



香港藥業

HONG KONG PHARMACEUTICAL HOLDINGS LIMITED

香港藥業集團有限公司*

(Provisional Liquidators Appointed)
(Incorporated in Bermuda with limited liability)
(Stock code: 182)

GAIN ALPHA FINANCE LIMITED

(Incorporated in the BVI with limited liability)

ANNOUNCEMENT IN RELATION TO
(1) THE SANCTION OF THE SCHEMES BY THE BERMUDA COURT
AND THE HONG KONG COURT,
(2) COMPLETION OF THE RESTRUCTURING AGREEMENT,
(3) CHANGE OF DIRECTORS AND COMPANY SECRETARY,
(4) RESUMPTION OF TRADING IN THE NEW SHARES,
(5) TRADING ARRANGEMENTS AND
(6) CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Provisional Liquidators

Kelvin Edward Flynn, Cosimo Borrelli and R. Craig Christensen



ALVAREZ & MARSAL ASIA LIMITED

安邁顧問有限公司

Financial adviser to the Company in respect of the Restructuring Proposal



Quam Capital Limited

The Bermuda Court sanctioned the Bermuda Scheme at the court hearing held on 3 November 2006 in Bermuda. The Hong Kong Court sanctioned a scheme pursuant to s166 of the Companies Ordinance (Chapter 32 Laws of Hong Kong) in exactly the same terms as the Bermuda Scheme (the "Scheme") at the court hearing on 21 November 2006.

Subject to the fulfillment of certain conditions precedent to Completion, Completion is expected to take place on or about 6 December 2006.

All existing Directors will be removed from the Board and the appointment of the nine new Directors nominated by the Investor will become effective (in each case) with effect from 6 December 2006. On the same date, Mr. Chan Kam Kwan, Jason will be appointed as the new company secretary of the Company.

Trading in the Shares has been suspended since 5 August 2004 and an application will be made by the Company to the Stock Exchange for the resumption of trading in the New Shares on the Stock Exchange with effect from 9:30 a.m. on 7 December 2006. Immediately after Completion and completion of the Placement, the Investor will be interested in approximately 610,000,000 New Shares, representing approximately 64.2% of the enlarged issued ordinary share capital of the Company and upon resumption of trading in the New Shares, the public float of the Company will be approximately 35.8%.

The expected timetable of the trading arrangements for the Shares and New Shares are set out in this announcement.

With effect from the date of Completion, the head office and principal place of business of the Company in Hong Kong will be changed to Units 4306-07, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

References are made to the joint announcement issued by the Company and the Investor dated 28 July 2006 in relation to, inter alia, a circular to Shareholders dated 29 July 2006 (the "New Document") and the New Document. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the New Document.

1. THE SANCTION OF THE SCHEMES BY THE BERMUDA COURT AND THE HONG KONG COURT

The Bermuda Court sanctioned the Bermuda Scheme at the court hearing held on 3 November 2006 in Bermuda. The Hong Kong Court sanctioned a scheme pursuant to s166 of the Companies Ordinance (Chapter 32 Laws of Hong Kong) in exactly the same terms as the Bermuda Scheme at the court hearing held on 21 November 2006.

Each of the Provisional Liquidators will be released and discharged as joint and several provisional liquidators of the Company with effect from Completion pursuant to the orders of the Courts and the winding up petitions filed against the Company will be withdrawn on that date.

2. COMPLETION OF THE RESTRUCTURING AGREEMENT

Subject to the fulfilment of the following conditions precedent, Completion is expected to take place on or about 6 December 2006:

- (i) completion of the Capital Restructuring;
- (ii) the delivery of an office copy of the order of the Bermuda Court sanctioning the Bermuda Scheme and an office copy of the order of the Hong Kong Court sanctioning the Scheme to the Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong, respectively, for registration;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares on Completion and to be issued pursuant to the Restructuring Agreement and the Subscription Agreement;
- (iv) the issue of an opinion from Bermuda counsel in form and substance reasonably satisfactory to the Parties that the documents necessary to implement the Restructuring Proposal will, on closing of the Schemes, be valid and effective under Bermuda law;
- (v) completion of the Group Reorganisation; and
- (vi) restoration of the holding of at least 25% of the issued share capital of the Company in public hands upon completion of the Subscription.

