



# 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)

## Notice of the 2003 Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** Guangzhou Pharmaceutical Company Limited (the "Company") will hold its Annual General Meeting for the year 2003 ("AGM") at 10:00 a.m. on Friday, 11 June 2004 at the office of the Company at 45 Sha Mian North Street, Guangzhou City, Guangdong Province, the People's Republic of China to deal with the following matters:

**1. TO CONSIDER AND APPROVE THE FOLLOWING RESOLUTIONS BY WAY OF ORDINARY RESOLUTIONS:**

- (1) the directors' report of the Company for the year 2003;
- (2) the report of the Supervisory Committee for the year 2003;
- (3) the audited financial report of the Company for the year 2003;
- (4) the auditors' reports for the year 2003;
- (5) the re-appointment of Guangzhou Yangcheng Certified Public Accountants Co. Ltd. and PricewaterhouseCoopers as the domestic and international auditors respectively, and to authorise the Board to determine their respective remunerations;
- (6) the proposed profit distribution and dividend payment for the year 2003;
- (7) the projected profit distribution policy of the Company for the year 2004;
- (8) the amount of total emoluments to be paid to the directors of the Company for the year 2004;
- (9) the amount of total emoluments to be paid to the supervisors of the Company for the year 2004;

- (10) to approve the agreement in relation to the continuing connected trading transactions entered into between the Company and Guangzhou Pharmaceutical Holdings Limited on 26 March 2004 and the transactions contemplated thereunder;

**2. TO CONSIDER AND APPROVE THE FOLLOWING RESOLUTIONS BY WAY OF SPECIAL RESOLUTIONS:**

- (11) the amendments to the Articles of Associations of the Company.

- (a) Addition of Paragraph (14) to the original Article 52 of the Articles of Association of the Company:

**(14) to approve guarantees provided by the Company for other parties who satisfy certain conditions, which represent more than 10% of the latest audited consolidated net asset value of the Company ;**

The original Paragraphs (14) and (15) of the Article is re-numbered as Paragraphs (15) and (16) respectively.

- (b) Original Article 62 of the Articles of Association of the Company be amended to:

Article 62 Any shareholder entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed may exercise the following rights according to his entrustment by the shareholder:

- (i) the shareholder's right to speak at the shareholders' general meeting;
- (ii) the right to demand a poll in respect of a resolution by himself or in conjunction with others to demand;
- (iii) the right to vote by a show of hands or a poll, but a proxy of a shareholder who has appointed more than one proxy may only exercise their voting rights by poll.

**If a shareholder is required to abstain from voting or restricted to vote only in favour of or against a resolution and the vote cast by that shareholder or his proxy is in contravention of such requirement or restriction, the vote will be regarded as ineffective.**

- (c) Addition of Paragraph (5) to the original Article 73 of the Articles of Association of the Company:

**(5) to approve guarantees provided by the Company for other parties who satisfy certain conditions, which represent more than 10% of the latest audited consolidated net asset value of the Company ;**

The original Paragraph (5) of the Article is re-numbered as Paragraph (6).

- (d) Original Article 92 of the Articles of Association of the Company be amended to:

Article 92 The board of directors is responsible to the shareholders' general meetings and may exercise the following powers:

- (i) to convene shareholders' general meetings and report on its work to the shareholders;
- (ii) to implement resolutions passed by shareholders in shareholders' general meetings;
- (iii) to decide on the Company's business plans and investment plans;
- (iv) to formulate annual budgets and accounts of the Company;
- (v) to formulate profit distribution plans and plans for recovery of losses;
- (vi) to formulate plans for the increase or decrease in registered capital or plans for issue of bonds;
- (vii) to formulate plans for the merger, demerger or dissolution of the Company;
- (viii) to decide on the internal management structure of the Company;
- (ix) to appoint or dismiss the manager of the Company, and at the recommendation of the manager, to employ or dismiss deputy managers, financial controllers and other senior management staff of the Company and to fix their remuneration;
- (x) to decide on a basic management system of the Company;
- (xi) to formulate proposals for amending the Articles of Association of the Company;
- (xii) to approve guarantees provided by the Company for other parties who satisfy certain conditions, which represent no more than 10% of the latest audited consolidated net asset value of the Company;**

(xiii) to exercise other powers as set out in the Articles of Association of the Company or conferred by the shareholders' general meetings.

Except for the resolutions by the board of directors in respect of the matters specified in the above paragraphs (vi), (vii), (xi) and (xii), which shall be passed by two-thirds or more of the directors, the resolutions by the board of directors in respect of all other matters may be passed by more than half of the directors.

- (e) Original Article 97 of the Articles of Association of the Company be amended to:

Article 97 Meetings of the board of directors shall be held only if more than half of the directors are present.

Each director shall have one vote. The resolutions by the board of directors must be passed by more than half of the directors.

Where the number of votes cast for and against a resolution equals, the chairman of the board of directors shall have a casting vote.

