



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)

PURCHASE OF CONVERTIBLE NOTES

On 13 June 2008, the Company purchased the Sale Notes in cash from the Sale Notes Holders at 97.5% of the face value of the Sale Notes.

The Sale Notes, with an aggregate principal amount of HK\$101 million, represented (i) approximately 40.4% of aggregate principal amount of the Convertible Notes of HK\$250 million; and (ii) approximately 67.8% of aggregate principal amount of the outstanding Convertible Notes, immediately before the Purchase but after the Previous Purchase, of HK\$149 million.

Reference is made to the Joint Announcement and the Purchase Announcement in respect of, among other matters, the placing of the Convertible Notes and the Previous Purchase. Capitalised terms used in this announcement shall have the same meanings as defined in the Joint Announcement unless the context herein requires otherwise.

PURCHASE OF CONVERTIBLE NOTES

On 13 June 2008, the Company purchased the Sale Notes in cash from the Sale Notes Holders at 97.5% of the face value of the Sale Notes. The Purchase was financed by the Company's internal resources.

To the best of the knowledge and belief of the Directors, and after making all reasonable enquiries, the Sale Notes Holders and their ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

The Sale Notes, with an aggregate principal amount of HK\$101 million, represented (i) approximately 40.4% of aggregate principal amount of the Convertible Notes of HK\$250 million; and (ii) approximately 67.8% of aggregate principal amount of the outstanding Convertible Notes, immediately before the Purchase but after the Previous Purchase, of HK\$149 million.

As at the date of this announcement, an aggregate principal amount of the Convertible Notes of HK\$48 million remained outstanding.

* For identification purpose only

REASONS FOR THE PURCHASE

The Directors believe that the terms of the Purchase are fair and reasonable and are in the interests of the Group and the Shareholders as a whole on the basis that the Purchase is at a discount to the face value of the Sale Notes and serves to reduce the liabilities of the Group.

GENERAL

The Company 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; and (ii) the processing and retailing of western pharmaceutical products under the brand name of “Madame Pearl’s”.

TERMS AND DEFINITIONS

“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 and the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Shares”	the Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes
“Convertible Notes”	the convertible notes of an aggregate principal amount of HK\$250 million issued by the Company on 14 August 2007 which is exercisable and convertible into 431,034,482 Shares at an initial conversion price of HK\$0.58 per Conversion Share (subject to adjustment)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries (as defined under the Listing Rules)
“Joint Announcement”	the joint announcement made by the Company and Wang On Group Limited dated 11 June 2007 in respect of, among other matters, the placing of the Convertible Notes
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Previous Purchase”	the previous partial purchase of the HK\$101 million Convertible Notes by the Company as announced in the Purchase Announcement

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“Purchase”	the purchase of the Sale Notes
“Purchase Announcement”	the announcement made by the Company dated 11 March 2008 in respect of, among other matters, the Previous Purchase
“Sale Notes”	the Convertible Notes with an aggregate principal amount of HK\$101 million
“Sale Notes Holders”	holders of the Sale Notes
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	the ordinary shares of par value HK\$0.01 each of the Company or shares of any class or classes resulting from any sub-division, consolidation or re-classification of such shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or distribution of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 13 June 2008

As at the date of this announcement, the Board comprises Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun, being the executive Directors, and Mr. Leung Wai Ho, Mr. Yuen Chi Choi, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou, being the independent non-executive Directors.

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