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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Guangzhou Pharmaceutical Company Limited (the “Company”), you should at once hand this circular, together with the accompanying form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**PROPOSED AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION OF THE COMPANY  
ELECTION OF DIRECTORS AND SUPERVISORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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The annual general meeting of the Company is to be held at the conference room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the People's Republic of China, on Monday, 28 June 2010 at 10:00 a.m. A notice convening the annual general meeting is set out on pages 10 to 17 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete the form of proxy attached to the notice of the annual general meeting in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

13 May 2010



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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“AGM”	the annual general meeting of the Company to be convened on Monday, 28 June 2010, the notice of which is set out in this circular
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Company”	Guangzhou Pharmaceutical Company Limited, a joint stock company with limited liability established in the PRC, the Shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange
“Directors”	the directors of the Company
“Supervisors”	the supervisors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the Peoples’ Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“Shareholder(s)”	holder(s) of share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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LETTER FROM THE BOARD

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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)

*Board of Directors:*

*Executive Directors:*

Mr. Yang Rongming (*Chairman*)

Mr. Shi Shaobin

*Independent non-executive Directors:*

Mr. Wong Hin Wing

Mr. Liu Jinxiang

Mr. Li Shanmin

Mr. Zhang Yonghua

*Registered address and office:*

45 Sha Mian North Street

Liwan District

Guangzhou City

Guangdong Province

the PRC

*Principal place of business in Hong Kong:*

Room 2005

20th Floor

Tower Two Lippo Center

89 Queensway

Hong Kong

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION OF THE COMPANY  
ELECTION OF DIRECTORS AND SUPERVISORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

## **INTRODUCTION**

The purpose of this circular is to provide you with information regarding (i) the special resolution to be proposed at the AGM relating to the proposed amendments to the Articles of Association, (ii) the election of Directors and Supervisors and (iii) the notice of AGM.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Board proposed to amend the Articles of Association in order to get in line with and engage within the business scope registered with the State Administration for Industry and Commerce of the PRC.

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## LETTER FROM THE BOARD

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The proposed amendments to the Articles of Association are subject to the approval of the Shareholders by way of special resolution at the AGM. Details of the proposed amendments are set out below:

**Article 11 prior to the proposed amendments is 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.

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## LETTER FROM THE BOARD

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### **Article 11 after the proposed amendments is 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”) (licensed); manufacturing of biological products, healthcare medicines and drinks (licensed); wholesale and retail trade (including CPM and except for items exclusively sold and controlled by other countries) (licensed). General cargo and transportation agency; wholesale of coal, packaged food and wine distribution.

(The following operation are carried out by branches): Wholesale of packaged food, wine (not containing healthcare food) (food licensed); wholesale of Chinese medicines (through purchase), Chinese traditional prepared herbal medicine slice, CPM, chemical crude drug and its preparation antibiotics crude drugs and its preparations, biochemical medicines, biological products (except vaccine) (drugs licensed); wholesale of dangerous chemicals: 3(1), 3(2), 3(3), 4(1), 5(1), 5(2), 6(1), 8(1), 8(2), 8(3) (except highly toxicants, refined oil products and liquefied petroleum gas); wholesale and retail of ethanol (95%) (dangerous chemicals licensed); sales of category III of injection apparatus, 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 II of general treatment apparatus, medical and optical instruments and apparatus and endoscopic equipment, 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 (medical apparatus licensed); wholesale of healthcare food (hygiene licensed); wholesale of category I of medical apparatus; 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; field leasing and storage (except dangerous chemicals).

### **ELECTION OF DIRECTORS AND SUPERVISORS**

Details of the Directors and Supervisors who are proposed to be elected at the AGM are set out in Appendix I.

### **NOTICE OF AGM**

The AGM will be held at the conference room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the People’s Republic of China on Monday, 28 June 2010 at 10:00 a.m..

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## LETTER FROM THE BOARD

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Whether or not you intend to attend the annual general meeting, you are requested to complete the form of proxy attached to the notice of the AGM in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

All resolutions will be passed by way of a poll.

Notice convening the AGM is set out in Appendix II of this circular.

