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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 FIRST EXTRAORDINARY GENERAL MEETING IN 2012

IMPORTANT NOTICE

- Date and time of the first extraordinary general meeting (the “EGM”) in 2012: 19 September 2012 (Wednesday) at 9:30 a.m.
- The voting time for network voting for EGM: on 19 September 2012 (Wednesday) at 09:30-11:30 and 13:00-15:00 (Applicable to A shares)
- The shareholding registration date of EGM: 17 August 2012 (Friday)
- Place of the EGM: Conference Room of Guangzhou Pharmaceutical Company Limited (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 EGM: the EGM will be held both on-site and by way of network voting (Applicable to A shares)
- Whether network voting is provided: Yes

I. INFORMATION REGARDING THE CONVENING OF THE EGM

1. The resolution to convene the EGM was considered and passed at the 17th meeting of the fifth session of the board of directors (the “Board”).
2. Date and time of the EGM: 19 September 2012 (Wednesday) at 9:30 a.m..
3. Time for the network voting: on 19 September 2012 (Wednesday) at 09:30-11:30 and 13:00-15:00 (Applicable to A shares).

4. Place of the EGM: Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC.
5. The Convener of the meeting: the Board of the Company.
6. Manner of holding the EGM: the EGM will be held both on-site and by way of network voting (applicable to A shares). The Company shall offer a network voting platform to shareholders holding A shares of the Company via the trading system of The Shanghai Stock Exchange (the “SSE”). The shareholders of A shares of the Company may exercise their voting rights at the stipulated network-voting time via the SSE system.
7. For the convenience of the securities margin trading brokers (the “Brokers”) to participate in voting at the EGM, the following method of voting at the EGM is offered for the Brokers (applicable to A shares):

Brokers may, according to voting opinions solicited from the securities margin trading investors, vote at the EGM via the voting system stipulated by the SSE for securities margin trading broker members. Brokers may also split their votes in accordance to the different voting opinions of the investors on the same resolution. Time for the voting: 09:30-11:30 on 19 September 2012 (Wednesday), the URL: www.sseinfo.com.

II. MATTERS TO BE CONSIDERED AT THE EGM

(1) To be considered and approved by way of ordinary resolutions:

1. The Resolution on the Eligibility for Major Assets Reorganization of Guangzhou Pharmaceutical Company Limited;
2. The Resolution on the Entering into and Implementation of the Trademark Custody Agreement and the Trademark Custody Supplemental Agreement with Guangzhou Pharmaceutical Holdings Limited;
3. The Resolution on the Approval of the Audit Report, Valuation Reports and Profit Forecast Reports;
4. The Resolution regarding the election of Ms. Cheng Ning as an executive director of the Company (the profile of whom was set out in the announcement of written resolution passed by the meeting of the fifth session of the Board dated 16 July 2012 and the attachment of this notice). If elected, the tenure shall commence from the date of her appointment to the date when members of the new session of the Board are elected.

(2) To be considered and approved by way of special resolutions:

1. The Resolution on the concurrent implementation of the Absorption and Merger of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. through Share Swap of additional A Shares and the Asset Acquisition through Issuance of A Shares to Guangzhou Pharmaceutical Holdings Limited by Guangzhou Pharmaceutical Company Limited;
2. The Resolution on the Proposal for the Absorption and Merger of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. by Guangzhou Pharmaceutical Company Limited through Share Swap of Additional A Shares;
3. The Resolution on the Entering into and Implementation of the Absorption and Merger Agreement with Guangzhou Baiyunshan Pharmaceutical Co., Ltd.;
4. The Resolution on the Proposal for Asset Acquisition through Issuance of A Shares to Guangzhou Pharmaceutical Holdings Limited on an item-by-item basis;