All the above conditions precedent are expected to take place on or before the date of Completion.

3. CHANGE OF DIRECTORS AND COMPANY SECRETARY

Following the passing of the relevant resolutions proposed at the New SGM, five existing executive Directors namely Mr. Sun Hiu Lu, Ms. Huang Shuyun, Mr. Chu Kwan, Mr. Zhao Dake and Mr. Zhang Ke, Winston, and three existing independent non-executive Directors, namely, Mr. Ng Wing Hang, Dr. Melvin Wong and Mr. Chu Yu Lin, David will be removed from the Board and the appointment of the nine new Directors nominated by the Investor will become effective (in each case) with effect from 6 December 2006.

Set out below are the biographies and background information of the new Directors:

(i) Executive Directors

Mr. Ko Chun Shun, Johnson, aged 55 is the sole beneficial owner and director of the Investor. He is also the executive director and controlling shareholder of Asian Union New Media (Group) Limited (formerly known as Universal Holdings Limited), the chairman and a substantial shareholder of DVN (Holdings) Limited and the co-chairman and a substantial shareholder of Varitronix International Limited, the securities of these companies being listed on the Main Board of the Stock Exchange. Mr. Ko has more than 30 years of experience in international trade and investment, in particular, in manufacturing and distribution of electronic products and in the media and technology industries. Mr. Ko will also become the chairman of the Company.

Mr. Tsoi Tong Hoo, Tony, aged 42, graduated from the University of Western Ontario, Canada with a Bachelor of Business Administration degree. He has been a Chartered Financial Analyst since 1989, and has extensive experience in the areas of investment research, investing banking and corporate management. Mr. Tsoi is a member of Dual Filing Advisory Group of the SFC, and a member of the Listing Committees of the Growth Enterprise Market and Main Board of the Stock Exchange. Since March 2005, Mr. Tsoi has been appointed as an executive director of Varitronix International Limited and redesignated as a non-executive director of Asian Union New Media (Group) Limited, the securities of both companies being listed on the Main Board of the Stock Exchange. Mr. Tsoi was previously an executive director of CCT Telecom Holdings Limited and Haier Electronics Group Co, Ltd. from September 1999 and March 2000 respectively. He resigned from both companies, which are listed on the Main Board of the Stock Exchange, in February 2002.

Mr. Chan Kam Kwan, Jason, aged 33, graduated from the University of British Columbia with a Bachelor of Commerce degree. Mr. Chan is a member of the American Institute of Certified Public Accountants and has more than 10 years of experience in accounting and corporate finance. Mr. Chan is currently the company secretary of Asian Union New Media (Group) Limited, and is also an independent non-executive director of Jackin International Holdings Limited, a company listed on the Main Board of the Stock Exchange.

Mr. Wong Fan, Frank, aged 42, has over 13 years of experience in the retail operations in both Hong Kong and the PRC, especially in the food and beverage market. Mr. Wong graduated from the Chinese University of Hong Kong, with a major in Mathematics, and worked for numerous well-known regional companies and was responsible for retail, wholesale and market promotion of products in the PRC from 1993 to 1996. Mr. Wong was also responsible for setting up representative offices of these companies in Dalian, Wuhan and Chengdu to handle sales and marketing activities. From 1996 to 1998, Mr. Wong helped set up Southsea Oils and Fats Industrial (Chiwang) Ltd. ("SOFIL"), a subsidiary of Kuok Oils and Grains Pte. Ltd. in the PRC. SOFIL's main business operation is in cooking oil refinery with production and wholesale of its products in the PRC market. SOFIL is the PRC's largest company in the production of cooking oil. With vast experience gained in the expansion and setting up of different ventures in the food and beverage industries, Mr. Wong joined Nam Pei Hong in 1998. Mr. Wong has been working as general manager of Nam Pei Hong for 7 years, and during his tenure of service, Nam Pei Hong has opened more than 12 new shops. Mr. Wong is also responsible for the expansion and development of NPH's products in Mainland China including the promotion of the "Double Swallow" range of products, a popular range of ready-to-consume health food.

