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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 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, Liwan District, 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, 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 (Friday) (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 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 (Tuesday)

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: 17M 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 14th 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:

Name	Type of interest	Company	Number of shares (share)
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.