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WAI YUEN TONG MEDICINE HOLDINGS LIMITED **(位元堂藥業控股有限公司*)**

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

DISCLOSEABLE TRANSACTION IN RELATION TO A DISPOSAL OF A PROPERTY

THE DISPOSAL

The Board announces that on 25 November 2015, the Vendor, an indirect wholly-owned subsidiary of the Company entered into the Provisional Agreement with the Purchaser for the sale of the Property at the Consideration of HK\$88.0 million. The Property is located in Sheung Shui, New Territories and is partly used by the Group for operation of the “Wai Yuen Tong” store and partly leased to a connected person of the Company for residential purpose.

GENERAL

The transaction contemplated under the Provisional Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

THE PROVISIONAL AGREEMENT

1. Date

25 November 2015

2. Parties

- i. Smart First Investment Limited, an indirect wholly-owned subsidiary of the Company, as the Vendor, which is principally engaged in property holding; and
- ii. an individual person, as the Purchaser.

* *For identification purpose only*

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is a third party individual independent of the Company and its connected persons and there was no previous transaction entered into between the Company and the Purchaser before the date of this announcement.

3. Assets to be disposed of

The Property, being Ground Floor, First Floor, Second Floor and Rooftop of No.68 San Hong Street, Sheung Shui, New Territories, Hong Kong with a total saleable floor area of approximately 223.3 square metres.

The Ground Floor of the Property is currently leased to a member of the Group for operation of the “Wai Yuen Tong” store for a term of three years expiring on 31 March 2017 at a monthly rental of HK\$125,000 exclusive of rates and management fee, which will be released upon Completion; and the 1st Floor and 2nd Floor of the Property are currently leased to a wholly-owned subsidiary of Wang On Group Limited (a connected person of the Company) for a term of one year expiring on 14 November 2016 at a monthly rental of HK\$12,000 inclusive of rates, government rent and other charges, for residential purpose. The aggregate annual rental income derived from the Property amounted to HK\$960,000 and HK\$1,644,000, respectively for the two years ended 31 March 2015.

Vacant possession of the Property shall be delivered by the Vendor to the Purchaser on Completion save and except that the 1st Floor and the 2nd Floor of the Property are sold subject to and with the benefit of the said existing residential lease.

As at 30 September 2015, the unaudited net book value of the Property amounted to approximately HK\$22.1 million.

4. Consideration

The Consideration is HK\$88.0 million, which shall be paid in the following manner:

- (i) HK\$3.0 million was paid by the Purchaser to the Vendor upon signing of the Provisional Agreement as an initial deposit;
- (ii) HK\$5.8 million will be paid upon the entering into the formal sale and purchase agreement but in any event on or not later than 9 December 2015, as a further deposit;
- (iii) HK\$8.8 million will be paid on or before 31 March 2016 as a part payment of the Consideration; and
- (iv) the balance of the Consideration of HK\$70.4 million shall be paid upon Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the prevailing market price of similar properties in similar location.

5. Completion

Pursuant to the Provisional Agreement, Completion will take place on or before 31 May 2016.

POSSIBLE FINANCIAL EFFECT ON THE DISPOSAL

Based on the unaudited net book value of the Property of approximately HK\$22.1 million as at 30 September 2015, the Consideration of HK\$88.0 million and other expenses in relation thereto, the Company expects to record an unaudited gain from the Disposal of approximately HK\$65.3 million upon Completion. The net proceeds (after repayment of an existing bank loan of approximately HK\$12.3 million and deducting other expenses in relation thereto) arising from the Disposal of approximately HK\$75.1 million, will be used for general working capital of the Group.

Shareholders should note that the above figures are for illustrative purpose only. The actual gain on the Disposal may be different from the above and will be determined based on the book value of the Property and the relevant expenses incurred on the date of Completion and subject to the review by the Group's auditors.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Vendor is principally engaged in property holding. The Group is principally engaged in (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of "Wai Yuen Tong" and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) the processing and retailing of western pharmaceutical, health food and personal care products under the brand names of "Madame Pearl's" and "Pearl's"; and (iii) property investment.

The Directors are of the view the Disposal would benefit the Group by indirectly realising its investment in the Property and also improve the liquidity and overall financial position of the Group.

The Directors, including the independent non-executive Directors, consider that the terms of the Provisional Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

GENERAL

The transaction contemplated under the Provisional Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the same meanings set out below:

“Board”	the board of the Directors
“Company”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability whose Shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the total cash consideration for the Disposal, being HK\$88.0 million
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the Provisional Agreement
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	being Ground Floor, First Floor, Second Floor and Rooftop of No.68 San Hong Street, Sheung Shui, New Territories, Hong Kong with a total saleable floor area of approximately 223.3 square metres

* *For identification purpose only*

“Provisional Agreement”	the provisional sale and purchase agreement dated 25 November 2015 entered into between the Purchaser and the Vendor in relation to the Disposal
“Purchaser”	an individual person, which is a third party independent of and not connected with the Company and its connected persons
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s) ”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Vendor”	Smart First Investment Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company, which is principally engaged in property holding
“%”	per cent.

By Order of the Board
WAI YUEN TONG MEDICINE HOLDINGS LIMITED
 (位元堂藥業控股有限公司*)
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 26 November 2015

As at the date of this announcement, the executive Directors are Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun, and the independent non-executive Directors are Mr. Siu Man Ho, Simon, Mr. Leung Wai Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David.

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