Mr. Yeung Heung Yeung, aged 44, graduated from the Tsinghua University in the PRC with a Master's degree in Applied Mathematics in 1987. Mr. Yeung has over 6 years of experience in the management of pharmaceutical and biotechnology companies in the PRC. He has been the chief executive officer of Tsinghua Yuanxing Bio-Pharm Co. Ltd. ("THYX") since 2000. THYX is engaged in the investment, research and development, manufacture and commercialisation of biological therapeutics chemical therapeutics, natural product-based therapeutics as well as nanotechnology-based materials and medical products.

Save for Mr. Ko's interest in the Investor, none of the new executive Directors has any relationships with any directors, senior management or substantial or controlling shareholders of the Company to be disclosed pursuant to the requirement of Rule 13.51(2)(e) of the Listing Rules.

Each of the new executive Directors has not entered into any service contract with the Company in respect of his directorship in the Company and there is no proposed length of service. Each of them is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company and the Code on Corporate Governance Practices of the Listing Rules.

As at the date of this announcement, each of the new executive Directors does not have a service contract with the Company and has not entered into any written or verbal agreement in respect of his emoluments or director's fee (if any) with the Company. The new executive Directors are not entitled to monthly basis salary, but may be entitled to director's fee and/or emoluments based on their performance and experience and prevailing market conditions as the Board may from time to time determine. Save for Mr. Ko, Mr. Tsoi and Mr. Chan's directorships in other listed companies as disclosed above, each of the new executive Directors did not hold any directorship in other listed companies in the last three years up to and including the date of this announcement.

Save for Mr. Ko's interest in the Investor, each of the new executive Directors does not have any interests or short positions in the New Shares within the meaning of Part XV of the SFO as at the date of this announcement. There are no other matters concerning each of the new executive Directors that need to be brought to the attention of the Shareholders nor is there any information need to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(ii) Non-executive Director

Mr. Kelvin Edward Flynn, aged 36, is an executive director in the Asian Special Situations Group in Hong Kong of Goldman Sachs (Asia) L.L.C.. He has over 15 years of corporate recovery experience, including appointments as adviser to troubled companies in workout situations and to major groups of syndicated lenders and bondholders in complex debt restructuring assignments. Mr. Flynn has handled various appointments as liquidator, receiver and administrator and complex workouts in Hong Kong, Malaysia and Australia. He has also undertaken turnaround, workout, restructuring and due diligence assignments in Hong Kong, Japan, Korea, the PRC, Taiwan, Singapore and the Philippines.

Mr. Flynn's primary industry experience includes telecommunications, retail and manufacturing. He also has experience in power generation and distribution, infrastructure, shipbuilding, hospitality, property, construction, mining, timber, plantations and commercial vehicle distribution.

Mr. Flynn has been involved in the restructuring of a number of listed companies in Hong Kong, Malaysia, the Philippines and Australia and one of his most recent assignments is presently the appointment as one of the provisional liquidators of the Company.

Mr. Flynn has entered into a letter of appointment with the Company for a term of 6 months commencing from the date of Completion and he will be subject to retirement at the annual general meeting of the Company in accordance with the bye-laws of the Company and the Listing Rules. Mr. Flynn is entitled to a remuneration of HK\$30,000 per month which is determined by the Board with reference to his duties and responsibilities.

Mr. Flynn does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company to be disclosed pursuant to the requirement of Rule 13.51(2)(e) of the Listing Rules.

Mr. Flynn is also a director of Keyfast Training (HK) Limited and Forefront International Holdings Limited, which is a listed company on the Stock Exchange of Hong Kong Limited.

Mr. Flynn does not have any interests or short positions in the New Shares within the meaning of Part XV of the SFO as at the date of this announcement. There is no other matter relating to Mr. Flynn that need to be brought to the attention of the Shareholders, nor is there any information needed to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(iii) Independent non-executive Directors

Mr. Ho Tak Man, Billy, aged 58, holds a Bachelor of Medicine and Bachelor of Surgery degree from the University of Hong Kong and is a general practitioner in Hong Kong. Mr. Ho has not held any positions in public listed companies in the past three years.