### **RECOMMENDATION**

The Board considers that the proposed amendments to the Articles of Association and election of Directors and Supervisors are in the interest of the Company and its Shareholders as a whole, and recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,  
On behalf of the Board of  
**Guangzhou Pharmaceutical Company Limited**  
**Yang Rongming**  
*Chairman*

**1. PROFILES OF CANDIDATES TO BE ELECTED AS DIRECTORS****(1) Profiles of candidates to be elected as executive directors**

**Mr. Yang Rongming**, aged 56, chairman of the Company, is a postgraduate and currently the chairman and general manager of Guangzhou Pharmaceutical Holdings Limited (“GPHL”). Mr. Yang started his career in October 1970 and served as vice factory manager of Guangzhou Monosodium Glutamate and Food Factory, deputy general manager of Guangzhou Ao Sang Monosodium Glutamate & Food Co., Ltd, director and general manager of Guangzhou Eagle Coin Enterprises Group Corporation (“GP Corp.”), chairman and general manager of Guangzhou Zhujiang Brewery Group Co., Ltd, chairman of Guangzhou Zhujiang Brewery Co., Ltd. and director of Guangzhou Pharmaceuticals Corporation. Mr. Yang has served as director of the Company since 1 November 2004. He is also director of Guangzhou Xing Qun Pharmaceutical Co., Ltd., Guangzhou Zhong Yi Pharmaceutical Co., Ltd. (“Zhong Yi”), Guangzhou Baiyunshan Mingxing Pharmaceutical Co., Ltd. and Polian Development Co., Ltd (“Polian Company”). Mr. Yang has extensive experience in business management and sales and marketing.

**Mr. Shi Shaobin**, aged 42, director and general manager of the Company, is a master’s degree postgraduate and senior engineer. Mr. Shi started his career in 1989 and served in a research institute of Guangzhou Jing Xiu Tang Pharmaceutical Co., Ltd. as a technician an officer of the marketing and promotion department, head of the administrative department, assistant to the general manager and manager of the marketing department, and deputy general manager of Guangzhou Jing Xiu Tang Pharmaceutical Co., Ltd., chairman and general manager of Guangzhou Wang Lao Ji Pharmaceutical Co., Ltd (“Wang Lao Ji”), chairman of Guangzhou Han Fang Modern Chinese Medicine Research and Development Co., Ltd, chief executive of Wang Lao Ji, factory manager of Guangzhou Qi Xing Pharmaceutical Factory and supervisor of Labour Union of GPHL. Mr. Shi has served as the general manager of the Company since June 2006 and a director of the Company since 2 April 2007. Mr. Shi is also chairman and secretary of the Party Committee of Wang Lao Ji, general secretary and chairman of Guangzhou Qi Xing Pharmaceutical Co., Ltd (“Qi Xing”), vice chairman of GP Corp., vice chairman of Guangzhou Nuo Cheng Bio-tech Co., Ltd and director of GPHL, director of Zhong Yi, and director of Guangzhou Bai Di Bio-technology Co., Ltd. Mr. Shi has extensive experience in production, marketing and operation management.

**Mr. Wu Changhai**, aged 44, bachelor of engineering, economist, graduated from Tongji University in 1989 and started his career in the same year, and studied as graduate student in world economics at Zhongshan University between 1997 to 1999. He served as assistant to the supply section chief, assistant chief of the supply section, assistant manager of the supply and marketing department of Guangzhou Zhong Sheng Pharmaceutical Factory; regional sales manager of the supply and marketing department and manager of the regional marketing center, assistant manager of the marketing department and manager of the marketing center of Zhong Yi; deputy general manager of Guangxi Ying Kang Pharmaceutical Co., Ltd; deputy general manager and acting



general manager of Zhong Yi. Mr. Wu is currently chairman and general manager of Zhong Yi. Mr. Wu has extensive experience in operation, management, marketing, scientific technology, research and development.

**(2) Profiles of candidates to be elected as independent non-executive directors**

**Mr. Liu Jinxiang**, aged 69, has served as an independent non-executive director of the Company since 15 June 2007. Mr. Liu graduated from Xi'an Construction Technology University in 1964. He was an independent non-executive director of the Company from August 2000 to March 2004, chairman of Yue Xiu Enterprises (Holdings) Limited and Guangzhou Investment Company Limited, chairman of Yue Xiu Transportation Company Limited, head of Guangzhou Economic Committee and vice-mayor of Guangzhou City. Mr. Liu has more than 40 years of experience in industrial technology, enterprise and economic affairs management.

