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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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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)

CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTIES IN HONG KONG
AND
NOTICE OF SPECIAL GENERAL MEETING

A notice convening the SGM (as defined in this circular) to be held at 17/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong on Monday, 21 December 2015 at 11:15 a.m. is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you intend to attend and vote in person at the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy form shall be deemed to be revoked.

4 December 2015

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context specifies otherwise:

“Acquisition”	the acquisition of the Sale Shares and the Shareholder Loans by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 13 November 2015 entered into between the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“business day(s)”	a day (other than a Saturday or Sunday) on which commercial banks are generally open for business in Hong Kong
“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
“Completion Valuation”	the valuation of the Properties as at the date of Completion to be valued by an independent valuer jointly appointed by the parties
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Acquisition, being HK\$70.0 million (subject to adjustment)
“Director(s)”	the director(s) of the Company
“Good Excellent”	Good Excellent Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of WOG, which is principally engaged in property holding
“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*

DEFINITIONS

“Independent Board Committee” or “IBC”	the independent board committee of the Company comprising all the independent non-executive Directors
“Independent Financial Adviser” or “Beijing Securities”	Beijing Securities Limited, a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance), being the independent financial advisers appointed to advise the Independent Board Committee and the Shareholders in relation to the Acquisition
“Independent Shareholder(s)”	the Shareholder(s) other than WOG and its respective associates (to the extent if any of them holds any Shares as at the date of the SGM)
“Latest Practicable Date”	1 December 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“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 circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Premise A”	being Shop B on Ground Floor including the Cockloft, Yan Oi House, No. 237 Sha Tsui Road, Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories having an area of approximately 936 square feet for retail purpose
“Premise B”	being All that Shop on Ground Floor with the Cockloft, 60A Yen Chow Street, Kowloon having an area of approximately 989 square feet for retail purpose
“Properties”	collectively, the Premise A and the Premise B
“Purchaser”	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 investment holding
“Sale Shares”	one share of Sunbo and one share of Good Excellent, represent the entire issued and paid up share capital of the Target Companies
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at 17/F., Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong on Monday, 21 December 2015 at 11:15 a.m. or at any adjournment thereof (as the case may be) to consider and, if thought fit, approve, among others, the Acquisition
“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(s)”	the benefit of the loan(s) (of an aggregate of approximately HK\$45.0 million as at the Latest Practicable Date) owing by the Target Companies to the Vendor as at Completion, being an unsecured and interest free debt owed by the Target Companies 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)
“Sunbo”	Sunbo Investment Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of WOG, which is principally engaged in property holding
“Target Companies”	collectively, Good Excellent and Sunbo
“Vendor”	East Run Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of WOG, which is principally engaged in investment holding
“WOG”	Wang On Group Limited (宏安集團有限公司)*, 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: 1222)
“%”	per cent.

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Tang Ching Ho, *JP* (Chairman)

Mr. Chan Chun Hong, Thomas (Managing Director)

Ms. Tang Mui Fun

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Mr. Leung Wai Ho, *MH*

Mr. Li Ka Fai, David

Mr. Siu Man Ho, Simon

Mr. Cho Wing Mou

*Head office and principal place
of business in Hong Kong:*

5/F., Wai Yuen Tong Medicine Building

9 Wang Kwong Road

Kowloon Bay

Kowloon

Hong Kong

4 December 2015

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTIES IN HONG KONG
AND
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 13 November 2015 in relation to the Acquisition. The purpose of this circular is to provide you with, among others, (i) further details of the Acquisition; (ii) the recommendation from the Independent Board Committee to the Shareholders in respect of the entering into the Agreement; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Shareholders; and (iv) the notice of the SGM.

* For identification purpose only

LETTER FROM THE BOARD

THE AGREEMENT

1. Date

13 November 2015

2. Parties

- i. Guidepost Investments Limited, an indirect wholly-owned subsidiary of the Company, as the Purchaser, which is principally engaged in investment holding; and
- ii. East Run Investments Limited, a company indirectly wholly-owned by WOG, as the Vendor, which is principally engaged in investment holding.

3. Assets to be acquired

The Sale Shares and the Shareholder Loans.

4. Consideration

The Consideration is HK\$70.0 million (subject to adjustment), of which an amount equal to the Shareholder Loans outstanding at Completion shall be the consideration for the Shareholder Loans and the balance shall be the consideration for the Sale Shares, which shall be paid upon Completion.

The Consideration shall be further adjusted upwards or downwards within 20% with reference to the valuation as at the date of Completion to be valued by an independent valuer jointly appointed by the parties as follows:

- if the Completion Valuation shall be less than HK\$70 million, the Vendor shall pay to the Purchaser the amount of such shortfall in cash on a dollar to dollar up to a maximum of HK\$14 million; and
- if the Completion Valuation shall be more than HK\$70 million, the Purchaser shall pay to the Vendor the amount in excess in cash on a dollar to dollar basis up to a maximum of HK\$14 million.

The Purchaser or the Vendor (as appropriate) shall make the adjustment payment to the other in accordance with the abovementioned adjustment mechanism within seven business days after the date on which the said valuation report is issued. The Company will also issue an announcement to announce the Completion Valuation as well as the final Consideration, within 7 business days after the date on which the valuation report for the Completion Valuation is issued.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the valuation of the Properties and the prevailing market price of similar properties in similar locations. The Acquisition will be financed by the internal resources of, and the banking facilities available to, the Group.