Mr. Yap Fat Suan, aged 61, holds a Master of Business Administration degree from the University of Strathclyde, Glasgow. Mr. Yap is a Chartered Accountant in England and Wales and is a Fellow Member of the Institute of Chartered Accountants in England and Wales and an Associate Member of Hong Kong Institute of Certified Public Accountants. Mr. Yap has over 16 years of experience in finance and accounting. Mr. Yap is currently the managing director of Johnson Matthey Hong Kong Limited and prior to that appointment he was the general manager of Sun Hung Kai China Development Limited. Since September 2004, Mr. Yap is an independent non-executive director of DVN (Holdings) Limited, a company listed on the Stock Exchange.

Dr. Wong Yau Kar, David, aged 49, holds a doctor's degree in economics from University of Chicago. Dr. Wong has extensive experience in direct investments and corporate finance. Currently, Dr. Wong is the managing director of United Overseas Investments Limited and an independent non-executive director of Asian Union New Media (Group) Limited, a company listed on the Stock Exchange. Dr. Wong has also been actively participated in public services and to name a few, he has been a council member of the Hong Kong Institute of Directors since 1999 and a vice-president of the Chinese Manufacturers' Association of Hong Kong.

None of the new independent non-executive Directors has any relationships with any directors, senior management or substantial or controlling shareholders of the Company to be disclosed pursuant to the requirement of Rule 13.51(2)(e) of the Listing Rules.

Each of the new independent non-executive Directors has entered into a letter of appointment with the Company for a term of two years commencing from the date of Completion and each of them will be subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the bye-laws of the Company and the Listing Rules. Each new independent non-executive Director is entitled to a remuneration of HK\$12,000 per month which is determined by the Board with reference to his duties and responsibilities and in line with remuneration payable to other non-executive Directors.

None of the new independent non-executive Directors have any interests or short positions in the New Shares within the meaning of Part XV of the SFO as at the date of this announcement. There are no other matters concerning each of the new independent non-executive Directors that need to be brought to the attention of the Shareholders, nor is there any information that need to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

(iv) Company Secretary

Further to the announcement issued by the Company dated 1 March 2005, the Company will appoint Mr. Chan Kam Kwan, Jason as the new company secretary of the Company with effect from 6 December 2006. Mr. Chan will also be an executive Director and his biographical details are set out in sub-paragraph (i) above.

4. RESUMPTION OF TRADING IN THE NEW SHARES

Trading in the Shares has been suspended since 5 August 2004 and an application will be made by the Company to the Stock Exchange for the resumption of trading in the New Shares on the Stock Exchange with effect from 9:30 a.m. on 7 December 2006.

The investor has successfully identified not less than 6 placees for the placing of 200,000,000 New Shares, representing approximately 21% of the enlarged issued ordinary share capital of the Company, at HK\$0.045 per New Share (the "Placement"). To the best knowledge, information and belief of the Investor, having made all reasonable enquiries, (i) the placees (together with their respective ultimate beneficial owners (if applicable) will be independent of and not connected with the Investor or any party acting in concert with it, the Company or any of the directors (including the existing Directors and the new Directors), chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules); and (ii) none of the placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately following Completion.

It is expected that the Placement, for the purpose of fulfilment of condition (vi) under the paragraph headed "Completion of the Restructuring Agreement" will be completed before 9:30 a.m. on 7 December 2006, the date on which trading in the New Shares resume.

After completion of the Placement, the Investor will be interested in 610,000,000 New Shares, representing approximately 64.2% of the enlarged issued ordinary share capital of the Company and upon resumption of trading in the New Shares, the public float of the Company will be approximately 35.8%.

