------|
| Guangzhou Han Fang | 138,636 | 5,476 | 134,887 | 97.04 | Subsidiary of the Company |
| Cai Zhi Lin | 2,246,211 | 8,732 | 60,515 | 100 | Subsidiary of the Company |
| Import & Export Co., Ltd. | 2,430,745 | 7,069 | 33,178 | 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, 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 Baiyunshan 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”), 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 | 2012 |
|---|-------------|
| Income from principal operation (RMB'000) | 232,175 |
| Net profit (RMB'000) | 84,360 |

| Items | As at 31 December 2012 |
|-----------------------------|-------------------------------|
| Total assets (RMB'000) | 283,442 |
| Total liabilities (RMB'000) | 110,851 |
| Net assets (RMB'000) | 172,591 |
| Gearing ratio (%) | 39.11 |

For the purposes of the production operation and expansion construction of Nuo Cheng, Guangzhou Bai Di and Jia He intend to provide not more than RMB60 million bank loan guarantees limit to Nuo Cheng between the period from 1 July 2013 to 30 June 2014.

This transaction is subject to the approval by shareholders at the general meeting of the Company, and the connected persons of the connected transaction will abstain from voting on the resolution at the general meeting.

12. Agreement on the application by the Company for banking facilities of not 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 documents relating to such bank loans;
13. Proposal for convening the 2012 annual general meeting (The date of the 2012 annual general meeting and the matters to be considered thereat will be notified in due course).

Resolutions numbered 1 to 5, resolutions numbered 8 to 11 above will be submitted to the 2012 annual general meeting for consideration.

This announcement is made pursuant to Rule 13.10B 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, 28 February 2013

As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Li Chuyuan, Ms. Cheng Ning 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.