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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 CONSTRUCTION CONTRACTS

CONSTRUCTION CONTRACTS

The Board is pleased to announce that on 4 April 2014, New Supreme, an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Construction Contract with the Contractor in relation to additional construction works on the Land for the construction of a five-storey factory building to facilitate the proposed pharmaceutical manufacturing development at Yuen Long Industrial Estate for the Group.

The aggregate contract sum for the Construction Works under the Construction Contracts is HK\$47,700,000, it will be financed by the internal resources of the Group.

GENERAL

As the applicable percentage ratios in respect of the transaction contemplated under the Supplemental Construction Contract when aggregated with the transaction under the Existing Construction Contract is greater than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules, the entering into the Supplemental Construction Contract constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to the requirements of reporting and announcement.

PRINCIPAL TERMS OF THE CONSTRUCTION CONTRACTS

Date

11 October 2013 — Existing Construction Contract

4 April 2014 — Supplemental Construction Contract

Parties

(a) New Supreme; and

(b) the Contractor.

* *For identification purpose only*

Having made all reasonable enquiries to the best of the Directors' knowledge, information and belief, (i) the Contractor and its ultimate beneficial owner(s) are independent third parties not connected with the Company and its connected persons; and (ii) the principal business activities of the Contractor are construction of buildings and civil engineering works.

Scope of the Construction Works

Pursuant to the Existing Construction Contract, the scope of the Construction Works includes the design and construction of foundations, pile cap and excavation and lateral support works and other related construction works for the construction of a five-storey factory building to facilitate the proposed pharmaceutical manufacturing development at Yuen Long Industrial Estate for the Group.

Pursuant to the Supplemental Construction Contract, the Contractor will carry out additional construction works, including additional excavation and lateral support works, pile caps and tie beams.

Completion of the Construction Works

The Construction Works will be completed by 2 June 2014.

Contract sum and payment method

Pursuant to the Existing Construction Contract, the agreed contract sum of HK\$31,209,220 is paid or payable to the Contractor based on the progress of the works completed by the Contractor in accordance with the agreed payment terms of the Construction Contract. There are also similar terms for liquidated damages for non-compliance should the Contractor fails to meet the relevant target dates for the construction works. The consideration of which was based on the work as specified in the tender conducted by New Supreme for this purpose.

An additional contract sum of HK\$16,490,780 will be payable to the Contractor for completion of the additional construction works as contemplated under the Supplemental Construction Contract.

The aggregate contract sum of HK\$47,700,000 will be funded by internal resources of the Group.

The Contractor has provided a guarantee amounting to 10% of the contract sum of the Construction Contracts as a surety bond to New Supreme for any breach of its obligations under any term of the Construction Contracts. A maximum of 5% of the total contract sum will be retained by New Supreme as quality assurance money as contemplated under the Construction Contracts.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION CONTRACTS

Reference is made to the announcement of the Company on 12 December 2012 relating to the grant of a lease of the Land by HKSTPC to the Group for the construction of a five-storey factory building at the Land to house its pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing so as to expand the Group's pharmaceutical manufacturing business. The Construction Contracts relate to the Construction Works required by the Group on the Land.

The Directors consider that the terms of the Construction Contracts are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

GENERAL

New Supreme 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.

As the applicable percentage ratios in respect of the transaction contemplated under the Supplemental Construction Contract when aggregated with the transaction under the Existing Construction Contract is greater than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules, the entering into the Supplemental Construction Contract constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to the requirements of reporting and announcement.

DEFINITIONS

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

“Board”	the board of 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)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Construction Contracts”	collectively, the Existing Construction Contract and the Supplemental Construction Contract
“Construction Works”	the construction works to be carried out in accordance with the terms of the Construction Contracts
“Contractor”	Chi Fu Engineering Limited, a company incorporated in Hong Kong with limited liability and the Contractor under the Construction Contracts
“Director(s)”	the director(s) of the Company
“Existing Construction Contract”	the construction contract regarding the proposed pharmaceutical manufacturing development at Yuen Long Industrial Estate entered into between New Supreme and the Contractor on 11 October 2013 for the Construction Works
“Group”	the Company and its subsidiaries

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“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSTPC”	Hong Kong Science and Technology Parks Corporation, a statutory body set up by the HKSAR government which operates the Hong Kong Science Park
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Land”	all those pieces or parcels of ground registered in the Land Registry as Extension to Subsection 1 of Section M of Yuen Long Town Lot No. 313 and Extensions Thereto at Yuen Long Industrial Estate with a total site area of approximately 8,545.56 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Supreme”	New Supreme Investment Limited, a company incorporated in Hong Kong with limited liability and a company indirectly wholly owned by the Company as at the date of this announcement
“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
“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)
“Supplemental Construction Contract”	the agreement supplemental to the Existing Construction Contract entered into between New Supreme and the Contractor on 4 April 2014 for the additional construction works

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, 4 April 2014

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. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou.

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