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祥 泰 行 集 團 有 限 公 司 *

CHEUNG TAI HONG HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 199)

ANNOUNCEMENT PURSUANT TO RULES 3.10 AND 3.21 OF THE LISTING RULES

The Board of Directors (the "Board") of Cheung Tai Hong Holdings Limited (the "Company") announces that the Company has not satisfied the requirements under the Listing Rules.

As at 30 September 2004 and the date of this announcement, the Board comprises two independent non-executive directors ("INEDs") who are also the members of the audit committee of the Company. The requirements under Rule 3.10(1) of the Listing Rules relating to number of INEDs and Rule 3.21 of the Listing Rules relating to number of members of the audit committee have not been met by the Company.

After the announcement by The Stock Exchange of Hong Kong Limited early this year on the amendments of the Listing Rules, during the period, the Company has endeavoured to identify an additional person as an INED who would meet the requirements under the Listing Rules. It is difficult to solicit appropriate candidates who are having the knowledge about the Chinese medicine and western pharmaceutical business engaged by the subsidiaries of the Company. Despite, the Company is in discussion with several shortlisted personnel about the terms of service and such terms are under consideration by the parties concerned.

The Company will identify a suitable candidate as an INED as soon as possible so as to fulfill the requirements of Rule 3.10(1) and Rule 3.21 of the Listing Rules. Further announcement will be made by the Company upon the fulfillment of those requirements.

By Order of the Board

Tse Cho Tseung

Chairman

Hong Kong, 8 October, 2004

As at the date hereof, the Board comprises of Mr. Tse Cho Tseung (Chairman) and Ms. Cheung Sze Man as executive directors, and Mr. Wong Chi Keung, Alvin and Mr. Kwok Ka Lap, Alva (Deputy Chairman) as independent non-executive directors.

* *For identification purposes only*

"Please also refer to the published version of this announcement in The Standard."