
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange 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 circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



New Chinese Medicine Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE : 8085)

CHANGE OF AUDITORS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

The board of directors (the "Board") of New Chinese Medicine Holdings Limited (the "Company") hereby announces that Deloitte Touche Tohmatsu tendered their resignation as the auditors of the Company and its subsidiaries with effect from 19th May, 2004 due to the fact that Deloitte Touche Tohmatsu and the Board could not reach an agreement on the audit fees for the year ended 31st March, 2004. The Board wishes to appoint TK Choi And Company and P Tse & Company as joint auditors of the Company and its subsidiaries. The two audit firms have different expertise and a joint appointment is considered beneficial to the Company. Deloitte Touche Tohmatsu have confirmed to the Company that there are no circumstances connected with their resignation which should be brought to the attention of the holders of Company's securities, the members or creditors of the Company and its subsidiaries.

In accordance with the articles of association of the Company, an ordinary resolution will have to be tabled for approval by the members of the Company at an extraordinary general meeting. Consequently, an extraordinary general meeting will be held at Meeting Room, 1/F, Wing Fai Shopping Arcade, 52 Wing Kwong Street, Hunghom, Kolwoon, Hong Kong on Friday, 4th June, 2004 at 10:00 a.m. to approve the ordinary resolution set out below.

The directors of the Company (the “Directors”) have confirmed that Deloitte Touche Tohmatsu have not commenced any audit work of the Company for the year ended 31st March, 2004.

Made by the order of the Board, the Directors of which collectively and individually accept responsibility for the accuracy of this announcement.

The Board is comprised of (i) five executive Directors, namely Messrs. Wong Cheah Foo, Leung Oi Wah, Kam Yiu Ming Wilfred, Gao Junqing and Lin Daquan; and, (ii) two independent non-executive Directors, namely Messrs. Junya Kabeya and Tsoi Chi Yin.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of New Chinese Medicine Holdings Limited (the “Company”) will be held at Meeting Room, 1/F, Wing Fai Shopping Arcade, 52 Wing Kwong Street, Hunghom, Kolwoon, Hong Kong on Friday, 4th June, 2004 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

“**THAT** TK Choi And Company and P Tse & Company be hereby appointed as joint auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the board of directors of the Company to fix the auditors’ remuneration.”

By Order of the Board
New Chinese Medicine Holdings Limited
Leung Oi Wah
Director

Hong Kong, 20th May, 2004

Registered office:
Century Yard
Cricket Square,
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
Cayman Islands
British West Indies

Head office and principal place of business:
1/F, Wing Fai Shopping Arcade
52 Wing Kwong Street
Hunghom, Kolwoon
Hong Kong

Notes:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

- (ii) In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power or authority), must be delivered to the Company's branch share registrar and transfer agent in Hong Kong, Standard Registrars Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting.
- (iii) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

This circular will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the date of its posting.