4.1. Valuation date

4.2. Nature of shares

4.3. Method of issue

4.4. Target subscriber and subscription method

4.5. Value of the assets to be acquired

4.6. Number of shares to be issued

4.7. Issue price

4.8. Attribution of profit and loss from the assets to be acquired from the valuation date to the completion date

4.9. Lock-up period

4.10. Place of listing

4.11. Arrangement for accrued profit

4.12. Validity of resolutions on the asset acquisition through issuance of shares

4.13. Conditions precedent of the Asset Acquisition Agreement and its supplemental agreement

5. The Resolution on the Entering into and Implementation of the Assets Acquisition Agreement through Issuance of Shares and the Supplemental Agreement to the Agreement on Asset Acquisition through Issuance of Shares with Guangzhou Pharmaceutical Holdings Limited;
6. The Resolution on Entering into and Implementation of the Agreement for the Compensation of the Difference between Actual Earning and Net Earning Forecast of the Assets Proposed to be Acquired with Guangzhou Pharmaceutical Holdings Limited;
7. The Resolution on the Report on the Absorption and Merger of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. through Share Swap, Asset Acquisition through Issuance of Shares and Connected Transactions of Guangzhou Pharmaceutical Company Limited (draft) published by the Company;
8. The Resolution on Authorization by General Meeting to the Board for Handling Matters at its Discretion regarding the Absorption and Merger through Share Swap and the Asset Acquisition through Issuance of Shares;
9. The Resolution on the Proposed Amendments to the Articles of Association of the Company.

The above resolutions were considered and passed at the 13th meeting of the fifth session of the Board and the 9th meeting of the fifth session of the supervisory committee held on 29 February 2012, the 17th meeting of the fifth session of the Board and the 13th meeting of the fifth session of the supervisory committee held on 15 June 2012 and the written resolution of the fifth session of the Board held on 13 July 2012.

III. ATTENDEES OF THE EGM

1. Holders of domestic shares (A shares) and overseas listed foreign capital shares (H shares) whose names appeared on the register of members of the Company at the close of business in the afternoon on 17 August 2012 (Friday) (including those overseas shareholders who have already successfully submitted documents of shareholding transfer applications on or before 17 August 2012) are entitled to attend the EGM. The register of members of the Company will be closed from 18 August 2012 (Saturday) to 19 September 2012 (Wednesday) (both days inclusive) during which no transfer of H shares will be effected. In order to determine who are entitled to attend the EGM, all share transfer documents of H shares together with the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, namely Hong Kong Registrars Limited, for share transfer registration not later than 16:00 on 17 August 2012 (Friday).

2. Any shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies (whether or not he/she is a shareholder) 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 Company's office address no less than 24 hours before the time appointed for the holding of the EGM or its any adjournment thereof.
3. Shareholders who intend to attend the EGM in person or by proxy should complete and return the attached reply slip by hand, by mail or by fax in accordance with the instructions printed thereon, before 30 August 2012 (Thursday).
4. The directors, supervisors and senior management of the Company.

IV. REGISTRATION FOR THE EGM

1. Methods of registration

1. On-site registration

To attend the EGM, 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. Registration for network voting (Applicable to A Shares)

Securities investments funds voting at the EGM via network voting shall make filings at the network voting shareholders' accounts of the SSE Infonet Company Limited within two working days after the shareholding registration date of the EGM.

2. Place and time of registration:

Registration date and time: 08:30 to 11:30 and 14:00 to 16:30 on 30 August 2012 (Thursday)

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: 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 8120
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 EGM is expected to last for a half day. Shareholders attending the meeting shall be responsible for their own travelling and accommodation expenses.
4. Reporters attending the EGM shall register in advance during the shareholder registration time.

VI. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolutions and announcement of resolutions passed at the 13th meeting of the fifth session of the Board.
2. Resolutions and announcement of resolutions passed at the 9th meeting of the fifth session of the supervisory committee.
3. Resolutions and announcement of resolutions passed at the 17th meeting of the fifth session of the Board.
4. Resolutions and announcement of resolutions passed at the 13th meeting of the fifth session of the supervisory committee.
5. Resolutions and announcement of written resolutions passed at the meeting of the fifth session of the Board.

The Board of
Guangzhou Pharmaceutical Company Limited

Guangzhou, the PRC, 3 August 2012

As at the date of this notice, the Board comprises Mr. Yang Rongming, Mr. Li Chuyuan and Mr. Wu Changhai as executive directors, and Mr. Liu Jinxiang, Mr. Li Shanmin, Mr. Zhang Yonghua, Mr. Wong Lung Tak Patrick and Mr. Qiu Hongzhong as independent non-executive directors.

