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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 FOURTEENTH MEETING OF THE FOURTH 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 fourteenth meeting of the fourth session of the Board was held on 27 March 2009 at the Company’s conference room at Room 203, 2nd Floor, 45 Sha Mian North Street, Guangzhou, Guangdong, the PRC, notice of which was dispatched on 16 March 2009 by way of fax and email. All of the seven eligible directors attended the meeting, among whom, Mr. Liu Jinxiang, an Independent Non-executive Director, was unable to attend the meeting personally, and appointed Mr. Zhang Yonghua, an Independent Non-executive Director, to attend the meeting and vote on his behalf, and Mr. Wong Hin Wing, an Independent Non-executive Director, attended the meeting by telephone. The meeting was presided over by Mr. Yang Rongming, the Chairman of the Board. The supervisors, senior management and lawyers of the Company attended the meeting as non-voting members. 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 10, 12, 14 and 15 set out below were passed with 7 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Resolutions numbered 11 and 13 set out below were passed with 5 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting. Mr. Yang Rongming and Mr. Shi Shaobin refrained from voting on resolution numbered 11 and Mr. Shi Shaobin and Mr. Feng Zansheng refrained from voting on resolution numbered 13.

### **Resolutions**

1. Report of the Board of the Company for the year 2008;
2. Financial reports of the Company for the year 2008;

3. Auditors' reports of the Company for the year 2008;
4. Proposed profit distribution and dividend payment of the Company for the year 2008;
  - (1) The proposed distribution of the profit after tax of the Company and its subsidiaries for 2008 is as follows:
    - 1) Among the subsidiaries, manufacturing business transfers 10% to the statutory surplus reserve fund and 10% to the discretionary surplus reserve; trading business transfers 10% to the statutory surplus reserve fund and 20% 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 the final dividend of RMB0.04 per share (including withholding tax for A shares) for 2008, totalling RMB32,436,000.
5. Social responsibility report of the Company for the year 2008 (the text of which has been published on the website of The Shanghai Stock Exchange);
6. Self-evaluation report on the internal control of the Company (the text of which has been published on the website of The Shanghai Stock Exchange);
7. Adjustment of relevant items and amounts as previously disclosed in the balance sheet for early 2008;

Pursuant to the requirements of Accounting Standard for Business Enterprises Interpretation No. 2 promulgated by the Ministry of Finance in August 2008, joint ventures of the Group were not included in the consolidation of the Group, and were accounted in the equity method. Accordingly, the Group has made relevant adjustments to the previously disclosed items of assets, liabilities and income as appeared in the balance sheet and their amounts as at the beginning of 2008, which was prepared in accordance with the PRC Accounting Standards. The above adjustments had no influence on the Shareholder's equity of the Group as at the beginning of 2008.

8. Provision of guarantees by the Company to secure bank loans for its subsidiaries in 2009;

In order to ensure a smooth operation, the Company intends to provide guarantees for the loan facilities for its subsidiaries for the year of 2009, namely Guangzhou Han Fang Contemporary Medicine Research & Development Co., Ltd. ("Guangzhou Han Fang"), Guangzhou Bai Di Biotechnology Co., Ltd. ("Guangzhou Bai Di"), Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd ("Cai Zhi Lin Pharmaceutical") and Guangzhou Pharmaceutical Import & Export Corporation ("Import & Export Corporation"). The above named subsidiaries are planning to apply for integrated credit facilities from banks of RMB80 million, RMB20 million, RMB100 million and RMB60 million respectively.

The financial position of the above-mentioned subsidiaries are as follows:

<b>Company Name</b>	<b>Accumulative guarantee amount as at the date of the announcement (RMB'000)</b>	<b>Term of guarantee</b>	<b>Gearing ratio as at 31 December 2008</b>	<b>Shareholding</b>
Guangzhou Han Fang	30,000	1 year	<70%	99.23%
Guangzhou Bai Di	10,000	1 year	<70%	97.26%
Cai Zhi Lin Pharmaceutical	65,200	1 year	>70%	100%
Import & Export Corporation	30,000	1 year	>70%	100%

As at the date of the announcement, the accumulative guarantee amount provided by the Company was RMB135,200,000, and the overdue amount of the guarantee provided by the Company was 0.

Meanwhile, the Chairman 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 Pharmaceutical and Import & Export Corporation 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 RMB 100 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.

9. Total service emoluments to be paid to the directors of the Company for the year 2009;

It is projected that the total service emoluments for the Company's directors for the year 2009 would be approximately RMB800,000.

10. Total service emoluments to be paid to the supervisors of the Company for the year 2009;

It is projected that the total service emoluments for the Company's supervisors for the year 2009 would be approximately RMB350,000.

11. Advertisement Continuing Connected Transactions Agreement entered into between the Company and Guangzhou Pharmaceutical Soccer Club Limited.

