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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)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION REGARDING ACQUISITION OF PROPERTY

THE ACQUISITION

The Board announces that on 16 July 2015, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Vendor for the purchase of the Property at a cash consideration of HK\$81.25 million which will be satisfied by the Group's internal resources and banking facilities.

The Property is located in Shenzhen, the PRC, which is currently owned by the Vendor for industrial purpose. Upon Completion, the Property will be delivered to the Purchaser in vacant possession.

GENERAL

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Rule 14.06(2) of the Listing Rules.

* *For identification purpose only*

THE PROVISIONAL AGREEMENT

1. Date

16 July 2015

2. Parties

- i. Vendor: The Sky High Plastic Works Limited, a company incorporated in Hong Kong with limited liability; and
- ii. Purchaser: New Grade Limited, an indirect wholly-owned subsidiary of the Company, which is principally engaged in property holding.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is a third party independent of and not connected with the Company and its connected persons and there was no previous transaction entered into between the Company and the Vendor prior to the date of the Provisional Agreement.

3. Assets to be acquired of

The Property comprises a factory building and two dormitory buildings erected on the Land Lot No. G12204-0126 located at Nanbu Village, Pingshan Town, Shenzhen, the PRC, with a gross floor area of approximately 19,475 square meters. The Property is currently owned by the Vendor for industrial purpose. The Vendor will deliver vacant possession of the Property to the Purchaser upon Completion.

4. Consideration and Payment Term

The Consideration is HK\$81.25 million, among which, HK\$4.0 million was paid by the Purchaser to the Vendor upon signing of the Provisional Agreement as an initial deposit, HK\$12.25 million shall be paid on or before 30 July 2015 as a further deposit and the balance of HK\$65.0 million shall be paid upon Completion on or before 16 October 2015.

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 at similar location. The Consideration will be financed by the Group's internal resources and banking facilities.

5. Conditions Precedent

The Acquisition is subject to Completion, pursuant to which the Purchaser agreed to acquire from the Vendor the Property at a consideration of HK\$81.25 million.

6. Formal Agreement

Pursuant to the Provisional Agreement, formal agreement for the sale and purchase of the Property shall be signed on or before 30 July 2015.

7. Completion

Pursuant to the Provisional Agreement, Completion will take place on or before 16 October 2015.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Purchaser is principally engaged in property 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 Vendor is principally engaged in property holding.

The Property is currently owned by the Vendor for industrial purpose and will deliver vacant possession of the Property to the Purchaser upon Completion. The Group will use the Property by itself after Completion for manufacturing and warehousing purposes. The Directors believe in the long term prospect of industrial properties in Shenzhen, the PRC and hence consider that the Acquisition will expand the Group’s manufacturing capacity and further strengthen its business in the PRC.

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 Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, 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, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the Provisional Agreement
“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 Acquisition
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the total cash consideration for the Acquisition, being HK\$81.25 million
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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“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 a factory building and two dormitory buildings erected on the Land Lot No. G12204-0126 located at Nanbu Village, Pingshan Town, Shenzhen, the PRC, with a gross floor area of approximately 19,475 square meters
“Provisional Agreement”	the provisional sale and purchase agreement dated 16 July 2015 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Purchaser”	New Grade Limited, an indirect wholly-owned subsidiary of the Company, which is principally engaged in property holding
“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”

The Sky High Plastic Works Limited, a company incorporated in Hong Kong with limited liability and is a third party independent of and not connected with the Company and its connected persons

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, 20 July 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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