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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 2008 ANNUAL GENERAL MEETING**

### **IMPORTANT NOTICE**

- Date and time of the 2008 annual general meeting (“AGM”): Friday, 19 June 2009 at 10:00 a.m.
- Place of the AGM: Conference Room of Guangzhou Pharmaceutical Company Limited (the “Company”), 45 Sha Mian North Street, Guangzhou, Guangdong, 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 of the Company for the year 2008;
  2. report of the Supervisory Committee for the year 2008;
  3. financial reports of the Company for the year 2008;
  4. auditors’ reports of the Company for the year 2008;
  5. proposal profit distribution and dividend payment of the Company for the year 2008;
  6. proposed amount of guarantees to be provided by the Company for bank loans to certain of its subsidiaries;
  7. total emoluments to be paid to the directors of the Company for the year 2009;
  8. total emoluments to be paid to the supervisors of the Company for the year 2009;
  9. resolution in relation to the Purchase and Sale Agreement in relation to Connected Transactions entered into between the Company, Guangzhou Pharmaceuticals Corporation and Guangzhou Wang Lao Ji Pharmaceutical Company Limited;

10. re-appointment of Shu Lun Pan Yangcheng Certified Public Accountants Co., Ltd. and PricewaterhouseCoopers, whose appointments have expired, as the domestic and international auditors respectively, and the proposal to the shareholders' meeting to authorize the Board of directors to determine their respective remuneration;
11. resolution in relation to amendments to the Articles of Association of the Company.

## **I. INFORMATION REGARDING THE CONVENING OF THE AGM**

1. The resolution to convene the AGM was considered and passed at the 14th meeting of the 4th session of the Board of the Company;
2. Date and time of the AGM: Friday, 19 June 2009 at 10:00 a.m.;
3. Place of the AGM: Conference Room of the Company, 45 Sha Mian North Street, Guangzhou, Guangdong, the PRC.

## **II. MATTERS TO BE CONSIDERED AT THE AGM**

### **1. To be considered and approved by way of ordinary resolution:**

- (1) report of the Board of directors of the Company for the year 2008;
- (2) report of the Supervisory Committee for the year 2008;
- (3) financial reports of the Company for the year 2008;
- (4) auditors' reports of the Company for the year 2008;
- (5) proposal for profit distribution and dividend payment of the Company for the year 2008;
- (6) proposed amount of guarantees to be provided by the Company for bank loans to certain of its subsidiaries;
- (7) total emoluments to be paid to the directors of the Company for the year 2009;
- (8) total emoluments to be paid to the supervisors of the Company for the year 2009;
- (9) resolution in relation to the Purchase and Sale Agreement in relation to Connected Transactions entered into between the Company, Guangzhou Pharmaceuticals Corporation and Guangzhou Wang Lao Ji Pharmaceutical Company Limited;

- (10) re-appointment of Shu Lun Pan Yangcheng Certified Public Accountants Co., Ltd. and PricewaterhouseCoopers, whose appointments have expired, as the domestic and international auditors respectively, and the proposal to the shareholders' meeting to authorize the Board of directors to determine their respective remuneration.

The above resolutions were considered and passed at the 14th and the 15th meetings of the 4th session of the Board held on 27 March 2009 and 29 April 2009, and the 8th meeting of the 4th session of the Supervisory Committee held on 27 March 2009.

**2. To be considered and approved by way of special resolution:**

Resolution in relation to amendments to the Articles of Association of the Company.

Details are set out as follows:

*The existing Article 11 be amended as follows:*

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 category one medical apparatus and packaged food (not containing healthcare food). Sales of medical apparatus (category three 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; category two 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 be amended as follows:*

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. 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 27.12% 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 be amended as follows:*

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 deleted and the existing Articles are re-numbered accordingly.*

### **III. ATTENDEES OF THE AGM**

1. Holders of domestic shares and overseas listed foreign capital shares whose names appeared on the Register of Members of the Company at the close of business in the afternoon on Tuesday, 19 May 2009 (including those foreign shareholders who have already successfully submitted documents of shareholding transfer applications on or before 19 May 2009) are entitled to attend the AGM. The Register of Members of the Company will be closed from Wednesday, 20 May 2009 to Friday, 19 June 2009 (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 2008, should deposit all of the share transfer documents together with the 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 19 May 2009.

Holders of H shares please be noted that according to (Enterprise Income Tax of the People's Republic of China) and (Implementation Rules of Enterprise Income Tax Law of the People's Republic of China) (collectively, "Tax Laws"), from 1 January 2008 onwards, any PRC domestic enterprise shall withhold and pay enterprise income tax upon distribution of dividends for the accounting period since 1 January 2008 to non-resident enterprise shareholders and the payer shall be treated as the obligatory withholding. Accordingly, the Company shall be obligated to withhold and pay a 10% enterprise income tax when distributing final dividends to non-resident enterprise shareholders whose names appeared on the register of holders of H shares on 19 May 2009; but the Company has no obligation to withhold and pay such enterprise income tax when distributing final dividends to the resident enterprise shareholders whose

names appeared on the register of holders of H shares on 19 May 2009. A resident enterprise (with the same meaning as defined in the Tax Laws) which is incorporated in the PRC or is incorporated under the law of a foreign country (or region) with its de facto management organisation located within the PRC shall submit to the Hong Kong Registrars Limited not later than 4:00 p.m. on 19 May 2009 (Tuesday) a legal opinion (stamped with the chop of the law firm) issued by a qualified PRC practicing lawyer ascertaining its resident enterprise status. Otherwise, the Company shall not be held responsible for any disputes in relation to withholding and payment of enterprise income tax arising from failure to submit the legal opinion within the prescribed period.

For payment of dividend to the holders of domestic shares, the registration date, payment procedures will be separately notified.

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. 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 license, 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 29 May 2009 (Friday)

Place of registration: The Secretariat of the Company, 2nd Floor, 45 Sha Mian North Street, Guangzhou, Guangdong, the PRC

## V. OTHERS

1. Address: Guangzhou Pharmaceutical Company Limited,  
2nd Floor, 45 Sha Mian North Street, Guangzhou,  
Guangdong, the PRC  
Postal code: 510130  
Contact person: Pang Jianhui  
Tel: 8620-8121 8117/8119  
Fax: 8620-8121 6408
2. Address of Shanghai Branch 3/F., China Insurance Building,  
Company of China Securities No. 166 Lujiazui Road East, Shanghai,  
Depository and Clearing the PRC  
Corporation Limited:  
  
Address of Hong Kong Shops 1712-1716 Floor, Hopewell Centre,  
Registrars Limited: 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 announcements of resolutions passed at the 14th and the 15th meetings of the 4th session of the Board of the Company.
2. Resolutions and announcement of resolutions passed at the 8th meeting of the 4th session of the Supervisory Committee of the Company.

The Board of  
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 30 April 2009

*As at the date of this notice, 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.*