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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)

NOTICE OF THE 2006 ANNUAL GENERAL MEETING

IMPORTANT NOTICE

- Date and time of the 2006 annual general meeting (“AGM”): 15 June 2007 (Friday) at 10:00 a.m.
- Place of the AGM: Conference room of Guangzhou Pharmaceutical Company Limited (the “Company”), 45 Sha Mian North Street, Guangzhou City, Guangdong Province, the People’s Republic of China (the “PRC”)
- Manner of holding the AGM: present
- Significant items to be considered:
 - (1) report of the Board of directors (the “Board”) of the Company for the year 2006;
 - (2) report of the Supervisory Committee of the Company for the year 2006;
 - (3) financial reports of the Company for the year 2006;
 - (4) auditors’ reports for the year 2006;
 - (5) proposal for profit distribution and dividend payment for the year 2006;
 - (6) projected profit distribution policy of the Company for the year 2007;
 - (7) total emoluments to be paid to the directors of the Company for the year 2007;
 - (8) total emoluments to be paid to the supervisors of the Company for the year 2007;
 - (9) re-appointment of Guangdong Yangcheng Certified Public Accountants Co. Ltd. and PricewaterhouseCoopers, whose appointments have expired, as the domestic and international auditors respectively, and the authorization of the Board to determine their respective remuneration;

- (10) elections of Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Feng Zansheng as directors of the new session of the Board of the Company, and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua as independent non-executive directors of the new session of the Board of the Company; election of Ms. Yang Xiuwei and Mr. Zhong Yugan as supervisors of the new session of the Supervisory Committee of the Company (The profiles of the candidates for election as directors and supervisors were set out in the announcement of resolutions passed at the 31st meeting of the third session of the Board and the announcement of resolutions passed at the 13th meeting of the Supervisory Committee which were both dated 27 April 2007). If elected, the new directors and supervisors shall serve from the date of his/her appointment to the date when members of the new session of the Board and the Supervisory Committee are elected.

I. INFORMATION REGARDING THE CONVENING OF THE AGM

- (1) The resolution to convene the AGM was considered and passed at the 31st meeting of the 3rd session of the Board;
- (2) Date and time of the AGM: 15 June 2007 (Friday) at 10:00 a.m.
- (3) Place of the AGM: Conference room of the Company, 45 Sha Mian North Street, Guangzhou City, Guangdong Province, the PRC.

II. MATTERS TO BE CONSIDERED AT THE AGM

To be considered and approved by way of ordinary resolutions:

1. report of the Board of the Company for the year 2006;
2. report of the Supervisory Committee of the Company for the year 2006;
3. financial reports of the Company for the year 2006;
4. auditors' reports for the year 2006;
5. proposal for profit distribution and dividend payment for the year 2006;
6. projected profit distribution policy of the Company for the year 2007;
7. total emoluments to be paid to the directors of the Company for the year 2007;
8. total emoluments to be paid to the supervisors of the Company for the year 2007;
9. re-appointment of Guangdong Yangcheng Certified Public Accountants Co. Ltd. and PricewaterhouseCoopers, whose appointments have expired, as the domestic and international auditors respectively, and the authorization of the Board to determine their respective remuneration;

10. elections of Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Feng Zansheng as directors of the new session of the Board of the Company, and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua as independent non-executive directors of the new session of the Board of the Company; election of Ms. Yang Xiuwei and Mr. Zhong Yugan as supervisors of the new session of the Supervisory Committee of the Company. If elected, the new directors and supervisors shall serve from the date of his/her appointment to the date when members of the new session of the Board and the Supervisory Committee are elected.

The above resolutions were considered and approved at the Board meeting and the meeting of the Supervisory Committee both held on 27 April 2007.

III. ATTENDEES OF THE AGM

- (1) Holders of domestic shares and overseas listed foreign capital shares whose names appear on the Register of Members of the Company at the close of trading in the afternoon on Tuesday, 15 May 2007 (including those foreign shareholders who have already successfully submitted documents of shareholding transfer applications on or before 15 May 2007) are entitled to attend the AGM. The Register of Members of the Company will be closed from Wednesday, 16 May 2007 to Friday, 15 June 2007 (both days inclusive) during which no transfer of H shares will be effected. Holders of H shares of the Company, who are entitled to the final dividend for the year 2006, should deposit all of the share transfer documents together with relevant share certificates to the share registrar of the Company in Hong Kong, namely Hong Kong Registrars Limited, for share transfer registration not later than 4:00 p.m. on 15 May 2007;
- (2) Any shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (whether he/she is a shareholder or not) to attend and vote at the meeting on his/her behalf. If any shareholder appoint more than one proxy, the proxy(ies) can only vote by poll. To be valid, the proxy form and the notarially certified power of attorney or other documents of authorization (if any) must be delivered to the address of the Company no less than 24 hours before the time appointed for the holding of the AGM or its any adjournment thereof.
- (3) The directors, supervisors and senior management of the Company.

