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長春達興藥業股份有限公司

CHANGCHUN DA XING PHARMACEUTICAL COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8067)

ANNOUNCEMENT

- The Board is conducting Internal Enquiry on Irregularities it detected in its accounting records. PRC Police has made enquiry to the Company and Investigation is underway.
- Due to the Irregularities, there will be a delay in the publication of the Company's interim results for the six months ended 30 June 2005.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 10:00 a.m. on 28 July 2005 and will remain suspended until further notice.

Irregularities in accounting records

The directors ("Directors") of Changchun Da Xing Pharmaceutical Company Limited (the "Company") have detected certain irregularities in its accounting records (the "Irregularities"). The board of Directors (the "Board") is conducting enquiry on the Irregularities ("Internal Enquiry") and liaising with its bankers, customers and suppliers in clarifying its financial position. It is expected that the Internal Enquiry would take further time as majority of the existing executive directors of the Board are just appointed at the annual general meeting of the Company for the year ended 31 December 2004 held on 28 June 2005. As the Internal Enquiry is at its preliminary stage, the extent of the Irregularities is yet to be ascertained, the Company is not in a position to disclose further information on the Irregularities or to quantify the financial effects on the Company. The police department of the Government of the People's Republic of China ("PRC Police") has made enquiry to the Company and commenced investigation (the "Investigation") on the Irregularities which the Company is fully cooperating with. The Board will keep the public informed of any material developments on the Investigation if and when appropriate.

* For identification purposes only

Delay in publication of interim results

As the Internal Enquiry just commence, it is unlikely to get the Company's interim results for the six months ended 30 June 2005 ("Interim Results") released by 12 August 2005 as required by the Rules Governing the Listing of the Securities on The Growth Enterprise Market ("GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). For the time being, the Company cannot estimate when its Interim Results will be available for publication.

The delay in the publication of the Interim Results constitutes breach of Rules 18.53 and 18.78 of the GEM Listing Rules. In this regard, the Stock Exchange reserves its right to take appropriate action against the Company.

The Directors have not dealt in the shares of the Company since 12 July 2005 and will not do so until the publication of its Interim Results.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 10:00 a.m. on 28 July 2005 and will remain suspended until further notice.

By order of the Board
Changchun Da Xing
Pharmaceutical Company Limited
Qu Lian Qin
Chairman

Changchun, the PRC, 9 August 2005

As at the date of this announcement the Board comprises five executive directors, being Qu Lian Qin, Yu Cheng Kun, Lu De Yi, Guo Bin and Zhang Dong Hai; a non-executive director, Dong Guo Zhi; and three independent non-executive directors, being Yang Shi Jie, Sun Xiao Bo and Zhang Zhong Sheng.

This announcement, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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