LETTER FROM THE BOARD

5. Conditions

Completion of the Acquisition shall be conditional on the fulfilment or (waiver, if applicable) of the following conditions:

- (i) the Purchaser being satisfied as to its due diligence findings of each of the Target Companies; and
- (ii) the passing by the Independent Shareholders by way of poll of all necessary resolution(s) at the SGM approving the Agreement and the transactions contemplated thereunder.

If any of the above conditions has not been fulfilled or waived (item (i) only) on or before 31 December 2015 (or such later date as the parties may mutually agree in writing), the Agreement shall automatically terminate. In such event, neither party shall have any claim of any nature whatsoever against the other party under the Agreement (save in respect of any rights and liabilities of the parties which have accrued prior to termination). The Company has no intention to waive item (i) as set out in the above conditions.

6. Completion

Pursuant to the Agreement, Completion will take place within five business days upon the fulfilment (or waiver, if applicable) of the above condition(s).

INFORMATION OF THE TARGET COMPANIES

The Target Companies are wholly-owned subsidiaries of the Vendor and are the legal and beneficial owners of the Properties, being (1) Shop B on Ground Floor including the Cockloft, Yan Oi House, No. 237 Sha Tsui Road, Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories having an area of approximately 936 square feet for retail purpose (held by Sunbo); and (2) All that Shop on Ground Floor with the Cockloft, 60A Yen Chow Street, Kowloon having an area of approximately 989 square feet for retail purpose (held by Good Excellent).

LETTER FROM THE BOARD

The Properties are currently leased to an associate and a subsidiary of the Company with details as follows:

	Premise A	Premise B
Date:	10 July 2014	16 November 2015
Landlord:	Sunbo	Good Excellent
Tenant:	Creation Sino Limited, a company incorporated in Hong Kong with limited liability and is an associate of the Company	Wai Yuen Tong (Retail) Limited, a company incorporated in Hong Kong with limited liability and is a subsidiary of the Company
Term:	Three years from 1 June 2014 to 31 May 2017, both dates inclusive (with an option to renew for further two years at the discretion of the tenant)	One year from 4 October 2015 to 3 October 2016, both dates inclusive
Rental:	HK\$106,250 per month, exclusive of management fees and rates, payable monthly in advance	HK\$85,000 per month, exclusive of management fee and rates, payable monthly in advance

The Properties will continue to be used as at their existing usage after the Completion.

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

Sunbo

	For the period ended 30 September 2015 unaudited HK\$'000	For the year ended 31 March 2015 audited HK\$'000	2014 audited HK\$'000
Turnover	638	1,233	1,020
Profit/(loss) before tax	165	286	(27)
Profit/(loss) after tax	84	151	(357)

LETTER FROM THE BOARD

Good Excellent

	For the period		For the year ended 31 March	
	ended 30 September		2015	2014
	2015		2015	2014
	unaudited		audited	audited
	HK\$'000		HK\$'000	HK\$'000
Turnover	413		825	787
Profit/(loss) before tax	939		2,449	(1,962)
Profit/(loss) after tax	883		2,459	(2,041)

* For the year ended 31 March 2014, Good Excellent was loss-making due to the one-off fair value loss on revaluation of an investment property and Sunbo was loss-making due to the absorption of the property depreciation and the finance costs.

As at 30 September 2015, the unaudited net liabilities of Sunbo and the unaudited net asset values of Good Excellent amounted to approximately HK\$0.5 million and HK\$4.2 million, respectively.

The original acquisition costs of the Premise A and the Premise B were approximately HK\$24.8 million in July 2009 and HK\$15.8 million in November 2009, respectively. As the properties in Hong Kong have generally been appreciated for nearly 100% in the past 6 years since 2009, the valuation of the Properties as at 31 October 2015 was already up to an aggregate of approximately HK\$70.0 million as indicated by an independent valuer. The aggregate unaudited net asset values of the Target Companies is approximately HK\$3.7 million, which was different from the valuation of HK\$70.0 million, as they have been adjusted for the Shareholder Loans of approximately HK\$45.0 million and the fair value difference of the Premise A of approximately of HK\$21.3 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

As the Properties are currently leased to an associate and a subsidiary of the Group for retail purpose, and in view of the continuous increase in rental expenses by the Group, the Group has opted to switch from renting to owning the Properties to save future rental expenses.

The Directors, (including the independent non-executive Directors), consider that the terms of the 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.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, WOG (through its indirect wholly-owned subsidiary) held approximately 22.08% of the total issued share capital of the Company and is the substantial shareholder of the Company. The Vendor is an indirect wholly-owned subsidiary of WOG and is therefore a connected person of the Company. The Acquisition constitutes a connected transaction for the Company for the purpose of the Listing Rules.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% and is below 25%, the Acquisition constitutes a discloseable transaction and a non-exempt connected transaction of the Company and will be subject to the reporting, announcement and the independent shareholders' approval requirement under the Listing Rules.

Mr. Tang Ching Ho and Mr. Chan Chun Hong, Thomas (both being the executive directors of WOG) did abstain from voting on the relevant Board resolution(s) in view of their material interests in the Acquisition.

THE SGM

A notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Agreement and the transactions contemplated thereunder. A form of proxy for use at the SGM is accompanied with this circular. The ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder will be determined by way of poll by the Independent Shareholders. WOG and his associates controlled the exercise of approximately 22.08% of the voting rights in the Company's general meeting as at the Latest Practicable Date, and will be required to abstain from voting at the SGM in respect of the ordinary resolution to approve the Agreement and the transactions contemplated thereunder.

Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules and the bye-laws of the Company, the voting on all proposed resolutions at the SGM will be taken by way of a poll and an announcement on the poll results will be made by the Company after the SGM.

Whether or not you intend to attend and vote in person at the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy form shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

An Independent Board Committee comprising all the independent non-executive Directors has been set up to advise the Shareholders in relation to the Acquisition. Beijing Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in relation to the Acquisition.

The Directors (including the independent non-executive Directors, having received and considered the advice from the Independent Financial Adviser) are of the opinion that the Acquisition is in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution set out in the notice of SGM enclosed to this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter from Beijing Securities and the additional information set out in the appendix to this circular and the notice of SGM.

Yours faithfully,
For and on behalf of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Tang Ching Ho
Chairman

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter of recommendation from the Independent Board Committee to the Shareholders which has been prepared for the purpose of inclusion in this circular.



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)

4 December 2015

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION INVOLVING ACQUISITION OF PROPERTIES IN HONG KONG

We refer to the circular dated 4 December 2015 issued by the Company to its Shareholders the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

We, being the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Shareholders in connection with the Acquisition, the details of which are set out in the letter from the Board contained in the Circular. Beijing Securities has been appointed to advise us, the Independent Board Committee and the Shareholders in relation to the Acquisition.

We wish to draw your attention to the letter from the Board and the letter from Beijing Securities to us, the Independent Board Committee and the Shareholders containing its advice in respect of the Acquisition, as set out in the Circular.

Having taken into account the principal factors and reasons considered by Beijing Securities and its conclusion and advice, we consider that (i) the Acquisition is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) the terms of the Agreement are determined on normal commercial terms, on a fair and reasonable basis and in the interest of the Company and the Shareholders as a whole.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition.

Yours faithfully,
Independent Board Committee

Leung Wai Ho
Siu Man Ho, Simon

Cho Wing Mou
Li Ka Fai, David

Independent non-executive Directors

LETTER FROM BEIJING SECURITIES

Set out below is the full text of the letter of advice from Beijing Securities to the Independent Board Committee and the Shareholders which has been prepared for the purpose of inclusion in this circular.

Beijing Securities
Beijing Securities Limited
北京證券有限公司

BEIJING SECURITIES LIMITED

14th Floor, Shanghai Industrial Investment Building, 48 Hennessy Road, Wanchai, Hong Kong

4 December 2015

*To the Independent Board Committee and the Independent Shareholders of
Wai Yuen Tong Medicine Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES IN HONG KONG

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition. Details of the Acquisition are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 4 December 2015 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 13 November 2015, the Purchaser, an indirect wholly-owned subsidiary of the Company entered into the Agreement with the Vendor for the acquisition of the Sale Shares and the Shareholder Loans of the Target Companies at the Consideration of HK\$70.0 million (subject to adjustment). The principal assets of the Target Companies are the Properties, which are located in Tsuen Wan and Sham Shui Po and are currently leased to an associate and a subsidiary of the Company respectively to operate the “Wai Yuen Tong” stores.

WOG (through its wholly-owned subsidiary) holds approximately 22.08% of the total issued share capital of the Company and is the substantial shareholder of the Company. The Vendor is an indirect wholly-owned subsidiary of WOG and is therefore a connected person of the Company. As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% and is below 25%, the Acquisition constitutes a non-exempt connected transaction of the Company and will be subject to the reporting, announcement and the independent shareholders’ approval requirement under the Listing Rules.

LETTER FROM BEIJING SECURITIES

The Board currently comprises three executive Directors and four independent non-executive Directors. The Independent Board Committee, which is currently comprising of all the independent non-executive Directors, namely Mr. Siu Man Ho, Simon, Mr. Leung Wai Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, has been established to advise the Independent Shareholders regarding the Acquisition and its terms. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

Beijing Securities is not connected with the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby Beijing Securities will receive any fees or benefits from the Company or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates.

Our role is to provide you with our independent opinion and recommendation as to whether the terms of the Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business and on normal commercial terms and whether they are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and how the Independent Shareholders should vote in respect of the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors, the Company and its management.

We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

LETTER FROM BEIJING SECURITIES

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Acquisition, we have considered the following principal factors and reasons:

1. Background of and reasons for the Acquisition

1.1 Background information of the Group

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.

Set out below is a summary of the audited financial results of the Group for the years ended 31 March 2014 and 2015 respectively as extracted from the Company’s annual report for the year ended 31 March 2015 (the “**Annual Report**”) and the unaudited financial results of the Group for the six months ended 30 September 2015 as extracted from the Company’s 2015 interim results announcement dated 19 November 2015.

Summary consolidated statement of profit or loss

	For the six months ended 30 September 2015	For the year ended 31 March	
	<i>(HK\$'000)</i>	2015	2014
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Turnover	376,845	831,088	865,258
Profit attributable to owners of the parent for the period/year	67,650	120,979	163,374

LETTER FROM BEIJING SECURITIES

Summary consolidated statement of financial position

	As at	As at 31 March	
	30 September	2015	2014
	2015	2015	2014
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Total assets	3,104,248	2,823,903	2,348,948
Total liabilities	724,299	777,948	508,047
Net assets	2,379,949	2,045,955	1,840,901

The Group's turnover decreased by approximately 4.0% from approximately HK\$865.3 million for the year ended 31 March 2014 to approximately HK\$831.1 million for the year ended 31 March 2015. The slight decrease in turnover was mainly due to the decrease in sales of Chinese pharmaceutical and health food products and western pharmaceutical and health food products. The Group also recorded a decrease of profit attributable to owners of the parent by approximately 25.9% from approximately HK\$163.4 million for the year ended 31 March 2014 to approximately HK\$121.0 million for the year ended 31 March 2015. The decrease in profit attributable to owners of the parent was mainly attributable to the decrease in the Group's revenue and the loss on deemed partial disposal of equity interests in an associate.