The following table shows the changes in the shareholding structure of the Company immediately before and after Completion and/or the Placement:

	Immediately before Completion		Immediately after Completion but before the Placement		Immediately after Completion and the Placement		Upon Completion, the Placement and full conversion of the Subscription Preference Shares (Note 2)	
	Number of Shares	%	Number of New Shares	%	Number of New Shares	%	Number of New Shares	%
The Investor	—	—	810,000,000	85.2	610,000,000	64.2	2,770,000,000	89.1
Tin Ming Management Limited (Note 1)	790,000,000	56.3	79,000,000	8.3	79,000,000	8.3	79,000,000	2.5
Victory Hunter Holdings Limited (Note 1)	23,400,000	1.7	2,340,000	0.3	2,340,000	0.3	2,340,000	0.1
Wai Fat International Limited (Note 1)	130,000,000	9.2	13,000,000	1.4	13,000,000	1.4	13,000,000	0.4
Umbrella	20,000,000	1.4	2,000,000	0.2	2,000,000	0.2	2,000,000	0.1
Other existing Shareholders	440,396,698	31.4	44,039,670	4.6	44,039,670	4.6	44,039,670	1.4
Independent third parties under the Placement	—	—	—	—	200,000,000	21.0	200,000,000	6.4
Total	1,403,796,698	100	950,379,669	100	950,379,669	100	3,110,379,669	100

Notes:

1. Tin Ming Management Limited, Victory Hunter Holdings Limited and Wai Fat International Limited are wholly-owned by Hong Tau Investment Ltd., Hong Tau Investment Ltd. is owned as to 51% by Welcome Success Worldwide Ltd. and as to 49% by H.H.K. Finance Company Limited. Welcome Success Worldwide Ltd. is owned equally as to 50% by each of Mr. Sun Hiu Lu and Mr. Chu Kwan, both of whom are existing executive Directors. H.H.K. Finance Company Limited is 80% owned by 黑龍江中盟集團有限公司 (Heilongjiang China United Group Company Limited*) which is a state-owned enterprise in the PRC according to the Ministry of Commerce of the PRC and 20% owned by Heilongjiang Int'l Trust Investment Corp..
2. Holder(s) of the Preference Shares are precluded from exercising the conversion rights attaching to the Preference Shares if such conversion would result in less than 25% of the Company's issued share capital being in public hands.

5. TRADING ARRANGEMENTS

(i) Expected timetable

Effective date of the Capital Restructuring	Wednesday, 6 December 2006
Completion of the Subscription	Wednesday, 6 December 2006
Completion of the Restructuring Agreement	Wednesday, 6 December 2006
Completion of the Placement	9:30 a.m. on Thursday, 7 December 2006
Resumption of trading in the New Shares	9:30 a.m. on Thursday, 7 December 2006
Existing counter for trading in the Shares in board lots of 2,000 Shares in the form of existing share certificates in beige colour temporarily closes	9:30 a.m. on Thursday, 7 December 2006
Temporary counter for trading in New Shares in board lots of 200 New Shares in the form of existing share certificates in beige colour opens	9:30 a.m. on Thursday, 7 December 2006
Existing counter for trading in New Shares in board lots of 100,000 New Shares in the form of new share certificates in blue colour for New Shares re-opens	9:30 a.m. on Thursday, 7 December 2006
Parallel trading in New Shares (in the form of new share certificates and existing share certificates) starts	9:30 a.m. on Thursday, 7 December 2006
First day of free exchange of existing share certificate(s) for new share certificate(s) in blue colour for New Shares	Thursday, 7 December 2006
First day of operation of odd lot trading facility	Thursday, 7 December 2006
Temporary counter for trading in New Shares in board lots of 200 New Shares in the form of existing share certificates closes	4:00 p.m. on Monday, 15 January 2007
Parallel trading in New Shares (in the form of new share certificates and existing share certificates) ends	4:00 p.m. on Monday, 15 January 2007
Last day of operation of odd lot trading facility	Monday, 15 January 2007
Last day for free exchange of existing share certificate(s) for new share certificate(s) for New Shares	Wednesday, 17 January 2007

Further announcement will be made as and when appropriate in the event that there are any changes to the expected timetable.

(ii) Share certificate exchange arrangement

Shareholders may from Thursday, 7 December 2006 to Wednesday, 17 January 2007 (both dates inclusive) submit certificates for the existing Shares to the branch share registrar of the Company in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, to exchange, at the expense of the Company, for new certificates for the New Shares. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of, the higher of the following (i) HK\$2.5 multiplied by the number of new certificates issued; or (ii) HK\$2.5 multiplied by the number of existing certificates cancelled (or such higher amount as may from time to time be allowed by the Stock Exchange, whichever is the higher). It is expected that the certificates for the New Shares will be available within ten working days from the date of submission of the certificates for the existing Shares.

