香港藥業

HONG KONG PHARMACEUTICAL HOLDINGS LIMITED
香港藥業集團有限公司*

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

ENTERING INTO A LETTER OF INTENT TO ACQUIRE A NEW ENERGY BUSINESS

The Company is pleased to announce that on 9 January 2007, the Company has entered into a non-legally binding letter of intent to acquire a group of companies which are engaged in the provision of wind-power energy and related services.

THE INTENDED ACQUISITION

The Company is pleased to announce that on 9 January 2007, the Company has entered into a non-legally binding letter of intent ("LOI"), with a party independent of and not connected with the Company and its subsidiaries ("the Group") and their connected persons, to acquire a group of companies (the "Target Companies"). With the principal place of activities in China, the Target Companies are engaged in the provision of wind power energy, the design and construction of wind power plant and equipment, the operating of wind power plants and the relevant maintenance services.

Pursuant to the terms of the LOI, the Company shall be able to perform due diligence on the Target Companies in all necessary aspects in the following 1 month. Subject to the satisfaction of the due diligence, both parties shall use their best endeavour to agree on the terms of the acquisition, including but not limit to, the consideration, payment term and other specific terms necessary for the acquisition. Subject to further negotiation, a sale and purchase agreement will be entered into by both parties. The Company will make necessary disclosure according to the Listing Rules when appropriate.

INFORMATION OF THE GROUP

The Group is engaged in the retail and wholesales of traditional Chinese medicine, health products, dried seafood, brand-named health foods and the provision of medial clinic services under the trade name of "Nam Pei Hong". A new board of directors was appointed upon the completion of the Restructuring Agreement on 6 December 2006 (details of which please refer to the announcement of the Company dated 1 December 2006). The Directors are of the view that apart from the expansion of Nam Pei Hong, the Group shall look for new business opportunities so as to broaden the revenue stream and to substantiate the market capitalization of the Group. The Directors consider that the alternative energy sector would be one of the opportunities to create long-term value to the shareholders. The Directors will carefully evaluate the acquisition after performing the due diligence on the Target Companies.

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Ko Chun Shun, Johnson, Mr. Tsoi Tong Hoo, Tony, Mr. Chan Kam Kwan, Jason, Mr. Wong Fan, Frank and Mr. Yeung Heung Yeung, one non-executive Director namely Mr. Kelvin Edward Flynn and three independent non-executive Directors, namely, Mr. Ho Tak Man, Billy, Mr. Yap Fat Suan and Dr. Wong Yau Kar, David.

By order of the Board
HONG KONG PHARMACEUTICALS HOLDINGS LIMITED
Johnson Ko Chun Shun
Chairman

Hong Kong, 9 January 2007

* *for identification purposes only*

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