



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)

**ADJUSTMENT TO THE CONVERSION PRICE
OF THE CONVERTIBLE NOTES**

The Directors announce that, pursuant to the terms of the Convertible Notes, the conversion price of the Convertible Notes has been adjusted from HK\$0.10 per Share to HK\$0.099 per Share as a result of the Subscription (as defined below).

This announcement is made in compliance with the disclosure requirements under Rule 13.27 of the Listing Rules.

Reference is made to the announcement of Hong Kong Pharmaceutical Holdings Limited (the “Company”) dated 21 May 2007 and the circular of the Company dated 13 July 2007 (the “Circular”) in relation to the Acquisition. Capitalised terms used herein have the same meanings as defined in the Circular unless otherwise stated.

Pursuant to the terms of the Convertible Notes (including the 1st Tranche Convertible Notes and the 2nd Tranche Convertible Note (if any)), the conversion price (the “Conversion Price”) of the Convertible Notes issued (or to be issued) by the Company which are convertible into new Shares of the Company has been adjusted, in accordance with their terms, from HK\$0.10 per Share to HK\$0.099 per Share as a result of the issue of 460,000,000 subscription shares (the “Subscription Shares”) by the Company to Gain Alpha pursuant to a subscription agreement entered into between the Company and Gain Alpha on 30 July 2007 at the subscription price of HK\$1.20 per Share. Such adjustment to the Conversion Price has become effective since 13 August 2007, being the date of the issue of the Subscription Shares.

All the other terms of the Convertible Notes shall remain unchanged. The adjusted Conversion Price will be certified by a professional adviser to be engaged by the Company.

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

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

24 August 2007, Hong Kong

* *for identification purpose only*