



廣州藥業股份有限公司

Guangzhou Pharmaceutical Company Limited

(a joint stock company with limited liability established in the People's Republic of China)

(H Share Stock Code: 0874)

NOTICE OF THE 2006 ANNUAL GENERAL MEETING

IMPORTANT NOTICE

- Date and time of the 2006 annual general meeting (“AGM”): 15 June 2007 (Friday) at 10:00 a.m.
- Place of the AGM: Conference room of Guangzhou Pharmaceutical Company Limited (the “Company”), 45 Sha Mian North Street, Guangzhou City, Guangdong Province, the People’s Republic of China (the “PRC”)
- Manner of holding the AGM: present
- Significant items to be considered:
 - (1) report of the Board of directors (the “Board”) of the Company for the year 2006;
 - (2) report of the Supervisory Committee of the Company for the year 2006;
 - (3) financial reports of the Company for the year 2006;
 - (4) auditors’ reports for the year 2006;
 - (5) proposal for profit distribution and dividend payment for the year 2006;
 - (6) projected profit distribution policy of the Company for the year 2007;
 - (7) total emoluments to be paid to the directors of the Company for the year 2007;
 - (8) total emoluments to be paid to the supervisors of the Company for the year 2007;
 - (9) re-appointment of Guangdong Yangcheng Certified Public Accountants Co. Ltd. and PricewaterhouseCoopers, whose appointments have expired, as the domestic and international auditors respectively, and the authorization of the Board to determine their respective remuneration;
 - (10) elections of Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Feng Zansheng as directors of the new session of the Board of the Company, and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua as independent non-executive directors of the new session of the Board of the Company; election of Ms. Yang Xiwei and Mr. Zhong Yugan as supervisors of the new session of the Supervisory Committee of the Company (The profiles of the candidates for election as directors and supervisors were set out in the announcement of resolutions passed at the 31st meeting of the third session of the Board and the announcement of resolutions passed at the 13th meeting of the Supervisory Committee which were both dated 27 April 2007). If elected, the new directors and supervisors shall serve from the date of his/her appointment to the date when members of the new session of the Board and the Supervisory Committee are elected.

I. INFORMATION REGARDING THE CONVENING OF THE AGM

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

II. MATTERS TO BE CONSIDERED AT THE AGM

To be considered and approved by way of ordinary resolutions:

1. report of the Board of the Company for the year 2006;
2. report of the Supervisory Committee of the Company for the year 2006;
3. financial reports of the Company for the year 2006;
4. auditors’ reports for the year 2006;
5. proposal for profit distribution and dividend payment for the year 2006;

6. projected profit distribution policy of the Company for the year 2007;
7. total emoluments to be paid to the directors of the Company for the year 2007;
8. total emoluments to be paid to the supervisors of the Company for the year 2007;
9. re-appointment of Guangdong Yangcheng Certified Public Accountants Co. Ltd. and PricewaterhouseCoopers, whose appointments have expired, as the domestic and international auditors respectively, and the authorization of the Board to determine their respective remuneration;
10. elections of Mr. Yang Rongming, Mr. Shi Shaobin and Mr. Feng Zansheng as directors of the new session of the Board of the Company, and Mr. Wong Hin Wing, Mr. Liu Jinxiang, Mr. Li Shanmin and Mr. Zhang Yonghua as independent non-executive directors of the new session of the Board of the Company; election of Ms. Yang Xiuwei and Mr. Zhong Yugan as supervisors of the new session of the Supervisory Committee of the Company. If elected, the new directors and supervisors shall serve from the date of his/her appointment to the date when members of the new session of the Board and the Supervisory Committee are elected.

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

III. ATTENDEES OF THE AGM

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

IV. REGISTRATION FOR THE AGM

- (1) Registration procedures:

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

- (2) Place and time of registration:

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

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

V. OTHERS

- (1) Address: 2nd Floor, 45 Sha Mian North Street, Guangzhou City,
Guangdong Province, the PRC
Postal code: 510130
Contact person: He Shuhua
Tel: 8620-8121 8117
Fax: 8620-8121 6408
- (2) Address of Shanghai Branch Company of China Securities Depository and Clearing Corporation Limited: 3/F., China Insurance Building, No.166 Lujiazui Road East, Shanghai, the PRC

Address of Hong Kong Registrars Limited: 46th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- (3) The AGM is expected to last for a half day. Shareholders attending the meeting shall be responsible for their own travelling and accommodation expenses.

VI. DOCUMENTS AVAILABLE FOR INSPECTION

- (1) Resolutions and announcement of the 31st meeting of the 3rd session of the Board.
- (2) Resolutions and announcement of the 13th meeting of the 3rd session of the Supervisory Committee.

By order of the Board
He Shuhua
Secretary to the Board

Guangzhou, the PRC, 27 April 2007

As at the date of this notice, the Board comprises Mr. Yang Rongming, Mr. Shi Shaobin, Mr. Chen Zhinong and Mr. Feng Zansheng as executive directors and Mr. Wu Zhang, Mr. Wong Hin Wing and Mr. Zhang Heyong as independent non-executive directors.

Attachment:

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

Profiles of the candidates for election as executive directors

Mr. Yang Rongming, aged 53, Chairman of the Company, was a postgraduate and is 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, Chairman and General Manager of Guangzhou Zhujiang Brewery Group Co., Ltd and Chairman of Guangzhou Zhujiang Brewery Co., Ltd. Mr. Yang is also Director of Guangzhou Xingqun Pharmaceutical Co., Ltd., Guangzhou Zhongyi Pharmaceutical Company Ltd. and Guangzhou Pharmaceuticals Corporation and Chairman of Guangzhou Pharmaceutical Soccer Club Co., Ltd. Mr. Yang has extensive experience in business management and sales and marketing.

