

# NOTICE OF ANNUAL GENERAL MEETING

Guangzhou Pharmaceutical Company Limited's (the "Company") 22nd meeting of the 2nd term of the Board, which was held on 21 March 2003 in the conference room of the Company's premises at 2nd Floor, 45 Sha Mian North Street, Guangzhou City, Guangdong Province, PRC was attended by nine Directors out of nine eligible Directors; Mr. Cai Zhixiang, the Chairman of the Company presided over the meeting; and the Company's Supervisors and Senior Management have also attended the meeting. The meeting was in accordance with the PRC Company Law and the Company's Articles of Association. After detailed discussion, all of the Directors at the meeting unanimously agreed on the following resolutions:

1. the 2002 Directors' Report;
2. the 2002 audited accounts;
3. the 2002 auditors' reports;
4. the re-appointment of Guangzhou Yangcheng Certified Public Accountants Co., Ltd. and PricewaterhouseCoopers as domestic and international auditors of the Company respectively, and recommended the AGM to grant mandate to the Board to determine auditors' remuneration;
5. profit distribution and dividend payment for the year 2002;
  - a) the profit distribution of the Company and its subsidiaries are to be as follows:
    - i) among its subsidiaries, manufacturing business is to transfer 10% to the statutory surplus reserve fund; 10% to the statutory public welfare reserve; 10% to the discretionary surplus reserve. Trading business is to transfer 10% to the statutory surplus reserve fund; 10% to the statutory public welfare reserve; 20% to the discretionary surplus reserve.
    - ii) the Company is to transfer 10% to the statutory surplus reserve fund; 5% to the statutory public welfare reserve; no transfer is to be made to the discretionary surplus reserve.
  - b) the full year dividend for 2002 is recommended to be Rmb0.06 per share (inclusive of tax for A shares), the total amount of dividends to be distributed amounts to Rmb48.65 million.
6. the projected profit distribution policy of the Company in 2003:

the Company proposes that there will be only one dividend distribution in 2003; the amount to be apportioned as dividend will not be lower than 30% of the net profit and this will be distributed in the form of cash; the Company does not plan to make any transfer from surplus reserve into capital in 2003.

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7. the amount of emoluments to be paid to the Directors and Supervisors of the Company:

it is proposed that in 2003, the emoluments for the Company's Directors and Supervisors will be Rmb2.7 million and Rmb0.6 million respectively, a total of Rmb3.3 million (excluding the emoluments of Directors of the subsidiaries).

8. to authorise the Directors to allot and issue new shares:

- a) subject to paragraphs c) and d) and pursuant to the Rules Governing the Listing of Securities on the HKSE (as amended from time to time) and the PRC Company Law, the exercise by the Directors of all the powers of the Company to allot and issue new overseas listed foreign shares, either separately or concurrently, during the Relevant Period and the exercise of powers by the Directors to determine the terms and conditions for the allotment and issue of new shares including the following terms, be and hereby generally and unconditionally granted:
- i) class and number of new shares to be issued;
  - ii) price of new shares to be issued;
  - iii) the starting and closing date for the issue;
  - iv) class and number of the new shares to be issued to existing shareholders; and
  - v) the making or granting of offers, agreements and options which might require the exercise of such powers.
- b) the approval in paragraph a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might be exercised after the end of the Relevant Period.
- c) the aggregate nominal amount of overseas listed foreign shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph a), otherwise than pursuant to issue of shares by conversion of the statutory surplus reserve fund into capital in accordance with the PRC Company Law and the Company's Articles of Association, shall not exceed twenty per cent (20%) of each of the existing overseas listed foreign shares of the Company.
- d) in exercising the powers granted under paragraph a), the Directors must (1) comply with the PRC Company Law and other relevant regulations and the Rules Governing the Listing of Securities on HKSE (as amended from time to time); and (2) obtain approval from the CSRC.

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- e) for the purpose of this Resolution:

“Relevant Period” refers to the period from the pass of this resolution until whichever the earliest of:

- i) twelve months from the date of passing this resolution;
  - ii) the conclusion of the next AGM of the Company; and
  - iii) the revocation or variation of the mandate granted under this resolution by special resolution of the shareholders in AGM.
- f) the Directors, subject to the approval of the relevant authorities and in accordance with the PRC Company Law, be and is hereby authorised to increase the registered share capital of the Company to the respective amount upon the exercise of the powers pursuant to paragraph a) above, provided that the registered share capital shall not exceed Rmb973,080,000.
- g) subject to the approval of the relevant PRC authorities, the Board be and is hereby authorised to make appropriate and necessary amendments to the Articles of Association (including Article 18 and Article 21) to reflect the alteration of the registered share capital of the Company pursuant to the exercise of this mandate.

9. to convene the 2002 AGM with details as follows:

- a) notice is hereby given that the Company will hold the 2002 AGM at 10 am on Friday, 16 May 2003 at the Company’s premises at 45 Sha Mian North Street, Guangzhou City, Guangdong Province, PRC to deal with the following matters:
- i) by way of ordinary resolution to consider and approve:
    - (1) the 2002 Directors’ Report;
    - (2) the 2002 Report of the Supervisory Committee;
    - (3) the 2002 audited accounts;
    - (4) the 2002 auditors’ reports;
    - (5) the re-appointment of Guangzhou Yangcheng Certified Public Accountants Co., Ltd. and PricewaterhouseCoopers as the domestic and international auditors of the Company respectively, and to grant the mandate to the Board to determine auditors’ remuneration;

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- (6) profit distribution and dividend payment for the year 2002;
  - (7) the projected profit distribution policy of the Company in 2003;
  - (8) the amount of emoluments to be paid to the Directors of the Company for the year 2003;
  - (9) the amount of emoluments to be paid to the Supervisors of the Company for the year 2003.
- ii) by way of special resolution to consider and approve:
- to authorise the Board to allot and issue new shares.
- b) attendees:
- i) overseas shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 24 April 2003 and domestic shareholders whose names appear on the Register of Members of the Company at the close of trading on Wednesday, 16 April 2003, are entitled to attend the meeting. The registering of members of the Company will be closed from Thursday, 17 April 2003 to Friday, 16 May 2003 (both days inclusive) during which period no transfer of H shares will be effected;
  - ii) each shareholder can appoint his/her proxy to attend the meeting on his/her behalf; and
  - iii) the Directors, Supervisors and Senior Management of the Company.
- c) registration for the meeting:
- i) registration procedures: to attend the meeting, an individual shareholder should bring along his/her identity card, shareholder account card; a proxy should bring along his/her identity card, the power of attorney, shareholder account card of his/her appointer; a representation of a legal person should bring along his/her identity card, the power of attorney issued by the unit, shareholder account card of the legal person and a copy of the business licence of the legal person. Overseas shareholders can make registration by mail, telephone or fax.
  - ii) registration time: 8:30 am - 11:30 am and 2:00 pm - 4:30 pm on Friday, 25 April 2003
  - iii) place of registration: Company Secretary Office

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- d) in order to qualify for the final dividend, the shareholders of the Company's H shares should prepare all of the necessary transfer documentations and lodge with HKSCC Registrars Limited by 4:00 pm on 16 April 2003. A further notice will be made in relation to the A share registration date, payment date and distribution arrangements.
- e) others:
  - (1) shareholders attending the meeting shall be responsible for their own travelling and accommodation expenses.
  - (2) contact person: Mr. He Shuhua  
Tel: 020-81218117  
Fax: 020-81216408

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

Guangzhou, PRC  
21 March 2003