



祥泰行集團有限公司\*

CHEUNG TAI HONG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

## ADJUSTMENT TO CONVERSION PRICE OF THE 2% CONVERTIBLE NOTES DUE 2008

Reference is made to the Company's announcement dated 15th December, 2004 (the "Announcement"). Unless the context herein otherwise requires, terms used in this announcement shall have the same meanings as defined in the Announcement.

The Directors hereby announced that the conversion price (the "Conversion Price") of the 2% Convertible Notes due 2008 issued by the Company on 23rd February, 2005 ("2005 Feb CN") has been adjusted pursuant to Condition 7 of the terms of the 2005 Feb CN. Condition 7 provides, amongst others, that if the average closing price per share of the Company (the "First Average Price") for the 20 consecutive dealing days immediately preceding 23rd February, 2006 (being the date falling on the first anniversary of the issue date) (the "First Average Date") is lower than the prevailing conversion price, the Conversion Price shall be adjusted to the nearest one tenth of a cent of the First Average Price as from the First Average Date.

The First Average Price amounted to HK\$0.414 and is less than the Conversion Price of HK\$0.42 on the First Average Date. Accordingly, the Conversion Price has been adjusted from HK\$0.42 to HK\$0.414, effective as from 23rd February, 2006.

Upon full conversion of the outstanding principal in the aggregate amount of HK\$46,657,000 at the adjusted Conversion Price of HK\$0.414 (subject to adjustment), 112,698,067 Conversion Shares will fall to be issued and allotted to the noteholders of the 2005 Feb CN, representing approximately 24.13% of the existing issued share capital of the Company and 19.44% of the issued share capital enlarged by such Conversion Shares.

By order of the Board of  
**Cheung Tai Hong Holdings Limited**  
**Yan Ha Hung, Loucia**  
Company Secretary

Hong Kong, 23rd February, 2006

*As at the date of this announcement, the Board comprises Mr. Cheung Hon Kit (Chairman), Mr. Chan Fut Yan (Managing Director) and Mr. Tse Cho Tseung as executive Directors, Mr. Lo Lin Shing, Simon and Mr. Ho Hau Chong, Norman (Deputy Chairman) as non-executive Directors and Mr. Wong Chi Keung, Alvin, Mr. Kwok Ka Lap, Alva and Mr. Chui Sai Cheong as independent non-executive Directors.*

\* For identification purpose only

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