Mr. Shi Shaobin, aged 39, Director and General Manager of the Company, was a postgraduate and holds a master degree in business administration, and is a senior engineer in pharmacy. Mr. Shi started his career in 1989, and had served as a technician in research institute, salesman in Sales Department, head of the Administration Department, assistant to General Manager, Manager of Marketing Department and Deputy General Manager of Guangzhou Jingxiutang Pharmaceutical Co., Ltd., Chairman and General Manager of Guangzhou Yangcheng Pharmaceutical Co., Ltd.. He is also a director and Chief Executive Officer of Guangzhou Wanglaoji Pharmaceutical Co., Ltd.. Mr. Shi has extensive experience in corporate production, marketing and operation management.

Mr. Feng Zansheng, aged 56, Director of the Company, joined GPHL in 1970. He graduated from Guangzhou Medical College in 1977 with a Diploma in Medical Treatment. Mr. Feng is the Chairman and General Manager of Guangzhou Pharmaceuticals Corporation, and Vice Chairman of the Chinese Medical Commerce Association. He is also an executive member of Guangdong Medical Society and Vice Commissioner of Trading Speciality. Mr. Feng has extensive experience in corporate management and pharmaceutical trading.

Profiles of the candidates for election as independent non-executive directors

Mr. Wong Hin Wing, aged 44, has been an Independent Non-executive Director of the Company since 26 March 2004. Mr. Wong holds a master degree in Executive Business Administration from the Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors, the Association of Chartered Certified Accountants, as well as a member of the American Institute of Certified Public Accountants. He is also a fellow member of the Institute of Chartered Secretaries and Administrators and a member of the Securities Institute in the United Kingdom. Mr. Wong is currently the managing director and Responsible Officer of Legend Capital Partners Inc., a licensed corporation under the Securities and Futures Ordinance. He has over 23 years of experience in accounting, finance, investment management and advisory. Mr. Wong had worked with an international audit firm for four years and was the chief financial officer of a listed public company for seven years. He is also a director of Aeon Credit Service (Asia) Company Limited.

Mr. Liu Jinxiang, aged 66, graduated from Xi’an Construction Technology University in 1964, had been appointed as independent non-executive director of the Company from August 2000 to March 2004. Mr. Liu was previously Chairman of Yue Xiu Enterprises (Holdings) Limited, Guangzhou Investment Company Limited, and Yue Xiu Transportation Company Limited. He was once Vice-Mayor of Guangzhou City and head of Guangzhou’s Economic Committee. Mr. Liu has over 40 years’ experience in industrial technology and management of enterprise and economic affairs.

Mr. Li Shanmin, aged 44, graduated from Nanjing Agricultural University with a doctorate degree in management science (previous agricultural science). He is currently a professor of the school of management of Zhongshan University, mentor of a Ph. D. student in finance and investment majors, section chief for finance and state-owned asset section of Zhongshan University, secretary-general of Zhongshan University Education Fund, a member of International Financial Management Association. Mr. Li is also acting as the independent director of Hubei Yihua Chemical Industry Co., Ltd, Guangzhou Zhujiang Industrial Co., Ltd and China Soft Package Company Limited, directive expert of postdoc station of the Shenzhen Stock Exchange.

Mr. Zhang Yonghua, aged 48, graduated from Huazhong Normal University with a bachelor degree of Law in 1982, and got a master degree of 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 of Huazhong Normal University, vice-professor of School of Political science & Law, deputy director of minor department of Guangzhou University of Foreign Students, deputy director of Guangdong University of Foreign Students. Mr. Zhang is concurrently the director of Guangdong Law Society, consultation expert of legal system office of Guangzhou government, the second session commissioner of Guangzhou Arbitration Commission and intercessor of Guangzhou Arbitration Commission.

Profiles of candidates for election as supervisors:

Ms. Yang Xiuwei, aged 48, 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. She is an Assistant Engineer. Ms. Yang is currently the Secretary of the commission for inspecting discipline of Guangzhou Pharmaceutical Holdings Limited and Secretary of the Party Committee of the Company. Ms. Yang served as clerk at vice-director level for complaint letter and visit office, inspector at vice-section level, inspector at section level, deputy director at vice-department level, deputy director at department level for the Bureau of Supervision under Guangzhou municipal commission for inspecting discipline, deputy director at department level and Secretary of the Party Branch for the third inspecting room of Bureau of Supervision under Guangzhou municipal commission for inspecting discipline.

Mr. Wu Quan, aged 51, started his career in February 1976. With a junior college education background, he graduated from the Guangzhou Institute of Education with a Chinese major. Mr. Wu is currently senior HR manager of the Company. Mr. Wu acted as supply chief of cannon camp, vice company commander of Guangdong Independent division, brainman at deputy company commander level, brainman at company commander level for military equipment section under command of Guangdong Zhangjiang Military Subarea, brainman at a deputy battalion level, brainman at a battalion level, deputy section chief and section chief for military equipment section under command of Guangdong Military Area, deputy secretary of the party committee, secretary of the commission for inspecting discipline and secretary of the party committee of Guangzhou Medicinal Materials Company.

Mr. Zhong Yugan, aged 50, has been a 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. Mr. Zhong is currently the Head of the Business Administration Faculty and a professor in the Guangdong Business College, and the tutor of postgraduates majoring in corporate management. He is also the 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, the Vice Chairman of the Guangdong Provincial Business Economics Association and Vice Chairman of the Guangdong Marketing Association. Mr. Zhong has extensive experience in the fields of marketing and sales, strategic decision-making and corporate management.

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

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

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

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

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

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

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

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

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

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

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

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