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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)

LAPSE OF THE PLACING

The Board announces that it has been informed by the Placing Agent that the Placing has not been completed before the Longstop Date and accordingly the Placing lapsed.

References are made to the announcement of the Company dated 12 December 2007 and the circulars of the Company dated 7 January 2008 and 14 April 2008 (the “Circulars”) in relation to, inter alia, the Placing and the Extension. Unless defined otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Circulars.

Pursuant to the Second Supplemental 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 30 April 2008, the Shareholders had given approval to the Extension such that the Placing Agreement should be completed on or before 30 July 2008 (the “Longstop Date”).

The Board announces that it has been informed by the Placing Agent that the Placing has not been completed before the Longstop Date and accordingly the Placing lapsed.

Part of the proceeds from the Placing was originally intended to be used for the acquisition of the Target Company. The acquisition of the Target Company has been completed and the proceeds from the placing as announced by the Company on 30 June 2008 is sufficient for the requirement of the Acquisition. The Directors believe that the lapse of the Placing has no material adverse impact on the existing business and financial position of the Group.

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

Hong Kong, 31 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>.