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廣州藥業股份有限公司

Guangzhou Pharmaceutical Company Limited

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

ANNOUNCEMENT

The Company and the Board warrant that the contents of this Announcement are true, accurate and complete, and jointly accept responsibility for any false statement or misleading representation contained in, or any material omission from, this announcement. This announcement is made in accordance with paragraph 2(2) of the Listing Agreement.

The Company and the Board have expressed concern about the Report appearing on the Shanghai Securities Post (上海證券報) on 18 May 2003. Details regarding the highest annual emoluments of the Company's senior management contained in the Report have not been verified by the Company and are not a fair and complete reflection of the factual details disclosed in the Annual Report.

This announcement is made in accordance with paragraph 2(2) of the Listing Agreement.

Guangzhou Pharmaceutical Company Limited ("Company") and its board of directors ("Board") have expressed concern about a report ("Report") entitled "Highest Annual Emoluments of Senior Management of Listed Companies for 2003" (2003年中國上市公司高管身價排行榜) appearing on the Shanghai Securities Post (上海證券報) on 18 May 2003. The Report analyses the emoluments of senior management of a sample of listed companies in the PRC, and states that the highest annual emolument of the senior management of the Company for the year 2002 was Rmb1,250,000. Details regarding the highest annual emoluments of the Company's senior management contained in the Report have not been verified by the Company and are not a fair and complete reflection of the factual details disclosed in the Company's 2002 annual report ("Annual Report"). The Company and the Board hereby makes the following clarification:

- (i) As stated on page 128 of the Annual Report, the emolument for each of the Company's directors, supervisors and senior management, totalling 16 individuals, was within the band of nil to Rmb1,000,000 for the year 2002.
- (ii) As stated on page 129 of the Annual Report, the five highest paid individuals of the Group (consisting of the Company and its subsidiaries) included three directors of the Company (their remunerations are stated in Item (i)) and two individuals. The emolument of one of those individuals was within the band of Rmb1,000,000 to Rmb1,500,000 for the year 2002. That individual is neither a director, a supervisor nor a senior management member of the Company.

By order of the Board
He Shuhua
Company Secretary

Guangzhou, the PRC, 23 May 2003

Please also refer to the published version of this announcement in The Standard / Hong Kong Economic Times.