After 4:00 p.m. on Monday, 15 January 2007, each of the certificate of the existing Share will continue to be effective as documents of title for one-tenth of a New Share but will not be valid for trading, settlement and registration purpose.

(iii) Parallel trading arrangements

Following the effective date of the Capital Restructuring and subject to the resumption of trading in the New Shares, the Company proposes the following trading arrangements for the Shareholders:

- (i) from 9:30 a.m. on Thursday, 7 December 2006, the present counter for trading in the Shares in board lots of 2,000 Shares will be removed temporarily and a temporary counter for trading in New Shares in board lots of 200 New Shares in the form of certificate for the existing Shares will be set up. Certificates for the existing Shares may only be traded at this temporary counter;
- (ii) with effect from 9:30 a.m. on Thursday, 7 December 2006, the present counter for trading in New Shares in board lots of 100,000 New Shares will be re-opened. Only new share certificates for New Shares will be traded at this counter;
- (iii) during the period from Thursday, 7 December 2006 to Monday, 15 January 2007 (both dates inclusive), there will be parallel trading at the above two counters; and
- (iv) the temporary counter for trading in the New Shares in board lots of 200 New Shares (in the form of existing share certificates) will be removed after the close of trading on Monday, 15 January 2007. Thereafter, trading will only be in New Shares in board lots of 100,000 New Shares and existing share certificates will cease to be acceptable for dealing and settlement purposes. However, such certificates will continue to be good evidence of legal title to the New Shares and may be exchanged for new certificates for New Shares at any time.

Any fractional entitlement to a New Share will not be issued but will be aggregated and the resulting New Share(s) will be sold for the benefit of the Company.

(iv) Facilities for odd lot holders

The existing board lot size of the Shares is 2,000 Shares and the New Shares will be traded in board lots of 100,000 New Shares. In order to alleviate the difficulties arising from the existence of odd lots as a result of the Capital Restructuring, the Investor has agreed to procure China Everbright Securities (HK) Limited to stand in the market to provide matching services for the odd lots of the New Shares on a best effort basis, during the period from Thursday, 7 December 2006 to Monday, 15 January 2007, both dates inclusive. Holders of the New Shares in odd lots (i.e. lots which are not in integral multiples of 100,000 New Shares) who wish to take advantage of this matching facility either to dispose of their odd lots of New Shares or top up to board lots of 100,000 New Shares may contact Mr. Lai Tik Kei of China Everbright Securities (HK) Limited at telephone number (852) 2860 1183 during office hours.

6. CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

With effect from the date of Completion, the head office and principal place of business of the Company will be changed to Units 4306-07, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

7. GENERAL

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Sun Hiu Lu, Ms. Huang Shuyun, Mr. Chu Kwan, Mr. Zhao Dake and Mr. Zhang Ke, Winston, and three independent non-executive Directors, namely, Mr. Ng Wing Hang, Dr. Melvin Wong and Mr. Chu Yu Lin, David. The powers of the Directors have been exercised by the Provisional Liquidators since their appointment pursuant to the Order.

The Provisional Liquidators recommend that the Shareholders should consult their licensed securities dealers, bank managers, solicitors, professional accountants or other professional advisers if they are in any doubt about the arrangements described above.

For and on behalf of
HONG KONG PHARMACEUTICAL HOLDINGS LIMITED
(Provisional Liquidators Appointed)
Kelvin Edward Flynn
Cosimo Borrelli
R. Craig Christensen

*Joint and Several Provisional Liquidators acting as agent
for and on behalf of the Company without personal liability*

By order of the board of
GAIN ALPHA FINANCE LIMITED
Ko Chun Shun, Johnson
Sole director

Hong Kong, 1 December 2006

* for identification purposes only

The Provisional Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Investor or its sole director) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that relating to the Investor or its sole director) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement (other than those relating to the Investor or its sole director) misleading.

The sole director of the Investor accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group or the Provisional Liquidators) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than that relating to the Group or the Provisional Liquidators) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement (other than those relating to the Group or the Provisional Liquidators) misleading.

Please also refer to the published version of this announcement in China Daily.