**Mr. Li Shanmin**, aged 47, has served as an independent non-executive director of the Company since 15 June 2007. Mr. Li graduated from Nanjing Agricultural University with a doctorate degree in management science in 1990. He is currently a Professor of the School of Management of Zhongshan University, the mentor of Ph. D. students whose majors are in finance and investment, section chief for finance and state-owned asset section of Zhongshan University, Secretary-General of Zhongshan University Education Fund and a member of International Financial Management Association. Mr. Li is also acting as an independent director of Hubei Yihua Chemical Industry Co., Ltd., an independent director of Guangdong Haida Group Co., Ltd., an independent director of Dongguan Development (Holdings) Co., Ltd., and Guangdong Finance Trust Company Limited, director of Guangzhou Zhujiang Industrial Co., Ltd., directive expert of postdoctorate station of The Shenzhen Stock Exchange.

**Mr. Zhang Yonghua**, aged 51, has served as an independent non-executive director since 15 June 2007. Mr. Zhang graduated from Huazhong Normal University with a bachelor degree in Law in 1982 and received a master degree in Law in 1989. He is currently the director of Education and Legal System Institute under the School of Law of Guangdong University of Foreign Studies. Mr. Zhang acted as deputy director of Publicity Department and vice-professor of School of Political Science & Law of Huazhong Normal University, deputy director of Minor Department of Guangzhou University of Foreign Studies and deputy director of Guangdong University of Foreign Studies. Mr. Zhang is also a director of Guangdong Law Society, a legal consultant of the Standing Committee of the People's Congress of Guangzhou City, Consultation Expert of Legal System Office of Guangzhou Government and an arbitrator of Guangzhou Arbitration Commission.

**Dr. Wong Lung Tak Patrick**, aged 62, PhD, JP, FCPA (Practising). He is a fellow member of the Hong Kong Institute of Certified Public Accountants; an associate member of the Institute of Chartered Accountants in England and Wales; a fellow member of the Association of Chartered Certified Accountants in the United Kingdom; a fellow member of the Association of International Accountants; a fellow member of the Society of Chinese Accountants and Auditors of Hong Kong; a fellow

member of the Institute of Chartered Secretaries and Administrators; a fellow member of the Hong Kong Institute of Company Secretaries, a fellow member of the Taxation Institute of Hong Kong and a fellow member of the Hong Kong Institute of Directors Limited. Dr. Wong is Managing Practicing Director of Wong Lam Leung & Kwok CPA Limited, Managing Practicing Director of Hong Kong Pengcheng CPA Limited and Sole-Proprietor of Patrick L T Wong & Co. He is independent non-executive director of CC Land Holdings Limited, independent non-executive director of Galaxy Entertainment Group Limited, independent non-executive director of Water Oasis Group Limited, independent non-executive director of China Precious Metal Resources Holdings Company Limited, independent non-executive director of Vertex Group Limited and independent non-executive director of Ruinian International Limited. Dr. Wong has over 30 years' experience in the accountancy profession. He is Adjunct Professor, School of Accounting and Finance, The Hong Kong Polytechnic University. Among his qualifications, he obtained a Doctor of Philosophy in Business in 2000, awarded a Badge of Honour in 1993 by the Queen of England and was appointed a Justice of the Peace in 1998. Dr. Wong involves in many other community services, holding posts in various organizations and committees in government and voluntary agencies.

## 2. PROFILES OF CANDIDATES TO BE ELECTED AS SUPERVISORS

**Ms. Yang Xiuwei**, aged 51, Assistant Engineer, Senior Political Division, has served as chairlady of the Supervisory Committee of the Company since 15 June 2007. Ms. Yang started her career in July 1974. She graduated as a part-time graduate student from the Party School of the Central Committee of the C.P.C and majored in economic management in July 2003. Ms. Yang has been the Clerk at Vice-Director Level for Complaint Letter and Visit Office, inspector at Vice-Section Level, inspector at Section Level and deputy director at Vice Department Level, deputy director at Department Level for the Bureau of Supervision under Guangzhou Municipal Commission for Inspecting Discipline. Ms. Yang is currently Secretary of the discipline committee of GPLH and secretary of the Party Committee of the Company, director of Guangzhou Pan Gao Shou Pharmaceutical Co., Ltd., director of Qi Xing and director of Polian Company.

