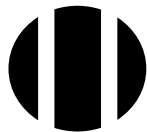


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## **SHANXI CENTRAL PHARMACEUTICAL INTERNATIONAL LIMITED**

**正 中 藥 業 國 際 有 限 公 司 \***

*(incorporated in Bermuda with limited liability)*

### **ANNOUNCEMENT**

The Board of Shanxi Central Pharmaceutical International Limited has noted the decrease in price and increase in trading volume of the Shares of the Company on 19 July, 2002 and wish to state that the Board is not aware of any reasons for such changes, saved for disclosed herein.

On 19 July, 2002, 105,616,000 shares, representing approximately 5.03% of the issued share capital of the Company, held by Healthlink International Inc., the controlling shareholder of the Company, which were pledged to various margin financiers were being disposed of by these margin financiers.

The Company is in the process of preliminary negotiation with an independent third party of a transaction in relation to a possible acquisition of a pharmaceutical business.

The Company is also in the process of negotiation with an independent third party of a transaction in relation to the proposed issue of convertible debentures.

Trading of the Shares have been suspended with effect from 9:30 a.m. on Monday, 22 July, 2002 at the request of the Company pending the release of this announcement. Trading of the Shares remains to be suspended pending the release of another announcement on the proposed issue of convertible debentures.

The board of directors (the “Board”) of Shanxi Central Pharmaceutical International Limited (the “Company”) has noted the decrease in price and increase in trading volume of the shares (the “Shares”) of the Company on 19 July, 2002 and wish to state that the Board is not aware of any reasons for such changes, saved for disclosed herein.

The Board has been notified by Healthlink International Inc., the controlling shareholder of the Company holding 977,868,344 Shares of the Company, representing 46.57% of the issued share capital of the Company before its Shares were disposed by margin financiers, that 105,616,000 Shares, representing approximately 5.03% of the issued share capital of the Company held by Healthlink International Inc. which were pledged to various margin financiers were being disposed of by these margin financiers on 19 July, 2002. After the disposal, the shareholding of Healthlink International Inc. decreased to 872,252,344 Shares, which represents approximately 41.54% of the Company’s issued share capital and upon such disposal Healthlink International Inc. remains to be the controlling shareholder of the Company.

Healthlink International Inc. has also confirmed to the Company that it had repaid all the outstanding debts of these margin financiers on 22 July, 2002, it has no further debts due to these margin financiers. Healthlink International Inc. has further confirmed to the Company that at present it has no intention to dispose the remaining Shares now holding.

The Company is in the process of preliminary negotiation with an independent third party of a transaction now, which may or may not constitute a notifiable transaction under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The transaction involves a possible acquisition of a pharmaceutical business. As at the date of this announcement, the negotiation is still in a very preliminary stage and no agreement has been reached. The aforesaid transaction may or may not materialise and further announcement will be made as appropriate.

In addition, the Company is in the process of negotiation with an independent third party of a transaction in relation to the proposed issue of convertible debentures.

Save as disclosed above, there are no negotiations or agreements relating to intended acquisitions or realizations which are disclosable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter disclosable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

**In light of the above, shareholders and investors of the Company are requested to exercise caution in dealing in the Shares.**

Trading of the Shares have been suspended with effect from 9:30 a.m. on Monday, 22 July, 2002 at the request of the Company pending the release of this announcement. Trading of the Shares remains to be suspended pending the release of another announcement on the proposed issue of convertible debentures.

By Order of the Board  
**Shanxi Central Pharmaceutical International Limited**  
**Hou Li Ping**  
*Chairman*

Hong Kong, 26 July, 2002

\* *for identification only*

“Please also refer to the published version of this announcement in The Standard”.