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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)

(Stock Code: 0874)

Announcement of Resignation of Director

The Board hereby announces that it approved Mr. Cai's resignation as director and chairman of the Company on 9 September 2004 with effect from the same date.

The Company and all members of the Board hereby confirm the truthfulness, accuracy and completeness of the contents of this announcement and jointly accept full responsibilities for any false representation, misleading statements or material omission herein contained.

Due to his job relocation, Mr. Cai Zhixiang ("Mr. Cai") tendered his resignation as director and chairman of Guangzhou Pharmaceutical Company Limited (the "Company") to the board of directors (the "Board") of the Company. The Board resolved to approve Mr. Cai's resignation as director and chairman of the Company at the Fourth Meeting of the Third Session of the Board of the Company held on 9 September 2004 with effect from the same date. Mr. Cai confirms that there are no matters need to be brought to the attention of the shareholders of the Company in relation to his resignation.

The Board and Mr. Cai are not aware of any personal obligations that Mr. Cai has given to the Company and its subsidiaries (collectively the "Group") and that may be affected as a result of resignation of Mr. Cai. The Board and Mr. Cai confirms that there is no disagreement in all aspects between the Company and Mr. Cai which would have caused resignation of Mr. Cai.

Mr. Cai has been a director of the Company since its establishment in 1997. He had also acted as the vice chairman and the chairman of the Company. Throughout his appointment, Mr. Cai had always been diligent and committed to his work. Mr. Cai has made important contributions towards the establishment of the Company, its stable and speedy growth and the issuance of A shares by the Company. The Board hereby extends its great appreciation for Mr. Cai's efforts and contributions to the Group during his tenure of office.

By order of the Board
He Shuhua
Company Secretary

Guangzhou, PRC, 9 September 2004

As at the date of this announcement, the Board comprises Mr. Cai Zhixiang (resigned on 9 September 2004), Mr. Zhou Yuejin and Mr. Feng Zansheng as executive directors and Mr. Wu Zhang, Mr. Wong Hin Wing and Mr. Zhang Heyong as independent non-executive directors.

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