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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 Company wishes to clarify certain details of the Company's announcement dated 2 June 2003 and to update the status of pending litigations relating to the Group.

Investors and shareholders of the Company are advised to exercise extreme caution when dealing in the shares of the Company.

Reference is made to the announcement of Shanxi Central Pharmaceutical International Limited (the "Company" and its subsidiaries, the "Group") dated 2 June 2003. The Company wishes to clarify certain details of the announcement as disclosed in the section headed "Post Balance Sheet Event" and update the status of the pending litigations relating to the Group.

PENDING LITIGATIONS

A writ dated 26 March 2003 was issued by solicitors acting for Dao Heng Bank Limited against the Company, as guarantor, for the repayment of the instalment loans in the sum of approximately HK\$30,000,000 together with all interest arising from the instalment loans made by the borrower, Shanxi Zhengzhong Pharmaceutical Co., Ltd., a 99% non-wholly owned subsidiary of the Company. An Order 14 Summons hearing is fixed on 7 July 2003 and the Company has appointed solicitors acting on behalf of the Company to handle the case.

A writ dated 27 March 2003, a statement of claim dated 23 April 2003 and an amended statement of claim dated 24 April 2003 were issued respectively by solicitors acting for CITIC Ka Wah Bank Limited against (i) Central International Investments Limited, a wholly-owned subsidiary of the Company, as borrower and (ii) the Company, as guarantor claiming for the repayment of the overdue trust receipt loans in the sum of approximately HK\$5,500,000 and the interest thereon. Defence had been filed on 2 June 2003 and the Company has appointed solicitors acting on behalf of the Company to handle the case.

A writ dated 13 May 2003 was issued by solicitors acting for a body corporate against (i) the Company; (ii) Central Pharmaceutical Holdings (BVI) Limited, a wholly owned subsidiary of the Company; (iii) Mr. Shi Yue Ming; and (iv) Madam Hou Li Ping for the claim of HK\$17,550,000 and interest thereon arising from a dishonoured cheque drawn by Central Pharmaceutical Holdings (BVI) Limited. The Company has appointed solicitors acting on behalf of the Company to handle the case. Instruction was given to the

* *for identification only*

Company's solicitors for further investigation on the detail of the proceeding and the outcome is unknown up to the date of this announcement. Based on court hearing held on 3 June 2003, the plaintiff applied for an extension to file the statement of claim. The plaintiff was required to file the statement of claim on or before 17 June 2003.

A writ dated 14 May 2003 was issued by solicitors acting for a printing company against the Company for the settlement of outstanding printing services fees in the sum of HK\$204,138.60 and interest thereon. An Order 14 Summons hearing is fixed on 23 June 2003 and the Company has appointed solicitors acting on behalf of the Company to handle the case.

The Company will make further announcement regarding any further material development of the pending litigations against the Group.

Investors and shareholders of the Company are advised to exercise extreme caution when dealing in the shares of the Company.

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

Hong Kong, 6 June 2003

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