**Mr. Wu Quan**, aged 53, is an undergraduate and has served as Supervisor of the Company since 15 June 2007. Mr. Wu started his career in February 1976 and graduated from the Guangzhou Institute of Education with his major in Chinese in July 1988. Mr. Wu is currently secretary of the Discipline Committee and senior manager of the Human Resources Department of the Company. Mr. Wu acted as chief officer of Cannon Camp, vice company commander of Guangdong Independent Division, advisor at deputy company commander level, advisor at company commander level for military equipment section under the command of Guangdong Zhangjiang Military Sub-area, advisor at a deputy battalion level, advisor at a battalion level, deputy section chief and section chief for military equipment section under the command of Guangdong Military Area, deputy secretary of the Party Committee, secretary of the Discipline Commission and secretary of the Party Committee of Guangzhou Chinese Medicine Corporation (which was later renamed as "Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd.").

**Mr. Zhong Yugan**, aged 54, has served as supervisor of the Company since March 2004. Mr. Zhong graduated from the Business Economics Department of Beijing Business College in 1982 and was awarded a Bachelor of Arts in economics. He studied abroad in the University of 契里爾•麥托蒂 in the former Yugoslavia from 1985 to 1987. Mr. Zhong had consecutively been Head of Business Management Department, Head of Business Administration Faculty, Professor of management studies and tutor of Master degree postgraduates in the Guangdong Business College from 1997 to June 2008. He is currently a Professor in School of Business of Guangdong University of Foreign Studies. Mr. Zhong is also vice chairman of the Association of Marketing Research of China Higher Institutes, committee member of academic work of the Association of China International Public Relations and vice chairman of Guangdong Marketing Association. Mr. Zhong has extensive experience in the fields of marketing and sales, strategic decision-making and corporate management.



# 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 2009 ANNUAL GENERAL MEETING

### IMPORTANT NOTICE

- Date and time of the 2009 annual general meeting (“AGM”): Monday, 28 June 2010, at 10:00 a.m.
- Place of the AGM: Conference Room of the Company, 45 Sha Mian North Street, Liwan District, 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 of the Company for the year 2009;
  2. Report of the Supervisory Committee for the year 2009;
  3. Financial reports of the Company for the year 2009;
  4. Auditors’ reports of the Company for the year 2009;
  5. Proposal for profit distribution and dividend payment of the Company for the year 2009;
  6. Total emoluments to be paid to the directors of the Company for the year 2010;
  7. Total emoluments to be paid to the supervisors of the Company for the year 2010;
  8. Provision of loans by the Company to Guangzhou Pharmaceuticals Corporation;
  9. Provision of guarantees by the Company to secure bank loans for its subsidiaries;
  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. Elections of Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Wu Changhai as executive directors of the new session of the Board of the Company, and Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua and Mr. Wong Lung Tak as independent non-executive directors of the new session of the Board of the Company; elections 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 20th meeting of the fourth session of the Board and the announcement of resolutions passed at the 14th meeting of the fourth session of the Supervisory Committee which were both dated 11 May 2010). If elected, each of the new directors and supervisors shall have a term of office of three years, commencing 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;
12. 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 18th meeting of the 4th session of the Board of the Company;
2. Date and time of the AGM: Monday, 28 June 2010 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**

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

- (1) report of the Board of directors of the Company for the year 2009;
- (2) report of the Supervisory Committee for the year 2009;
- (3) financial reports of the Company for the year 2009;
- (4) auditors' reports of the Company for the year 2009;
- (5) proposal for profit distribution and dividend payment of the Company for the year 2009;
- (6) total emoluments to be paid to the directors of the Company for the year 2010;
- (7) total emoluments to be paid to the supervisors of the Company for the year 2010;

- (8) provision of loans by the Company to Guangzhou Pharmaceuticals Corporation;
- (9) provision of guarantees by the Company to secure bank loans for its subsidiaries;
- (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) elections of Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Wu Changhai as executive directors of the new session of the Board of the Company, and Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua and Mr. Wong Lung Tak as independent non-executive directors of the new session of the Board of the Company; elections of Ms. Yang Xiuwei and Mr. Zhong Yugan as supervisors of the new session of the Supervisory Committee of the Company. If elected, each of the new directors and supervisors shall have a term of office of three years, commencing 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.