Furthermore, the Group's turnover decreased by approximately 1.1% from approximately HK\$381.0 million for the six months ended 30 September 2014 to approximately HK\$ 376.8 million for the six months ended 30 September 2015. The slight decrease in turnover was mainly due to the decrease in sales of Chinese pharmaceutical and health food products. However, the Group recorded an increase of profit attributable to owner of the parent of over 488% from approximately HK\$11.5 million for the six months ended 30 September 2014 to approximately HK\$67.7 million for the six months ended 30 September 2015. The significant increase in profit attributable to owners of the parent was mainly attributable to the increase in the Group's share of profits of an associate.

As at 30 September 2015, the Group had total assets, total liabilities and net assets of approximately HK\$3,104.2 million, HK\$724.3 million and HK\$2,379.9 million respectively.

As set out in the Annual Report, the Group will continue to expand its product range, broaden its customer base, reinforce quality control and enhance marketing and promotion activities in order to uplift its image and to increase the competitiveness of its brands and products. Furthermore, the Group will continue to identify opportunities for business development including merger and acquisition and will consider acquiring suitable retail premises for long-term capital appreciation and to minimise the impact of rising rental expenses.

LETTER FROM BEIJING SECURITIES

1.2 Background information of the Target Companies

The Target Companies, which consist of Sunbo and Good Excellent, are wholly-owned subsidiaries of the Vendor and are the legal and beneficial owners of the Properties, being (1) Shop B on Ground Floor including the Cockloft, Yan Oi House, No. 237 Sha Tsui Road, Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories having an area of approximately 936 square feet for retail purposes and which is held by Sunbo; and (2) all that Shop on Ground Floor with the Cockloft, 60A Yen Chow Street, Kowloon having an area of approximately 989 square feet for retail purposes and which is held by Good Excellent.

The Properties are currently leased to an associate and a subsidiary of the Company respectively with details as follows:

	Premise A	Premise B
Date:	10 July 2014	16 November 2015
Landlord:	Sunbo	Good Excellent
Tenant:	Creation Sino Limited, a company incorporated in Hong Kong with limited liability and is an associate of the Company	Wai Yuen Tong (Retail) Limited, a company incorporated in Hong Kong with limited liability and is a subsidiary of the Company
Term:	Three years from 1 June 2014 to 31 May 2017, both dates inclusive (with an option to renew for further two years at the discretion of the tenant)	One year from 4 October 2015 to 3 October 2016, both dates inclusive
Rental:	HK\$106,250 per month, exclusive of management fees and rates, payable monthly in advance	HK\$85,000 per month, exclusive of management fee and rates, payable monthly in advance

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

LETTER FROM BEIJING SECURITIES

Sunbo

	For the year ended 30 September 2015 (HK\$'000) (Unaudited)	For the year ended 31 March 2015 (HK\$'000) (Audited)	2014 (HK\$'000) (Audited)
Turnover	638	1,233	1,020
Profit/(loss) before tax	165	286	(27)
Profit/(loss) after tax	84	151	(357)

	As at 30 September 2015 (HK\$'000) (Unaudited)	As at 31 March 2015 (HK\$'000) (Audited)	2014 (HK\$'000) (Audited)
Total assets	21,081	21,540	22,022
Total liabilities	21,618	22,161	22,795
Net liabilities	537	621	773

Good Excellent

	For the year ended 30 September 2015 (HK\$'000) (Unaudited)	For the year ended 31 March 2015 (HK\$'000) (Audited)	2014 (HK\$'000) (Audited)
Turnover	413	825	787
Profit/(loss) before tax	939	2,449	(1,962)
Profit/(loss) after tax	883	2,459	(2,041)

	As at 30 September 2015 (HK\$'000) (Unaudited)	As at 31 March 2015 (HK\$'000) (Audited)	2014 (HK\$'000) (Audited)
Total assets	28,272	27,750	25,895
Total liabilities	24,033	24,394	24,998
Net assets	4,239	3,356	897

LETTER FROM BEIJING SECURITIES

We noted that the turnover of the Target Companies represents the gross rental income received and receivable from the Properties.

As at 30 September 2015, the unaudited net liabilities of Sunbo and net assets of Good Excellent amounted to approximately HK\$0.5 million and HK\$4.2 million respectively. Total assets of Sunbo and Good Excellent represents mainly the carrying value of Premise A in the amount of approximately HK\$20.7 million and the fair value of Premise B in the amount of approximately HK\$28.0 million respectively with an aggregate value of approximately HK\$48.7 million. We understand that Premise A was booked in the financial statements of Sunbo at its carrying value and Premise B was booked at fair value in the financial statements of Good Excellence at the time of the acquisition of the Properties by the Vendor. The Company and its auditors will review the accounting treatment of the Properties after Completion. As at 31 October 2015, Premise A and Premise B were valued at approximately HK\$42.0 million and HK\$28.0 million respectively. Therefore, the valuation of the Properties has an aggregate amount of approximately HK\$70.0 million as at 31 October 2015 and represents a difference of approximately HK\$21.3 million from the book value of the Target Companies due to the fair value difference of Premise A.