IV. REGISTRATION FOR THE AGM

- (1) Registration procedures:

To attend the AGM, an individual shareholder should bring along his/her identity card, the shareholder account card; a proxy should bring along the proxy form, his/her identity card and the identity card of the principal and the shareholder account card. A legal person shareholder shall bring along a copy of the business licence, the proxy form signed by the legal entity, the shareholder account card and the identity card of the attendee. Shareholders outside Guangzhou can make registration by mail, telephone or fax;

(2) Place and time of registration:

Registration date and time: 8:30 a.m. to 11:30 a.m. and 2:00 p.m. to 4:30 p.m.
on 25 May 2007 (Friday)

Place of registration: The Secretariat to the Board
2nd Floor, 45 Sha Mian North Street
Guangzhou City, Guangdong Province, the PRC

V. OTHERS

(1) Address: 2nd Floor, 45 Sha Mian North Street, Guangzhou City,
Guangdong Province, the PRC

Postal code: 510130

Contact person: He Shuhua

Tel: 8620-8121 8117

Fax: 8620-8121 6408

(2) Address of Shanghai Branch Company of China Securities Depository and Clearing Corporation Limited: 3/F., China Insurance Building, No.166 Lujiazui Road East, Shanghai, the PRC

Address of Hong Kong Registrars Limited: 46th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

(3) The AGM is expected to last for a half day. Shareholders attending the meeting shall be responsible for their own travelling and accommodation expenses.

VI. DOCUMENTS AVAILABLE FOR INSPECTION

(1) Resolutions and announcement of the 31st meeting of the 3rd session of the Board.

(2) Resolutions and announcement of the 13th meeting of the 3rd session of the Supervisory Committee.

By order of the Board

He Shuhua

Secretary to the Board

Guangzhou, the PRC, 27 April 2007

As at the date of this notice, the Board comprises Mr. Yang Rongming, Mr. Shi Shaobin, 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.

Attachment:

1. Profiles of the candidates for election as directors and supervisors

The profiles of the candidates for election as directors and supervisors were set out in the announcement of resolutions passed at the 31st meeting of the third session of the Board and the announcement of resolutions passed at the 13th meeting of the third session of the Supervisory Committee which were both dated 27 April 2007.

2. The information in relation to the candidates as directors and supervisors as required to be disclosed to the shareholders under Rule 13.74 and the note to the Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) is set out below:

According to the emoluments policy of the Group, the annual emoluments of the directors and supervisors of the Company are proposed by the Board to the AGM of the Company at which the Board will seek authorization to determine the amount of the emoluments and the method of payment for services of the Company’s directors and supervisors. If elected, Mr. Yang Rongming, Mr. Shi Shaobin, Mr. Feng Zansheng and Ms. Yang Xiuwei will be entitled to a basic salary determined in accordance with his/her management positions and an incentive bonus which is computed with reference to the targeted operating results of the Company (for details of the incentive scheme, please refer to the Notice of the First Extraordinary General Meeting of the Company in 2002 which was published both in the PRC and Hong Kong on 28 March 2002).

If elected, Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua and Mr. Zhong Yugan will be entitled to emoluments determined by the Board in accordance with the authorization of the AGM.

If elected, Mr. Yang Rongming, Mr. Shi Shaobin, Mr. Feng Zansheng, Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua shall serve, from the date of their respective appointments to the date when members of the new session of the Board are elected.

If elected, Ms. Yang Xiuwei and Mr. Zhong Yugan shall serve, from the date of their respective appointments to the date when members of the new session of the Supervisory Committee are elected.

Mr. Wong Hin Wing was the chief financial officer of Asia Commercial Holdings Limited (“ACH”) for seven years from 1989 to 1996 and an executive director of ACH from 1 October 1995 to 11 March 1996. ACH, which was incorporated in Bermuda and listed on the Stock Exchange, was principally engaged in the retailing and trading of watches as well as property investment. According to its annual reports, ACH was involved in a capital reorganization in October 1996 and after the restructuring, the ACH Group had settled, with compromise, bank loans amounting to HK\$726 million and 80% of its convertible note amounting to HK\$242 million. As for the remaining 20% convertible note amounting to HK\$61 million, interest was waived until February 2001 and would be reduced from 1.75% p.a. to 0.875% p.a. for the period from February 2001 to February 2010.

Save as disclosed above, Mr. Yang Rongming, Mr. Shi Shaobin, Mr. Feng Zansheng, Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Ms Yang Xiuwei and Mr. Zhong Yugan do not have any relationship with any other directors, supervisors, senior management or substantial or controlling shareholders of the Company.

As at the date of this notice, Mr. Yang Rongming, Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Ms. Yang Xiuwei and Mr. Zhong Yugan do not have any interests in the shares or debentures of the Company or any of its associated corporations, which shall be notified to the Company and the Stock Exchange pursuant to Section 341 of the Securities and Futures Ordinance (“SFO”) or the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”). Nor did they have any other interests which shall be recorded in the register as required to be kept by the Company in accordance with Section 352 of SFO.

As at the date of this notice, interests held by Mr. Shi Shaobin and Mr. Feng Zansheng in the shares or debentures of the Company or any of its associated corporations, which shall be notified to the Company and the Stock Exchange pursuant to Section 341 of the SFO or the Model Code or any other interests which shall be recorded in the register as required to be kept by the Company in accordance with Section 352 of the SFO were set out as follows:

Name	Class of interests	Company Name	Number of Shares
Shi Shaobin	Personal	Guangzhou Jing Xiu Tang Pharmaceutical Company Limited	25,000
Feng Zansheng	Personal	Guangzhou Pharmaceuticals Corporation	700,000

Save as disclosed above, Mr. Shi Shaobin and Mr. Feng Zansheng do not have any interests in the shares or debentures of the Company or any of its associated corporations, which shall be notified to the Company and the Stock Exchange pursuant to Section 341 of the SFO or the Model Code. Nor did he have any other interests which shall be recorded in the register as required to be kept by the Company in accordance with Section 352 of the SFO.

Save as disclosed above, there are no other matters concerning the above candidates for election as directors and supervisors that need to be brought to the attention of the shareholders of the Company nor any information to be disclosed pursuant to the requirements of Rule 13.51 (2) of the Listing Rules of the Stock Exchange.

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