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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)

COMPLETION OF PLACING

AND

ADJUSTMENT IN RELATION TO THE WARRANTS

COMPLETION OF THE PLACING

The Board is pleased to announce that the Placing of 150,000,000 Placing Shares to independent investors at a price of HK\$0.80 per Placing Share has been completed on 17 July 2008.

ADJUSTMENT IN RELATION TO THE WARRANTS

The Placing has caused adjustment to the subscription price of the Warrants. In accordance with the terms and conditions of the Warrants, the subscription price of the Warrants shall be adjusted from HK\$0.46 per Share to HK\$0.45 per new Share with effect upon completion of the Placing.

Reference is made to the announcement (the "Announcement") dated 30 June 2008 made by New Chinese Medicine Holdings Limited (the "Company"). Unless otherwise defined, the terms used in this announcement shall follow the same meaning as the defined terms in the Announcement.

COMPLETION OF THE PLACING

The Board is pleased to announce that the Placing of 150,000,000 Placing Shares to independent investors at a price of HK\$0.80 per Placing Share has been completed on 17 July 2008. As at the date of this announcement, the number of Shares in issued is 1,203,786,138.

ADJUSTMENT IN RELATION TO THE WARRANTS

Immediately before completion of the Placing, the Company has 149,164,878 outstanding bonus warrants ("Warrants") which entitle holders thereof to subscribe for 194,562,884 new Shares at a subscription price of HK\$0.46 per new Share at any time during the period from 29 June 2007 to 30 June 2010 (both dates inclusive).

The Placing has caused adjustment to the subscription price of the Warrants. In accordance with the terms and conditions of the Warrants, the subscription price of the Warrants shall be adjusted from HK\$0.46 per Share to HK\$0.45 per new Share with effect upon completion of the Placing on 17 July 2008. The number of new Shares to be subscribed for by the Warrants will become 198,886,504.

By Order of the Board
New Chinese Medicine Holdings Limited
Liu Jing
Chairman

Hong Kong, 21 July 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>.