The total liabilities of Sunbo and Good Excellent represents mainly the Shareholder Loans due to the Vendor.

1.3 Reasons for and benefits of the Acquisition

As set out in the Annual Report, it is one of the Group's strategies to acquire suitable retail premises for long-term capital appreciation and to minimise the impact of rising rental expenses. Also, as set out in the Letter from the Board, as the Properties are currently leased to an associate and a subsidiary of the Group for retail purposes, and in view of the continuous increase in rental expenses by the Group, the Group has opted to switch from renting to owning the Properties to save future rental expenses.

The following table is the rental index for retail properties in Hong Kong from 2010 to 2014 as released by the Rating and Valuation Department of the Hong Kong Government in November 2015:

Year	Rental Index <i>(Note)</i>	Year-on-year Change
2010	122.9	–
2011	134.3	+9.3%
2012	151.3	+12.7%
2013	165.5	+9.4%
2014	173.1	+4.6%

Note: A base index of 100 is set for in year 1999.

Source: Statistics released by the Rating and Valuation Department of the Hong Kong Government in November 2015.

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As noted in the table above, the rental index for retail properties in Hong Kong has increased from approximately 122.9 in 2010 to approximately 173.1 in 2014 representing a compound annual increase of approximately 8.9%.

Furthermore, according to the same Hong Kong Government source, the rental index for retail properties in Hong Kong has increased approximately 3.4% from January to September in 2015.

In addition, the total on-going rental expenses that the Group has been paying for the Properties is HK\$191,250 per month (or approximately HK\$2.3 million per annum) without taking into account of the possible rental increase for their renewal in the future.

Based on the foregoing and having considered (i) the Properties are currently leased by the Group for retail purposes; (ii) an increasing trend in the rental rates for retail properties in Hong Kong; (iii) the Group's on-going strategy to minimise the impact of rising rental expenses; and (iv) the saving in the future rental expenses by the Group for owning the Properties, we are of the view that the Acquisition is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

2. The Agreement

Date: 13 November 2015

Parties: (i) Guidepost Investments Limited, an indirect wholly-owned subsidiary of the Company, as the Purchaser, which is principally engaged in investment holding; and

(ii) East Run Investments Limited, a company indirectly wholly-owned by WOG, as the Vendor, which is principally engaged in investment holding

Assets to be acquired

The Sale Shares and the Shareholder Loans. The Sale Shares are one share of Sunbo and one share of Good Excellent, representing the entire issued and paid up share capital of the Target Companies and the Shareholder Loans are unsecured and interest free debt owed by the Target Companies to the Vendor with outstanding amount of approximately HK\$45.0 million as at the Latest Practicable Date.

Consideration

The Consideration is HK\$70.0 million (subject to adjustments) which includes the consideration for the Shareholder Loans as represented by the outstanding balance of it at Completion whilst the remaining amount of the Consideration shall be the consideration for the Sale Shares, shall be settled in cash upon Completion. In this respect, the Group shall acquire

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(i) the Shareholder Loans which have an amount of approximately HK\$45.0 million as at the Latest Practicable Date; and (ii) the Sale Shares which represent the entire interest in the Target Companies for approximately HK\$25.0 million, at Completion for a total Consideration of HK\$70.0 million (subject to adjustments).

The Consideration shall be further adjusted upwards or downwards within 20% with reference to the valuation of the Properties as at the date of Completion to be valued by an independent valuer jointly appointed by the parties as follows;

- if the Completion Valuation shall be less than HK\$70 million, the Vendor shall pay to the Purchaser the amount of such shortfall in cash on a dollar to dollar up to a maximum of HK\$14 million; and
- if the Completion Valuation shall be more than HK\$70 million, the Purchaser shall pay to the Vendor the amount in excess in cash on a dollar to dollar basis up to a maximum of HK\$14 million.

The Purchaser or the Vendor (as appropriate) shall make the adjustment payment to the other in accordance with the abovementioned adjustment mechanism within seven business days after the date on which the said valuation report is issued.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the valuation of the Properties and the prevailing market price of similar properties in similar locations. The Acquisition will be financed by the internal resources of, and the banking facilities available to, the Group.

Valuation methodology and assumptions

The Target Companies are the legal and beneficial owners of the Properties. As at 31 October 2015, an independent valuer, Asset Appraisal Limited, has valued Premise A in an amount of approximately HK\$42.0 million and Premise B in an amount of approximately HK\$28.0 million. Therefore, the valuation of the Properties has an aggregate amount of approximately HK\$70.0 million (the "**Valuation**"). For our due diligence of the Valuation, we have discussed with the independent valuer the basis of the Valuation and raised questions on areas which we require further explanation. We noted that the Valuation has been carried out by comparison method where comparison was based on prices realised or market prices of comparable properties (the "**Comparable Transactions**"). Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the capital values.