**A director shall not vote on any resolution approving any transaction in which he or his associates (has the meaning attributed to "associates" under the applicable laws and regulations of the places where the shares of the Company are listed) has a material interest, and such director shall not be included in the quorum of such board meeting.**

- (f) Addition of Paragraph (6) to the original Article 111(1) of the Articles of Association of the Company:

**6. the Company's guarantees to other parties;**

At the same time, the original Paragraph (6) of the Article is re-numbered as Paragraph (7).

- (g) Original Article 146 of the Articles of Association of the Company be amended to:

**Article 146 Requirements in respect of the Company's guarantees are as follows:**

- (i) The Company is prohibited from directly or indirectly providing a loan or a guarantee for a loan to directors, supervisors, general manager and other senior management staff of the Company and its holding company; and is prohibited from providing a loan or a guarantee for a loan to persons connected with those directors, supervisors, general manager and senior management staff.

The following transactions are not subject to the prohibition set out above:

- (1) the provision of a loan or a guarantee for a loan by the Company to a company which is a subsidiary of the Company;
- (2) the provision of a loan or a guarantee for a loan or other funds by the Company under a service contract with any of its directors, supervisors, general manager and other senior management staff as approved by shareholders in shareholders' general meetings to meet expenditures incurred or to be incurred by them for the purposes of the Company or for the purposes of enabling them to properly perform their duties;
- (3) where the ordinary course of business of the Company includes the lending of money or the provision of guarantees, the Company may make a loan to or provide a guarantee for any of its directors, supervisors, general manager and other senior management staff or persons connected with them on normal commercial terms,

**(ii) Guarantees to other parties**

- (1) The Company is prohibited from providing a guarantee for a loan to a controlling shareholder, a subsidiary of a shareholder, a fellow subsidiary of a shareholder and other related parties in which the Company holds less than 50% equity interests, or any non-legal persons or individuals;**
- (2) The total amount of guarantees provided by the Company shall not be more than 50% of the latest audited consolidated net asset value of the Company;**
- (3) The Company shall carry out a credit review of the parties for which the Company provides guarantee and the Company is prohibited from, directly or indirectly, providing guarantee for a loan to any party whose debt to assets ratio is higher than 70%;**
- (4) For any guarantee to be provided by the Company, the Company must request the party for which the guarantee is given to give a counter guarantee to the Company and the party who gives the counter guarantee must have the actual capability to perform the counter guarantee.**

- (12) the amendments to the Rules of Shareholders' General Meetings of the Company (refer to the website of the Shanghai Securities Exchange for the full text);
- (13) the amendments to the Rules of Board Meetings of the Company (refer to the website of the Shanghai Securities Exchange for the full text).

### **3. ATTENDEES:**

- (1) Domestic and foreign shareholders whose names appear on the Register of Members of the Company at the close of trading in the afternoon on Tuesday, 11 May 2004 (including those foreign shareholders who have already successfully submitted verified documents of shareholding transfer applications on or before 11 May 2004) are entitled to attend the AGM. The Register of Members of the Company will be closed from Wednesday 12 May 2004 to Friday, 11 June 2004 (both days inclusive) during which period no transfer of H shares will be effected. Holders of H Shares of the Company who are entitled for the final dividend of the year of 2003 shall deposit all of the share transfer documents together with relevant share certificates to the share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at Rooms 1901-1905, 19/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for share transfer registration before 4:00 p.m. on 11 May 2004. For holders of A Shares, further announcement will be made in relation to the date of registration of share transfer, distribution of dividend and the mode of distribution.
- (2) Each shareholder can appoint one or more persons as his/her proxy to attend and vote at the meeting on his/her behalf (representatives appointed are not necessarily the shareholders of the Company); and the power of attorney or other authority (if any) shall be deposited at the Company's office 24 hours before the time appointed for the holding of Annual General Meeting in order to be valid.
- (3) The directors, supervisors and senior management of the Company.

### **4. REGISTRATION FOR THE MEETING:**

- (1) Registration procedures: to attend the AGM, an individual shareholder should bring along his/her identity card, shareholder account card; a representative should bring along his/her identity card, the power of attorney issued by the unit, shareholder account card of the legal entity and a copy of the business license of the legal entity. Overseas shareholders can make registration by mail, telephone or fax.
- (2) Registration time: 8:30 a.m. - 11:30 a.m. and 2:00 p.m. - 4:30 p.m. on Friday, 21 May 2004;
- (3) Place of registration: Company Secretary Office

**5. OTHERS:**

(1) Shareholders attending the meeting shall be responsible for their own traveling and accommodation expenses.

(2) Contact person: Mr. He Shuhua

Tel: (8620) 8121 8119

Fax: (8620) 8121 6408

By order of the Board

**He Shuhua**

*Company Secretary*

Guangzhou the PRC, 16 April 2004

As at the date of this notice, the Board of Directors comprises Executive Directors, Messers. Cai Zhixiang, Li Yimin, Feng Zansheng and Zhou Yuejin and Independent Non-executive Directors, Messers. Wong Hin Wing, Wu Zhang and Zhang He Yong.

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