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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)

**INSIDE INFORMATION
AND
PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders and potential investors of the Company that based on the preliminary review of the draft unaudited consolidated management accounts, the Group is expected to record an increase in loss attributable to owners of the parent for the financial year ended 31 March 2018 by more than 30% as compared to the corresponding period in 2017. Such expected increase in loss is mainly attributable to, among other things, an one-off gain on disposal of a subsidiary recorded in 2017, the impairment loss in a property, an increase in overheads in the Group's factories and a deemed dilution effect in an associate, as offsetting by the improvement effect on change in fair value of equity investments at fair value through profit and loss and change in fair value on investment properties for the year ended 31 March 2018.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (the "**Company**") and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board of directors (the "**Board**") of the Company wishes to inform the shareholders and potential investors of the Company that based on a preliminary review of the unaudited consolidated management accounts, the Group is expected to record an increase in loss attributable to owners of the parent for the financial year ended 31 March 2018 by more than 30% as compared to the corresponding period in 2017. Such expected increase in loss is mainly attributable to, among other things, an one-off gain on disposal of a subsidiary recorded in 2017, an impairment loss in a property, an increase in overheads in the Group's factories and a deemed dilution effect in an associate, as offsetting by the improvement effect on change in fair value of equity investments at fair value through profit and loss and change in fair value on investment properties for the year ended 31 March 2018.

*For identification purpose only

As the Company is still in the course of finalising its annual results for the year ended 31 March 2018, the information contained in this announcement is only based on the preliminary review on the draft unaudited consolidated management accounts of the Group for the year ended 31 March 2018 which have yet to be confirmed, reviewed or audited by the auditor of the Company. Details of the performance of the Group for the year ended 31 March 2018 will be disclosed in the annual results announcement of the Company which is expected to be published by end of June 2018 in accordance with the requirements under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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
Executive Director

Hong Kong, 1 June 2018

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

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