We understand that there are three generally accepted property valuation methodologies, namely, the comparison method, the income method and the cost method. We concurred with independent valuer in selecting the comparison method as (i) the income method is based on the principle that the value of a property reflects the quality and quantity of the income it is expected to generate over time. Income-producing properties are typically purchased for

LETTER FROM BEIJING SECURITIES

investment purposes, and thus the ability of a property to earn income is the critical element affecting its value from a market point of view. Since the Properties are intended to be held by the Group for its own use, the income method is therefore not applicable; and (ii) the cost method considers the cost to reproduce or replace in new condition that a property valued in accordance with current market prices for similar properties, adjusted for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. Actual costs incurred for upgrading the property to be appraised will also be considered in this approach. The cost method is generally applied for valuing properties in the absence of a known market based on comparable sales, or is often applied for valuing specialised properties which rarely change hands and for which there are few or no comparables. We considered that it was not the case for the Properties and therefore the cost method is not applicable. Furthermore, we have also reviewed similar transactions to the Acquisition conducted by listed companies on the Stock Exchange and noted that the comparison method is the most commonly adopted valuation methodology in their property valuation. In view of the above, we concurred with the independent valuer in adopting the comparison method for the purposes of the Valuation and that it is also not applicable to apply other valuation methodologies for cross-checking purposes.

As stated above, Comparable Transactions are used by the independent valuer in valuing the Properties. We have obtained from the independent valuer details of the Comparable Transactions and noted that the Comparable Transactions are various recent property transactions in the nearby of and also having similar characteristics to the Properties. Based on our review of the Comparable Transactions and our discussion with the independent valuer, we are of the view that the Comparable Transactions are representative and relevant in providing a fair and reasonable basis for the independent valuer to value the Properties.

In addition, we have enquired the independent valuer as to its qualifications, expertise and independence. We have also reviewed the independent valuer's terms of engagement (including its scope of work). We were not aware of any irregularities during our discussion with the independent valuer or in our review of the work. As such, we consider the Valuation is a fair reference for the Consideration.

Fairness and reasonableness of the Consideration

In determining the fairness of the Consideration, we have compared it to the fair value of the Sale Shares and the Shareholder Loans in aggregate. In determining the fair value of the Sales Shares, we have used the Valuation of HK\$70.0 million (being the valuation of Premise A and Premise B of approximately HK\$42.0 million and HK\$28.0 million respectively) and adjusted it to include the amount of other assets and other liabilities (including the Shareholder Loans) of the Target Companies as at 30 September 2015 of approximately HK\$0.6 million (the amount of other assets of Sunbo and Good Excellence was approximately HK\$0.3 million and HK\$0.3 million respectively) and HK\$45.6 million (the amount of other liabilities of Sunbo and Good Excellence was approximately HK\$21.6 million and HK\$24.0 million respectively), respectively. In this regard, the fair value of the Sales Shares is approximately HK\$25.0 million (the "**Sale Shares Value**"). When the Sale Shares Value is added with the

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Shareholder Loans with an amount of approximately HK\$45.0 million as at the Latest Practicable Date which are to be acquired as part of the Acquisition, the value for the Acquisition so calculated is approximately HK\$70.0 million (the “**Transaction Value**”).

In the light of the above and that the Consideration of HK\$70.0 million is on par with the Transaction Value, we consider the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

3. Financial effects of the Acquisition

Earnings

Upon Completion, the Target Companies will become an indirect wholly-owned subsidiary of the Company. Given that the Group will own the Properties instead of leasing them after Completion, the Group is expected to save future rental expenses which we consider to have a positive financial effects on the earnings of the Group.

Net Asset Value

Upon Completion, as the payment of the Consideration is in cash and which will be offset by the consolidation of the assets and liabilities of the Target Companies into the financial statements of the Group, we expect that the Acquisition will not create significant impact to the Group’s net asset value.

Recommendation

Having considered the principal factors discussed above and, in particular the following:

- (i) the Properties are currently leased by the Group for retail purposes;
- (ii) an increasing trend in the rental rates for retail properties in Hong Kong;
- (iii) the Group’s on-going strategy to minimise the impact of rising rental expenses;
- (iv) the saving in the future rental expenses by the Group for owning the Properties;
- (v) the Consideration was determined after arm’s length negotiation between the Purchaser and the Vendor; and
- (vi) the Consideration is on par with the Transaction Value,

LETTER FROM BEIJING SECURITIES

we consider that the terms of the Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business and on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolution(s) in respect of the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Beijing Securities Limited
Charles Li
Director

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 October 2015 of the property interests held by the Group.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

Add: Rm 901 9/F On Hong Commercial Building
No.145 Hennessy Road Wanchai HK
地址: 香港灣仔軒尼詩道145號安康商業大廈9樓901室
Tel: (852) 2529 9448
Fax: (852) 3521 9591

4 December 2015

The Board of Directors
Wai Yuen Tong Medicine Holdings Limited
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon, Hong Kong

Dear Sirs,

RE: VALUATION OF PROPERTY INTERESTS SITUATED IN HONG KONG

In accordance with the instructions from **Wai Yuen Tong Medicine Holdings Limited** (referred to as the “**Company**”) to value the property interests (referred to as the “**properties**”) situated in Hong Kong, we confirm that we have carried out inspections of the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 October 2015 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation of the properties represents the market value which is defined by the International Valuation Standard and followed by the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

The properties are valued by the comparison method where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

ASSUMPTIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been made on the assumption that owners sell the properties (except those properties rented by the Company) on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the properties.

Other assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

TITLESHIP

We have caused searches to be made at the appropriate Land Registry for the Properties. However, we have not verified ownerships of the Properties or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

LIMITING CONDITIONS

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Properties were inspected by Sandra Lau and Tse Wai Leung, both are member of HKIS, on between 25 October 2015 and 12 November 2015. We have inspected the exterior and, where possible, the interior of the Properties. However, no structural survey has been made for them. In the course of our inspection, we did not note any apparent defects. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the properties, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollar (HK\$).