**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 to 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") (licensed); manufacturing of biological products, healthcare medicines and drinks (licensed); wholesale and retail trade (including CPM and except for items exclusively sold and controlled by other countries) (licensed); general cargo and transportation agency; wholesale of coal, packaged food and wine distribution.

(The following operation are carried out by branches): Wholesale of packaged food, wine (not containing healthcare food) (food licensed); wholesale of Chinese medicines (through purchase), Chinese traditional prepared herbal medicine slice, CPM, chemical crude drug and its preparation antibiotics crude drugs and its preparations, biochemical medicines, biological products (except vaccine) (drugs licensed); wholesale of dangerous chemicals: 3(1), 3(2), 3(3), 4(1), 5(1), 5(2), 6(1), 8(1), 8(2), 8(3) (except highly toxicants, refined oil products and liquefied petroleum gas); wholesale and retail of ethanol (95%) (dangerous chemicals licensed); sales of category III of injection apparatus, 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 II of general treatment apparatus, medical and optical instruments and apparatus and endoscopic equipment, 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 (medical apparatus licensed); wholesale of healthcare food (hygiene licensed); wholesale of category I of medical apparatus; 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; field leasing and storage (except dangerous chemicals).

The above resolutions were considered and passed at the 18th meeting of the 4th session of the Board and the 12th meeting of the 4th session of the Supervisory Committee held on 26 March 2010, and passed at the 19th meeting of the 4th session of the Board held on 29 April 2010 and the 20th meeting of the 4th session of the Board and the 14th meeting of the 4th session of the Supervisory Committee held on 11 May 2010.

### **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 Friday, 28 May 2010 (including those overseas shareholders who have already successfully submitted documents of shareholding transfer applications on or before 28 May 2010) are entitled to attend the AGM. The Register of Members of the Company will be closed from 29 May 2010 (Saturday) to 28 June 2010 (Monday) (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 2009, 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 28 May 2010.

Holders of H shares please note 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 withholder. 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 28 May 2010; 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 28 May 2010. 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 organization located within the PRC shall submit to the Hong Kong Registrars Limited not later than 4:00 p.m. on 28 May 2010 (Friday) 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 8 June 2010

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

**V. OTHERS**

1. Address: Guangzhou Pharmaceutical Company Limited, 2nd Floor, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC

Postal code: 510130

Contact person: Pang Jianhui  
Tel: 8620-8121 8117/8121 8119  
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: 17 M 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 announcements of resolutions passed at the 18th, the 19th and the 20th meetings of the 4th session of the Board of the Company.

2. Resolutions and announcements of resolutions passed at the 12th meeting and the 13th meeting of the 4th session of the Supervisory Committee of the Company.

The Board of  
**Guangzhou Pharmaceutical Company Limited**

Guangzhou, the PRC, 11 May 2010

**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 20th meeting of the fourth session of the Board and the announcement of resolutions passed at the 14th meeting of the fourth session of the Supervisory Committee which were both dated 11 May 2010.

## 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 (the “Listing Rules”) 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. Wu Changhai 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.

If elected, Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Mr. Wong Lung Tak 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. Wu Changhai, Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua and Mr. Wong Lung Tak 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.

Save as disclosed above, Mr. Yang Rongming, Mr. Shi Shaobin, Mr. Wu Changhai, Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Mr. Wong Lung Tak, 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. Wu Changhai, Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Mr. Wong Lung Tak, 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. 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, the 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 for Securities Transactions by Directors of Listed Companies, or other interests which shall be recorded in the register as required to be kept by the Company in accordance with Section 352 of SFO of Mr. Shi Shaobin are set out as below:

<b>Name</b>	<b>Type of interest</b>	<b>Company</b>	<b>Number of shares (share)</b>
Shi Shaobin	Family	Guangzhou Jing Xiu Tang Pharmaceutical Co., Ltd	11,000

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.