

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



# Hong Kong Pharmaceutical Holdings Limited

## 香港藥業集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

### DELAY IN PUBLICATION OF INTERIM RESULT AND DESPATCH OF INTERIM REPORT

The Directors announce that the publication of Interim Result and despatch of Interim Report have to be delayed to around 19 January 2004 for the reasons set out below.

The delay in publication of the Interim Result and despatch of Interim Report constitute breaches of paragraphs 10(1) and 11(6) of the Listing Agreement, the Stock Exchange reserves its rights to take appropriate action against the Company and/or Directors in respect of such breaches.

Reference is made to the announcement of the Company dated 2 December 2003 regarding the delay in publication of final results ("Final Results") and despatch of annual report of the Company for the year ended 31 March 2003 ("Annual Report"). The Directors announce that the publication of interim result (the "Interim Result") and the despatch of interim report for the six months ended 30 September 2003 ("Interim Report") have to be delayed as the publication of Final Results has been delayed to 15 December 2003 and the Company has just finished the preparation of Annual Report which has been despatched to the shareholders on 22 December 2003. In addition, due to the recent Christmas holidays which shorten the working days available and two of the principal subsidiaries of the Company are in PRC (including Guizhou Ensure Chain Pharmacy Co., Ltd. and Shanghai Hua Xin High Biotechnology Inc., which contribute approximately 42% and 5% respectively to the total turnover of the Group for the year ended 31 March 2003 and approximately 3% and 37% respectively to the total losses of the Group for the year ended 31 March 2003), more time is needed for the auditors to review the accounting record of the Company as the auditors has started their work after the finalization of Annual Report. The auditors will go to PRC to review the accounting record of the above subsidiaries in PRC around 5 January 2004. For the above reasons, the Directors expected that the Interim Result and the Interim Report can be announced and despatched on or around 19 January 2004.

According to paragraphs 10(1) and 11(6) of the Listing Agreement, the Interim Result and Interim Report have to be announced and despatched within three months after the six months ended 30 September 2003. The delay in publication of the Interim Result and despatch of Interim Report constitute breaches of paragraphs 10(1) and 11(6) of the Listing Agreement, the Stock Exchange reserves its rights to take appropriate action against the Company and/or Directors in respect of such breaches.

As disclosed in the Final Results announcement of the Company dated 12 December 2003 ("the Announcement"), a bank in PRC has agreed to defer the repayment of a loan amounting to approximately HK\$28,200,000 due from a subsidiary of the Company from 29 October 2003 to 8 May 2004. Up to the date of this announcement, the Company still have not received any written confirmation from Bank of China (Hong Kong) Limited (the "Bank") in relation to the debt restructuring of the Group. The total outstanding loan payable under the loan agreement dated 29 March 2000 entered into between a subsidiary of the Company and the Bank amounting to approximately HK\$39,987,000. Out of which, amounting to approximately HK\$11,996,000 was the debt restructuring amount. The total outstanding loan payable under the convertible note issued by the Company to the Bank on 27 April 2000 amounting to approximately HK\$38,000,000. Out of which, amounting to approximately HK\$10,000,000 was the debt restructuring amount. Details of which have been disclosed in the Announcement and page 32 of the Annual

Report. As disclosed in the Announcement, the Bank has not yet approved the debt restructuring of the Group and no agreement has been signed by the Bank and the Company. Since the beginning of December 2003, no further meeting has been held between the Bank and the Company, and the Company is awaiting for written decision of the Bank. As this commercial decision of the Bank is beyond the Group's control, the only proactive action the Group can take at this stage is to continue to negotiate with the Bank relating to the aforesaid debt restructuring and further announcement will be made to update the progress of debt restructuring if and when necessary. If the debt restructuring cannot be materialized, there might be a possibility that the working capital of the Group would be reduced and the Bank can declare the above-mentioned total outstanding sum payable under the aforesaid loan agreement and convertible note as immediately due and payable, as a result, there may be an adverse impact to the Group. The aforesaid debt restructuring of the Group will not contribute to the delay in publication of the Interim Result and despatch of Interim Report.

By Order of the Board of Directors  
**Hong Kong Pharmaceutical Holdings Limited**  
**Huang Shuyun**  
*Deputy Chairman and Managing Director*

Hong Kong, 30 December 2003

*\* For identification purpose only*

Please also refer to the published version of this announcement in The Standard dated on 31-12-2003.