Our summary of valuation and valuation certificate are attached herewith.

Yours faithfully,
For and on behalf of
Asset Appraisal Limited
Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

Property	Market value in existing state as at 31 October 2015	Interest attributable to the Group as at 31 October 2015 %	Value of property interest attributable to the Group as at 31 October 2015
Property interests to be acquired by the Company			
1. Shop B on G/F incl. the Cockloft, Yan Oi House, No. 237 Sha Tsui Road, Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories.	HK\$42,000,000	100%	HK\$42,000,000
2. Ground Floor with the Cockloft, No. 60A Yen Chow Street, Kowloon	HK\$28,000,000	100%	HK\$28,000,000
		Total:	HK\$70,000,000

VALUATION CERTIFICATE

Property interests to be acquired by the Company

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2015
1. Shop B on G/F incl. the Cockloft, Yan Oi House, No. 237 Sha Tsui Road, Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories	<p>The property comprises a shop unit on Ground Floor of a 6-storey tenement building completed in about 1967.</p> <p>The saleable area of the property is approximately 582 square feet plus a cockloft of approximately 354 square feet.</p>	As advised by the Company, the property was tenanted for a term of 3 years expiring on 31 May 2017 at a monthly rent of HK\$106,250 exclusive of rates and management fees.	HK\$42,000,000
2/21st shares of and in Tsuen Wan Town Lot No. 54.	The property is held under New Grant No. 4462 for a term of 99 years commencing on 1 July 1898. It was statutorily extended to 30 June 2047 with a condition of annual rent payment assessed by 3% of the rateable value.		

Notes:

1. The registered owner of the property is Sunbo Investment Limited via an assignment registered vide memorial no. 09071402150131 dated 6 July 2009.
2. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant of the subject property is registered vide memorial no. TW81219 dated 31 October 1967.
 - b. The property is subject to mortgage and rental assignment in favour of Hang Seng Bank Limited for the consideration of all moneys vide memorial nos. 13100201480018 and 13100201480021 both dated 25 September 2013.
 - c. The property is subject to Notice No. WCBZ/S202667/01/NT-F02 by the Building Authority under S.24C(1) of the Building Ordinance vide memorial no. 08100201020105 dated 27 May 2008.
 - d. The property is subject to Order No. UBF/F02-291/002/08 by the Building Authority under Section 24(1) of the Buildings Ordinance vide memorial no. 09111600850142 dated 29 September 2009.

- e. The property is subject to Order No. DR00186/NT/14 by the Building Authority under S.28(3) of the Buildings Ordinance vide memorial no. 14082801010094 dated 12 August 2014.
 - f. The property is subject to Order No. D00071/NT/15 by the Building Authority under Section 26 of the Buildings Ordinance vide memorial no. 15052201130068 dated 6 May 2015.
3. The property falls within an area zoned “Residential (A) 13” under Tsuen Wan Outline Zoning Plan No. S/TW/31 dated 17 January 2014.
4. The locality is an established commercial and residential area. Developments in the vicinity comprise mainly composite building and tenement blocks. Comprehensive shopping facilities are available within the nearby shopping arcades and the ground floor of neighboring developments. Public transports serving the vicinity include franchised buses and taxi. MTR Tsuen Wan station and Tsuen Wan West station are situated within a short walking distance.
5. We have inspected the property and noticed that there exists some additional and alternation works summarized as follows:
- a. covered yard;
 - b. extension of the cockloft;
 - c. awning attached to the external wall;
 - d. dislocation of the internal staircase;
 - e. air conditioners’ supporting frame.

As at the date of valuation, there is no documentary consent available from the Buildings Department and such alteration may be unauthorised and may subject to enforcement action for reinstatement by the Buildings Department. Nevertheless, such alteration may be rectified and as confirmed by the Company, such reinstatement, if required to be undertaken, will have no detrimental effect on the business operations in the Property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2015
2. Ground Floor with the Cockloft, No. 60A Yen Chow Street, Kowloon 1/6th shares of and in Section C of New Kowloon Inland Lot No. 1056.	The property comprises a shop unit on ground floor and a cockloft of a 6-storey tenement building completed in about 1957. The saleable area of the property is approximately 596 square feet plus a cockloft of approximately 207 square feet and a yard of approximately 186 square feet.	As advised by the Company, the property was tenanted for a term of 1 year commencing from 4 October 2015 at a total monthly rent of HK\$85,000 exclusive of rates and management fees.	HK\$28,000,000
	The property is held under Government Lease for a term of 75 years renewable for 24 years. It was statutorily extended to 30 June 2047 with a condition of annual rent payment assessed by 3% of the rateable value.		

Notes:

1. The registered owner of the property is Good Excellent Limited via an assignment registered vide memorial no. 09121101880053 dated 30 November 2009.
2. The following encumbrances are registered in the land registry against the property:
 - a. Deed of Mutual Covenant is registered vide memorial no. UB266269 dated 21 September 1957.
 - b. The property is subject to mortgage and rental assignment in favour of Hang Seng Bank Limited registered vide memorial nos. 13100201480035 and 13100201480044 both dated 25 September 2013.
3. The property falls within an area zoned "Residential (A) 6" under Cheung Sha Wan Outline Zoning Plan No. S/K5/35 dated 10 January 2014.
4. The locality is an established residential area. Developments in the vicinity comprise mainly composite building and tenement blocks. Comprehensive shopping facilities are available within the nearby shopping arcades, such as Dragon Centre, and the ground floor of neighboring developments. Public transports serving the vicinity include franchised buses and taxi. MTR Sham Shui Po station is situated within a short walking distance.

