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NEW CHINESE MEDICINE HOLDINGS LIMITED

新 醫 藥 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8085 / Warrant Code: 8359)

CONNECTED TRANSACTION: EXTENSION OF COMPLETION OF THE PLACING AGREEMENT

References are made to the Announcement and the Circular in relation to the Placing Agreement. The Placing Agent and the Company agreed to extend the Completion of the Placing Agreement for another three months from the date of passing of relevant resolution by the Shareholders (the “Extension”).

A circular containing, among other things, a notice to convene the extraordinary general meeting to approve the Extension will be despatched to the Shareholders as soon as practicable.

References are made to the announcement of the Company dated 12 December 2007 (the “Announcement”) and the circular of the Company dated 7 January 2008 (the “Circular”) in relation to the Placing Agreement. Unless defined otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and the Circular.

On 10 and 12 December 2007 respectively, the Company entered into the Placing Agreement with the Placing Agent in respect of the placing of 400,000,000 new Shares at HK\$1.00 per new Share which will be placed in six separate Tranches and subject to the conditions set out in the Placing Agreement. Completion of all the six Tranches shall take place within three months from the date of passing of the relevant resolution by the Shareholders or such earlier date as may be agreed between the Placing Agent and the Company. At the extraordinary general meeting held on 31 January 2008, the Shareholders had given approval to the issue of new shares under the Placing Agreement such that the Placing Agreement should be completed on or before 30 April 2008.

On 3 April 2008, the Company has entered into a second supplemental agreement (the “Second Supplemental Agreement”) with the Placing Agent in relation to the Extension.

The reason for the Extension is that more time is required by the Placing Agent and the Company to satisfy the Conditions as set out in the Placing Agreement.

One of the Conditions set out in the Placing Agreement for each Tranche is that the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to

deal in, the Placing Shares under the respective Tranche. In order to apply for such listing approval of the Placing Shares, the Company has to submit a list of placees for each Tranche to the Stock Exchange. However, the Company understands from the Placing Agent that some of the placees are only willing to subscribe for the Placing Shares when substantial progress of the acquisition under the Sale and Purchase Agreement (“the VSA”) has been made, yet the completion of the VSA can only be completed beyond 30 April 2008 as a result of the further delay in the despatch of the VSA circular. Under these circumstances, the list of placees is not ready for submission to the Stock Exchange and the Extension is necessary for more time to satisfy the Conditions.

Save as amended by the Second Supplemental Agreement, all other terms and conditions of the Placing Agreement remain unchanged and valid.

The Placing Price of HK\$1.00 per Placing Share represents:

- (i) a premium of approximately 4.17% over the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on 3 April 2008, being the date of the Second Supplemental Agreement;
- (ii) a premium of approximately 3.31% over HK\$0.968, being the average closing price for the last five trading days immediately prior to and including 3 April 2008; and
- (iii) a premium of approximately 3.09% over HK\$0.97, being the average closing price for the last ten trading days prior to and including 3 April 2008.

The Board considers that the Placing Price is fair and reasonable.

An extraordinary general meeting will be held for the Shareholders to consider and approve an ordinary resolution in relation to the Extension.

Mr. Wong Mo Wah Gordon (“Mr. Wong”) was an executive Director and is also a director of the Placing Agent. The ultimate beneficial owners of the Placing Agent are Mrs. Wong Chiu Hung Bik Betsy, Mr. Wong’s mother and Mr. Wong Mo Kit Bernard, Mr. Wong’s brother. Therefore, the Placing Agent is a connected person of the Company.

Mr. Wong is interested in 7,000,000 Shares as at the date of this announcement. Mr. Wong and his associates will abstain from voting in respect of the proposed resolution to approve the Extension at the extraordinary general meeting.

A circular containing, among other things, a notice to convene the extraordinary general meeting to approve the Extension will be despatched to the Shareholders as soon as practicable.

The Board considers the entering into of the Second Supplemental Agreement is in the interests of the Company and its Shareholders as a whole.

By Order of the Board
New Chinese Medicine Holdings Limited
Law Kwok Chung
Executive Director

Hong Kong, 7 April 2008

As at the date of this announcement, the Board comprises (i) seven Executive Directors, namely Mr. Liu Jing, Mr. Chu Hon Pong, Mr. Li Heguo, Mr. An Jinping, Mr. Li Junhong, Ms. Tong Pui Chi Lucia and Mr. Law Kwok Chung; (ii) one Non-executive Director, namely Dr. Neil K. Gu; and (iii) three Independent Non-executive Directors, namely Mr. Chu Kar Wing, Dr. Loke Hoi Lam and Mr. Ku Ling Yu John.

This announcement, for which 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website <http://www.hkgem.com> for at least seven days from the date of its publication and on the website of the Company at <http://www.ncm.com.hk>.