



# 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 30<sup>th</sup> Meeting of the Third Session of Board**

The 30<sup>th</sup> meeting of the third session of the Board of Guangzhou Pharmaceutical Company Limited (the "Company") was convened on 26 January 2007 at the conference room of the Company at 2nd floor, 45 Sha Mian North Street, Guangzhou City, Guangdong Province, the PRC, notice of which was despatched on 16 January 2007 by way of fax and email. 6 of the 6 eligible directors attended the meeting. Mr. Yang Rongming, the executive director, did not attend the meeting due to business affairs and has appointed Mr. Chen Zhinong, the director, to attend and vote on his behalf. The meeting was presided by Mr. Chen Zhinong, the director. The supervisors, senior management and lawyers of the Company attended the meeting, which was in compliance with the Company Law and the Articles of Association of the Company.

After due consideration, the directors attending the meeting voted for the following five resolutions, the results of which are as follows:

The following resolutions No. 3 to 5 were approved with 6 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. The following resolutions No. 1 and 2 were approved with 5 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Mr. Feng Zansheng refrained from voting on Resolutions No. 1 and 2.

1. Resolution in relation to the transfer of equity interests in Guangzhou Pharmaceuticals Corporation held by Guangzhou Jingxiutang Pharmaceutical Co., Ltd. and Guangzhou Pangaoshou Pharmaceutical Co., Ltd., both of which are subsidiaries of the Company, and 33 natural persons;
2. Resolution in relation to the increase in the capital of Guangzhou Pharmaceuticals Corporation ;
3. Resolution of the provision of guarantees by the Company to secure bank loans for its certain subsidiaries in 2007;

In order to ensure the smooth business operation of the Company, the Company intended to provide guarantees for the loan facilities for its trading subsidiaries for the year of 2007, namely Guangzhou Pharmaceuticals Corporation, Guangzhou Chinese Medicine Corporation and Guangzhou Pharmaceutical Import & Export Corporation. The above subsidiaries intended to apply to banks for composite banking credit facilities of RMB800 million, RMB100 million and RMB60 million respectively. From the date on which Guangzhou Pharmaceuticals Corporation has obtained a new business license after becoming a joint venture company, the Company will cease to provide any new guarantees for bank loans of Guangzhou Pharmaceuticals Corporation and will not renew the previous guarantees after expiry.

The financial position of the three subsidiaries are as follows:

<b>Name</b>	<b>Cumulative guarantee amount in 2006 (RMB'000)</b>	<b>Gearing ratio</b>	<b>Shareholding</b>
Guangzhou Pharmaceuticals Corporation	220,000	>70%	90.09%
Guangzhou Chinese Medicine Corporation	10,000	>70%	100%
Guangzhou Pharmaceutical Import & Export Corporation	28,530	>70%	100%

Meanwhile, the Chairman was authorized to execute limited guarantees for bank loans, details of which are as follows:

- (1) The Chairman was authorized to execute guarantee contracts on behalf of the Board for Guangzhou Pharmaceuticals Corporation, Guangzhou Chinese Medicine Corporation and Guangzhou Pharmaceutical Import & Export Corporation within the limit of guarantees approved by the Board and the general meeting of the Company.
  - (2) The Chairman was authorized to execute guarantee contracts 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.
4. “Provisions on governing the dealing of the shares of Guangzhou Pharmaceutical Company Limited by its directors, supervisors and senior management” (please refer to the website of Shanghai Stock Exchange for details);
  5. Resolutions No. 1 and 2 above will be proposed for consideration and approval at the first extraordinary general meeting in 2007, the first class meeting for holders of overseas listed foreign shares (H Shares) in 2007 and the first class meeting for holders of domestic shares in 2007, and resolution No. 3 will be proposed for consideration and approval at the first extraordinary general meeting in 2007.

By Order of the Board  
**He Shuhua**  
Company Secretary

Guangzhou, the PRC, 30 January 2007

*As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Chen Zhinong and Mr. Feng Zansheng as executive Directors, and Mr. Wu Zhang, Mr. Wong Hin Wing and Mr. Zhang Heyong as independent non-executive Directors.*

Please also refer to the published version of this announcement in The Standard / Hong Kong Economic Times.