ATTACHMENT A:

1. Profile of the candidate proposed to be appointed as an executive director of the Company

Ms. Cheng Ning, aged 46, received tertiary education, certified public accountant and certified tax consultant in the PRC. Ms. Cheng started her career in August 1986 and has served as an officer of the finance section of Guangzhou Bai Yun Shan Pharmaceutical General Factory*(廣州白雲山製藥總廠), a deputy section chief of the finance section of Guangzhou Bai Yun Shan Bao De Pharmaceutical Factory *(廣州白雲山寶得藥廠), and a chief of the finance section of Guangzhou Bai Yun Shan Veterinary Medicines Factory*(廣州白雲山獸藥廠), a chief of the settlement section of the operation department, a chief of the accounting and cashier of the settlement center, a deputy manager of the finance department, a member and secretary of the supervision committee of Guangzhou Bai Yun Shan Pharmaceutical Co., Ltd.*(廣州白雲山製藥股份有限公司), a deputy manager and a director of the financial resources department and a director of the finance department of Guangzhou Bai Yun Shan Enterprise Group*(廣州白雲山企業集團有限公司) and a deputy manager of finance department of Guangzhou Pharmaceutical Holding Limited (“GPHL”) and so on. Ms. Cheng is currently a vice general manager, financial controller and manager of the finance department of GPHL.

** for identification purpose only*

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

According to the emoluments policy of the Company, the annual emoluments of the directors of the Company are proposed by the Board to the annual general meeting 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. If elected, Ms. Cheng Ning will be entitled to emoluments determined by the Board in accordance with the authorization of the annual general meeting.

If elected, Ms. Cheng Ning shall serve from the date of the appointment to the date when members of the new session of the Board are elected.

If elected, Ms. Cheng Ning will enter into a service contract with the Company as a director.

Ms. Cheng Ning does 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, Ms. Cheng Ning does 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 Part XV of the Securities and Futures Ordinance (cap. 571, Laws of Hong Kong) (“SFO”) or the Model Code for Securities Transactions by Directors of Listed Companies. Nor did she has 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.

Save as disclosed above, there are no other matters concerning Ms. Cheng Ning for election as director 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.

ATTACHMENT B:

Procedures for Online Voting by A Shareholders

Voting date: 19 September 2012 during 09:30-11:30 and 13:00-15:00

Total resolutions to be proposed: 13

A. Voting Procedures

1. Voting code

Voting code on The Shanghai Stock Exchange	Voting abbreviation on The Shanghai Stock Exchange	Number of Resolutions to be voted	Descriptions
738332	廣藥投票 (Guang Yao Tou Piao)	13	A share

2. Voting Method

(1) One-off voting

In case a one-off voting for all matters is required, please vote in the following manner:

Serial number of voting	Content	Voting code	Quoted price	For	Against	Abstain
1-13	All 13 resolutions to be proposed in the EGM	738332	99.00	1 share	2 shares	3 shares

(2) *Separate voting on each resolution*

In case a separate vote is required for each resolution, please vote in the following manner:

	Resolutions	Voting code	Quoted price	For	Against	Abstain
	Total resolutions (To vote for the 1 to 13 resolutions)	738332	99.00			
1	The Resolution on the Eligibility for Major Assets Reorganization of Guangzhou Pharmaceutical Company Limited;		1.00			
2	The Resolution on the Entering into and Implementation of the Trademark Custody Agreement and the Trademark Custody Supplemental Agreement with Guangzhou Pharmaceutical Holdings Limited;		2.00			
3	The Resolution on the Approval of the Audit Report, Valuation Reports and Profit Forecast Reports;		3.00			
4	The Resolution regarding the election of Ms. Cheng Ning as an executive director of the Company. If elected, the tenure shall commence from the date of her appointment to the date when members of the new session of the Board are elected;		4.00			
5	The Resolution on the concurrent implementation of the Absorption and Merger of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. through Share Swap of additional A Shares and the Asset Acquisition through Issuance of A Shares to Guangzhou Pharmaceutical Holdings Limited by Guangzhou Pharmaceutical Company Limited;		5.00			
6	The Resolution on the Proposal for the Absorption and Merger of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. by Guangzhou Pharmaceutical Company Limited through Share Swap of Additional A Shares;		6.00			
7	The Resolution on the Entering into and Implementation of the Absorption and Merger Agreement with Guangzhou Baiyunshan Pharmaceutical Co., Ltd.;		7.00			
8	The Resolution on the Proposal for Asset Acquisition through Issuance of A Shares to Guangzhou Pharmaceutical Holdings Limited on an item-by-item basis;		8.00			
8.1	Valuation date		8.01			

