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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)

FURTHER DELAY IN RELEASING THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 NOVEMBER, 2002

Further to the Previous Announcements, the Board announces that as more time is required by the newly appointed Directors to review the Interim Results, the Board meeting in approving the Interim Results will be postponed from 4 April, 2003 to 23 May, 2003. Accordingly, the publication of the announcement of the Interim Results and dispatch of the Interim Report will be postponed from 7 and 10 April, 2003 respectively to 26 and 29 May, 2003 respectively.

The delay in publication of the Interim Results and in the dispatch of the Interim Report constitute a breach of paragraphs 11(6) and 10(1) of the Listing Agreement respectively and that the Stock Exchange reserves its right to take appropriate action against the Company and/or its Directors as a result of such breach.

At the request of the Company, trading of the Shares was suspended with effect from 9:30 a.m. on 7 April, 2003 pending the release of this announcement. Application has been made by the Company for the resumption of trading of Shares on the Stock Exchange with effect from 9:30 a.m. on 9 April, 2003.

Shareholders and investors are advised to exercise caution when dealing in the Shares of the Company.

Further to the announcements made by Shanxi Central Pharmaceutical International Limited (the “**Company**”) dated 27 February, 2003 and 21 March, 2003 (the “**Previous Announcements**”) regarding the postponement of releasing the interim results for the six months ended 30 November, 2002 from 28 February, 2003 to 21 March, 2003 and from 21 March, 2003 to 4 April, 2003 respectively, the board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that the Board meeting in approving the Company’s interim results for the six months ended 30 November, 2002 (the “**Interim Results**”), will be postponed from 4 April, 2003 to 23 May, 2003. Accordingly, the publication of the announcement of the Interim Results and dispatch of the interim report for the six months ended 30 November, 2002 (the “**Interim Report**”) will be postponed from 7 and 10 April, 2003 respectively to 26 and 29 May, 2003 respectively.

REASONS FOR POSTPONEMENT OF THE INTERIM RESULTS

As stated in the Previous Announcements, the delay in publication of the Interim Results and dispatch of the Interim Report was due to the fact that the newly appointed executive Directors, Mr. Gao Guo Shi and Mr. Dai Zhong Cheng, have just started to take charge of the Company's operation since 29 January, 2003 and the newly appointed independent non-executive Director, Mr. Siu Siu Ling, Robert, has just joined the audit committee of the Company on 29 January, 2003. As a result, the newly appointed Directors require additional time to review certain financial information of the Interim Results. The Directors are currently evaluating the recoverability of the outstanding amount of approximately HK\$19.6 million due by the Supplier (as defined below) and considering of making full provision for impairment of the outstanding HK\$19.6 million in the profit and loss account, representing approximately 10.2% of the Group's (as defined below) audited net tangible asset as at 31 May, 2002. Due to the huge outbreak of the contagious Severe Acute Respiratory Syndrome (atypical pneumonia) in the Shanxi Province, it caused the newly appointed Directors unable to attend in the Company's PRC office situated at Taiyuan City, Shanxi Province to carry out the review work. As a result, the Company therefore requires additional time in gathering further information to consider for the provision required for impairment of the outstanding amount of HK\$19.6 million.

As disclosed in (i) the Company's announcement and the circular dated 4 November, 2002 and 14 February, 2003 respectively and (ii) the Company's annual report dated 29 October, 2002 for the financial year ended 31 May, 2002 (please refer to note 16 for notes to the financial statements), the Group entered into cooperative agreements (the "Cooperation Agreements") with 94 hospitals separately in the PRC for the establishment of the rheumatic treatment centers in these hospitals (the "Rheumatic Treatment Centres") in late 2001. These hospitals were dispersed in different provinces of the PRC and each of the hospitals was independent third party not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Listing Rules).