5. We have inspected the property and noticed that there exists some additional and alternation works summarized as follows:
- a. covered yard;
 - b. covered flat roof on the cockloft;
 - c. extension of the cockloft;
 - d. improper air conditioners' supporting frame.

As at the date of valuation, there is no documentary consent available from the Buildings Department and such alteration may be unauthorised and may subject to enforcement action for reinstatement by the Buildings Department. Nevertheless, such alteration may be rectified and as confirmed by the Company, such reinstatement, if required to be undertaken, will have no detrimental effect on the business operations in the Property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

(i) Long positions in underlying Shares of share options of the Company:

Name of Director	Date of grant HK\$	Exercise price per Share	Number of share options outstanding	Exercisable period (Note 1)	Number of underlying Shares	Approximate
						percentage of the Company's total issued share capital (Note 2) %
Ms. Tang Mui Fun	8.1.2009	1.156	81,528	8.1.2010 – 7.1.2019	81,528	0.001

Notes:

- The exercisable period of the above share options beneficially held by Ms. Tang Mui Fun was vested as follows:-

On 1st anniversary of the date of grant:	30% vest
On 2nd anniversary of the date of grant:	Further 30% vest
On 3rd anniversary of the date of grant:	Remaining 40% vest

2. The percentage represented the number of Shares over the total issued share capital of the Company as at the Latest Practicable Date of 6,325,714,453 Shares.

(b) Persons who have interests or short positions in the Shares or underlying Shares which is discloseable under Divisions 2 and 3 of Part XV of the SFO

Save as disclosed below, as at the Latest Practicable Date, no person, other than a Director or chief executive of the Company, had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long positions in the Shares:

Name of Shareholder	Capacity	Total number of Shares held	Approximate percentage of the Company's total issued share capital % (Note 2)
WOG (Note 1)	Interest of controlled corporation	1,396,614,737	22.08
Wang On Enterprises (BVI) Limited (" WOE ") (Note 1)	Interest of controlled corporation	1,396,614,737	22.08
Rich Time Strategy Limited (" Rich Time ") (Note 1)	Beneficial owner	1,396,614,737	22.08

Notes:

- (1) Rich Time is wholly owned by WOE, which is a wholly-owned subsidiary of WOG. WOE and WOG are deemed to be interested in 1,396,614,737 Shares held by Rich Time.
- (2) The percentage is calculated based on the total issued share capital of the Company as at the Latest Practicable Date of 6,325,714,453 Shares.
- (3) As at the Latest Practicable Date, Mr. Tang Ching Ho and Mr. Chan Chun Hong, Thomas, executive Directors, were directors of WOG and Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun were also directors of Rich Time and WOE.

3. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (i) There is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.
- (ii) As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which had been, since 31 March 2015, being the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective associates were considered to have any interests in businesses which competed or were likely, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 March 2015, being the date of the latest published audited financial statements of the Company.

7. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualification of the professional advisers who has given opinions or advice contained in this circular:

Names	Qualifications
Beijing Securities	A corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance)
Asset Appraisal Limited	An independent professional property valuer

As at the Latest Practicable Date, Beijing Securities and Asset Appraisal Limited were not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Beijing Securities and Asset Appraisal Limited have given and have not withdrawn their written consent to the issue of this circular with the inclusion of its letter and the references to their names in the form and context in which they respectively appear.

8. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's head office and principal place of business in Hong Kong is at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Ms. Mak Yuen Ming, Anita. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the Agreement is available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong on any business day from the date of this circular up to and including the date of the SGM.

NOTICE OF THE SGM



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (the “Company”) will be held at 17/F., Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong on Monday, 21 December 2015 at 11:15 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, with or without modification, as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the sale and purchase agreement (the “**Agreement**”) dated 13 November 2015 entered into between East Run Investments Limited, as the vendor, and Guidepost Investments Limited, as the purchaser, for the acquisition of entire issued share capital of, and assignment of shareholder loans, Sunbo Investment Limited and Good Excellent Limited for an aggregate consideration of HK\$70,000,000 (subject to adjustment) (details of the Agreement are set out in the Company’s circular dated 4 December 2015 (the “**Circular**”) and a copy of the Circular has been tabled at the meeting and marked “A” initialled by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised to take such action and execute such documents (with any further amendments as any one directors of the Company may approve) as they may consider appropriate and expedient in respect of the transactions contemplated under the Agreement, including the approval of variation orders, for the purpose of implementation or giving effect to the Agreement and the transactions contemplated thereunder.”

By Order of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Mak Yuen Ming, Anita
Company Secretary

Hong Kong, 4 December 2015

* For identification purpose only

NOTICE OF THE SGM

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Notes:

1. A form of proxy for use at the SGM is enclosed.
2. Any member of the Company (“**Member**”) entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a Member.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, shall be delivered to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be) at which the person named in the instrument proposes to vote. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the SGM convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share(s) as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting (as the case may be), the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members in respect of the joint holding.
6. The above resolution will be voted by way of a poll at the SGM.