12. Internal Auditing Management Rules System of the Company (the text of which has been published on the website of The Shanghai Stock Exchange);
13. The Purchase and Sale Agreement in relation to Connected Transaction entered into between the Company, Guangzhou Pharmaceutical Corporation and Guangzhou Wang Lao Ji Pharmaceutical Company Limited.;
14. Amendment of the Articles of Association of the Company;

Details are set out as follows:

*The existing Article 11 is amended as:*

The business scope of the Company should be consistent with those set out in the business license. The Company shall engage in operations within the business scope registered with the Administration for Industry and Commerce.

The business scope of the Company covers: the operation, investment, development and financing of state-owned assets; development and manufacturing of Chinese Patent Medicine (“CPM”), biological products, healthcare medicines and drinks (licensed), wholesale and retail trade (including CPM and except for items exclusively sold and controlled by the other countries).

(The following operation are carried out by licensed branches during the valid period):

Wholesale and retail of Chinese medicines (through purchase), CMP, Chinese traditional prepared herbal medicine slices, biochemical medicines, chemical crude drug and preparation, antibiotics crude drugs and preparations, biological products (except preventive biological products); wholesale, retail and storage of dangerous chemicals (except highly toxicants, refined oil products and liquefied petroleum gas); wholesale and retail of ethanol and coal; wholesale of one category of medical apparatus and packaged food (not containing healthcare food). Sales of medical apparatus (three categories of injection apparatus, medical and optical instruments and apparatus and endoscopic equipment, medical X-ray equipment, extracorporeal circulation and blood processing equipment, equipment and apparatus for operation theatres, accidents and emergency rooms and clinics and medical macromolecule materials and products; two categories of general treatment apparatus, physiotherapy and rehabilitation equipment, medical X-ray auxiliary devices and components, clinical testing and analytical apparatus and diagnosis reagent, medical suture materials and adhesives and bandages); healthcare food, curing and diagnostic biological products, and medicine packaging materials and vessels; provision of technological services for new technology, products and materials in the medicine sector; product information enquiry; import and export of goods and technology (exclusive of projects restricted by the State); operation of imported material processing and three categories of processing and one category of compensation business; operation of counter trade and entrecote trade; field leasing; storage (except dangerous chemicals); wine distribution and agency services of transportation;

Manufacturing of chemical medicine preparation

General cargo transportation.

*The existing Article 18 is amended as:*

As approved by the approval authority authorized by the State Council, upon the establishment of the Company, 513,000,000 shares, representing 100% of the then aggregate issuable ordinary shares of the Company, were issued to its promoter and such shares were held by Guangzhou Pharmaceutical Holdings Limited. The contribution of such shares by Guangzhou Pharmaceutical Holdings Limited was made by converting its state-owned assets into consideration.

As approved by the securities competent authorities of the State Council, the Company issued 219,900,000 overseas listed foreign capital shares after its establishment.

As approved by the securities competent authorities of the State Council, the Company issued 78,000,000 additional Renminbi-denominated ordinary shares to domestic investors. After the completion of the additional issue, the total number of shares of the Company is 810,900,000 shares. The shareholding structure of the Company is as follows:

- (1) 390,833,391 shares (State shares), representing 48.20% of the total number of shares of the Company, are held by Guangzhou Pharmaceutical Holdings Limited, the promoter;
- (2) 219,900,000 shares (foreign shares), representing 27.20% of the total number of shares of the Company, are held by overseas investors;
- (3) 200,166,609 shares (domestic shares), representing 24.68% of the total number of shares of the Company, are held by domestic investors.

*The existing Article 211 is amended as:*

The profit distribution of the Company is made according to the proportion of the shares held by the shareholders, emphasizing on bringing reasonable investment returns to the investors. The profit distribution policy strives to maintain continuity and stability. The Company's profit distribution policy is as follows:

- (1) Dividends can be paid by way of cash or shares and subject to the approval of the shareholders, the directors may be authorized to declare interim cash dividends;
- (2) In respect of the profit for the year to which no proposed scheme of profit distribution is made by the Board, disclosure regarding the reasons for not making profit distribution and the application of the retained undistributed profit shall be made in the annual report for the year. Independent directors should express their independent opinions in this regard;

- (3) In event of misappropriation of the Company's funds by a shareholder, the Company can deduct the funds misappropriated from the cash dividends to be allocated to that shareholder as repayment.

*The existing Article 212 is to be deleted and the existing Articles are to be re-numbered accordingly.*

15. Proposal for convening the 2008 Annual General Meeting (the date and matters to be considered will be further notified).

Resolutions numbered 1 to 4, resolutions numbered 8 to 10, and resolutions numbered 13 and 14 above will be submitted to the 2008 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, 27 March 2009

*As at the date of this announcement, the Board comprises Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Feng Zansheng as Executive Directors, and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua as Independent Non-executive Directors.*