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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 SUBSIDIARY**

**THE DISPOSAL**

The Board announces that on 24 April 2015, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Company (as the Vendor's guarantor) entered into the Provisional Agreement with the Purchaser for the sale and assignment of the Sale Share and the Shareholder Loan of the Target at the Consideration of HK\$45.0 million.

The principal asset of the Target is the Property, which is located in North Point, Hong Kong and is currently leased to an independent third party individual for retail purpose and a subsidiary of the Company for operating of "Wai Yuen Tong" Store.

**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.

Reference is made to the announcement of the Company dated 14 March 2011 relating to the acquisition of the Property.

\* *For identification purpose only*

## **THE PROVISIONAL AGREEMENT**

### **1. Date**

24 April 2015

### **2. Parties**

- i. Guidepost Investments Limited, an indirect wholly-owned subsidiary of the Company, as the Vendor, which is principally engaged in investment holding;
- ii. The Company, as the Vendor's guarantor; and
- iii. Dvorak Limited, as the Purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties 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 Sale Share and the Shareholder Loan.

### **4. Consideration**

The Consideration is HK\$45.0 million, of which an amount equals to the Shareholder Loan outstanding at Completion shall be the consideration for the Shareholder Loan and the balance shall be the consideration for the Sale Share, which will be paid in the following manner:

- (i) HK\$2.25 million was paid by the Purchaser to the Vendor upon signing of the Provisional Agreement as an initial deposit;
- (ii) HK\$2.25 million will be paid upon the earlier of (a) the entering into of the formal agreement; and (b) 31 May 2015 as a further deposit; and
- (iii) the balance of the Consideration of HK\$40.5 million will be paid upon Completion.

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

## 5. Completion

Pursuant to the Provisional Agreement, Completion will take place on or before 23 July 2015, being the expiry of the three months from the date of the Provisional Agreement.

## INFORMATION OF THE TARGET

The Target is a wholly-owned subsidiary of the Vendor and is the legal and beneficial owner of the Property, being the Shops A and B on Ground Floor, No. 296 Electric Road, North Point, Hong Kong with a total saleable area of approximately 681.4 square feet.

The Property is currently leased to (i) an indirect subsidiary of the Company for operating of "Wai Yuen Tong" Store for a term of two years expiring on 28 February 2017 at a monthly rent of HK\$66,000 exclusive of rates and management fee (Shop A); and (ii) an independent third party individual for retail purpose for a term of two years expiring on 7 March 2016 at a monthly rent of HK\$54,000 inclusive of rates, government rent and management fee (Shop B).

Set out below is the financial information of the Target for the two financial years ended 31 March 2015 prepared under Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 March</b>	
	<b>2014</b>	<b>2015</b>
	<b>Audited</b>	<b>Unaudited</b>
	<i>Approximate</i>	<i>Approximate</i>
	<i>HK\$'000</i>	<i>HK'000</i>
Turnover	1,184.0	1,263.0
Profit before tax	1,533.7	719.4
Profit after tax	1,533.7	719.4

As at 31 March 2015, the unaudited net asset value of the Target amounted to approximately HK\$5.3 million.

## **POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL**

Immediately after completion of the Disposal, the Target will cease to be a subsidiary of the Company and the financial results of the Target will no longer be consolidated into the Group's financial statements.

The net proceeds (after repayment of an existing bank loan of approximately HK\$13.8 million and deducting other expenses in relation thereto) arising from the Disposal of approximately HK\$30.4 million, which will be used for general working capital of the Group.

Based on, *inter alia*, the Consideration, the Shareholder Loan, the unaudited net asset value as at 31 March 2015, the existing outstanding bank loan and the related expenses for the Disposal, the Group currently expects to record a gain arising from the Disposal of approximately HK\$0.4 million upon Completion.

**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 financial position of the Group on the date of completion of Disposal and the review by the Company's auditors upon finalization of the consolidated financial statements of the Group.**

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Vendor is principally engaged in investment holding. The Group is principally engaged in (i) 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\$45.0 million
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and assignment of the Sale Share and the Shareholder Loan 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

\* *For identification purpose only*

“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 Shops A and B, G/F., No. 296 Electric Road, North Point, Hong Kong with a total saleable area of approximately 681.4 square feet
“Provisional Agreement”	the provisional sale and purchase agreement dated 24 April 2015 entered into between the Purchaser, the Company and the Vendor in relation to the Disposal
“Purchaser”	Dvorak Limited, a property holding company, which is incorporated in Hong Kong and is a third party independent of and not connected with the Company and its connected persons
“Sale Share”	one ordinary share of HK\$1.00 in the share capital of the Target, represents the entire issued and paid up share capital of the Company
“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)
“Shareholder Loan ”	the benefit of the loan(s) owing by the Target to the Vendor as at Completion, being an unsecured and interest free debt owed by the Target to the Vendor
“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)

“Target”	Smart Star Investments 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
“Vendor”	Guidepost Investments Limited, a company incorporated in the British Virgin Islands 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, 27 April 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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