	Resolutions	Voting code	Quoted price	For	Against	Abstain
8.2	Nature of shares		8.02			
8.3	Method of issue		8.03			
8.4	Target subscriber and subscription method		8.04			
8.5	Value of the assets to be acquired		8.05			
8.6	Number of shares to be issued		8.06			
8.7	Issue price		8.07			
8.8	Attribution of profit and loss from the assets to be acquired from the valuation date to the completion date		8.08			
8.9	Lock-up period		8.09			
8.10	Place of listing		8.10			
8.11	Arrangement for accrued profit		8.11			
8.12	Validity of resolutions on the asset acquisition through issuance of shares		8.12			
8.13	Conditions precedent of the Asset Acquisition Agreement and its supplemental agreement		8.13			
9	The Resolution on the Entering into and Implementation of the Assets Acquisition Agreement through Issuance of Shares and the Supplemental Agreement to the Agreement on Asset Acquisition through Issuance of Shares with Guangzhou Pharmaceutical Holdings Limited;		9.00			
10	The Resolution on Entering into and Implementation of the Agreement for the Compensation of the Difference between Actual Earning and Net Earning Forecast of the Assets Proposed to be Acquired with Guangzhou Pharmaceutical Holdings Limited;		10.00			
11	The Resolution on the Report on the Absorption and Merger of Guangzhou Baiyunshan Pharmaceutical Co., Ltd. through Share Swap, Asset Acquisition through Issuance of Shares and Connected Transactions of Guangzhou Pharmaceutical Company Limited (draft) published by the Company;		11.00			

	Resolutions	Voting code	Quoted price	For	Against	Abstain
12	The Resolution on Authorization by General Meeting to the Board for Handling Matters at its Discretion regarding the Absorption and Merger through Share Swap and the Asset Acquisition through Issuance of Shares;		12.00			
13	The Resolution on the Proposed Amendments to the Articles of Association of the Company.		13.00			

3. To fill in the intention of the vote for the “number of shares to be voted”

Intention	Number of shares to be voted
For	1
Against	2
Abstain	3

B. Examples For Voting

- Following the closing of trading of the A shares on 17 August 2012, which is the registration date for entitlements, any holder of A shares of a company shall fill in “99.00” and “1 share” under the quoted price and the number of shares to be voted if they intend to vote in favor of all resolutions to be proposed during the online voting, and shall vote in the following manner:

Voting code	Buy or Sell	Trading price	Number of shares to be traded
738332	Buy	99.00	1 share

- If any holder of A shares would like to vote separately for the resolutions to be proposed in the extraordinary general meeting with the intention to vote in favor of the proposed Resolution 1, “The Resolution on the Eligibility for Major Assets Reorganization of Guangzhou Pharmaceutical Company Limited”, during the online voting, he shall vote in the following manner:

Voting code	Buy or Sell	Trading price	Number of shares to be traded
738332	Buy	1.00	1 share

3. If any holder of A shares would like to vote separately for the resolutions to be proposed in the extraordinary general meeting with the intention to vote against the proposed Resolution 1, “The Resolution on the Eligibility for Major Assets Reorganization of Guangzhou Pharmaceutical Company Limited”, during the online voting, he shall vote in the following manner:

Voting code	Buy or Sell	Trading price	Number of shares to be traded
738332	Buy	99.00	2 shares

4. If any holder of A shares would like to vote separately for the resolutions to be proposed in the extraordinary general meeting with the intention to abstain from voting to the proposed Resolution 1, “The Resolution on the Eligibility for Major Assets Reorganization of Guangzhou Pharmaceutical Company Limited”, during the online voting, he shall vote in the following manner:

Voting code	Buy or Sell	Trading price	Number of shares to be traded
738332	Buy	99.00	3 shares

C. Matters need to be brought to attention for voting

1. In view of the massive number of resolutions to be voted, it is suggested that an A shareholder shall take a vote by proxy directly with quoted price of \$99.00 if he would like to vote for or against or abstain from voting to all resolutions. The A shareholder may decide the sequence of voting for various resolutions to be voted in the extraordinary general meeting. Any vote shall not be withdrawn.
2. Each shareholder shall only vote once for each resolution. If more than one vote (including vote in person, by proxy or through online) is taken, the vote which was first made shall be counted.
3. In case that various matters are to be voted in the extraordinary general meeting, the A shareholder who takes a vote on an individual or several resolution(s) online would be deemed as having in present at the extraordinary general meeting and the number of votes held by him would be counted as the quorum of the extraordinary general meeting. The shareholder who have not voted or where their voting failed to satisfy the requirement of “The Implementation Rules for the Online Voting in the General Meeting for Listed Companies on the Shanghai Stock Exchange (《上海證券交易所上市公司股東大會網絡投票實施細則》)” would be deemed as having abstained from voting.