Pursuant to the Cooperation Agreements, the hospitals were responsible for the establishment of the Rheumatic Treatment Centres within a time frame prescribed in the Cooperation Agreements. The ownership and day to day responsibility for the operation of the Rheumatic Treatment Centres vested with the hospitals. The Group was responsible for the sourcing of appropriate medical equipment, supply of the necessary medicinal preparations and anti-rheumatoid capsules for the treatment of rheumatoid and/or arthritic conditions for the Rheumatic Treatment Centres. The Group sourced the equipment from the medical equipment supplier, Bozhou City Medicinal Materials General Company of Anhui Province (安徽省亳州市藥材總公司), which was an independent third party not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined under the Listing Rules) (the "Supplier"). The Group also funded part of the initial establishment costs of the Rheumatic Treatment Centers which were non-refundable. In return, the Group received a participating right in the Rheumatic Treatment Centres' profits for the duration of the periods specified in the Cooperation Agreements, generally 12 years. Pursuant to the Cooperation Agreements, the Group could share 50% of the profit generated from the operation of the Rheumatic Treatment Centres, after a 10% appropriation reserved for future development of the Rheumatic Treatment Centres, commencing from 1 January, 2003. The total original cost of investments in Rheumatic Treatment Centres, which were fully paid, amounted to approximately HK\$164.6 million within which the initial establishment costs of the Rheumatic Treatment Centres were HK\$29.9 million and the remaining HK\$134.7 million were the costs of purchasing the appropriate medical equipment.

The Group carried out continuous assessment of the setting up and operation of the Rheumatic Treatment Centres. In view of the locations of these Rheumatic Treatment Centres being widely dispersed in the

PRC and the unsatisfactory performances of some of these centers, the Group decided to terminate the cooperation with some of these hospitals or dispose of its rights of some of these centres.

In August and September 2002, the Group entered into various termination agreements (the “Termination Agreements”) with 36 hospitals for the termination of its investments in the Rheumatic Treatment Centres (the “Terminated Centres”) due to their unsatisfactory performance. The initial establishment costs of the Terminated Centres of a total of approximately HK\$11.5 million were not refundable and hence were charged to the profit and loss account for the year ended 31 May, 2002. Pursuant to the Termination Agreements, all the medical equipment with total cost of approximately HK\$46 million delivered to the Terminated Centres were returned to the Group and the cooperation with these 36 hospitals were terminated. Based on the Group’s understanding, the Group shall have no further commitment regarding the termination of the 36 Rheumatic Treatment Centres pursuant to the Termination Agreements. On the other hand, the Group entered into an agreement with the Supplier (the “Supplier Agreement”). Pursuant to the Supplier Agreement, the Supplier agreed to buy back those medical equipment returned from the Terminated Centres at aggregate consideration of approximately HK\$41.4 million, representing 90% of the original cost, resulting in a loss of approximately HK\$4.6 million, which was incorporated into the financial statements for the year ended 31 May, 2002. Pursuant to the Supplier Agreement, the Group received approximately HK\$21.8 million from the Supplier in September 2002. In accordance with the Supplier Agreement, the remaining balance will be settled as to approximately HK\$5.5 million and approximately HK\$14.1 million in November 2002 and January 2003, respectively. However, the Company has not received the outstanding amount of HK\$19.6 million, therefore, the Directors consider it necessary to gather more information in order to assess whether the provision should be made for the amount outstanding.

The delay in publication of the Interim Results and in the dispatch of the Interim Report constitute a breach of paragraphs 11(6) and 10(1) of the Listing Agreement respectively. The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) reserves its right to take appropriate action against the Company and/or its Directors in respect of the breaches of the Listing Agreement.

The Directors and their associates confirmed that they have not dealt in the shares of the Company (the “Shares”) since 26 January, 2003 and have undertaken to the Stock Exchange that they will not deal in any Shares until the Interim Results is published.

At the request of the Company, trading of the Shares was suspended with effect from 9:30 a.m. on 7 April, 2003 pending the release of this announcement. Application has been made by the Company for the resumption of trading of Shares on the Stock Exchange with effect from 9:30 a.m. on 9 April, 2003.

In the meantime, shareholders and investors are advised to exercise 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, 8 April, 2003

* *for identification only*

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