



**WAI YUEN TONG MEDICINE HOLDINGS LIMITED**  
**(位元堂藥業控股有限公司\*)**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 897)**

**ANNOUNCEMENT OF INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

**INTERIM RESULTS**

The board of directors (the “Board”) of Wai Yuen Tong Medicine Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2008, together with the comparative figures for the corresponding period in 2007. These condensed consolidated financial statements were not audited, but have been reviewed by the Company’s audit committee.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30 September 2008*

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2008</b>	2007
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$’000</b>	<b>HK\$’000</b>
<b>REVENUE</b>		<b>230,746</b>	213,872
Cost of sales		<b>(126,574)</b>	(118,314)
Gross profit		<b>104,172</b>	95,558
Other income	4	<b>9,021</b>	12,808
Selling and distribution costs		<b>(75,217)</b>	(68,754)
Administrative expenses		<b>(38,294)</b>	(39,028)
Finance costs	5	<b>(3,980)</b>	(3,116)
Impairment loss recognised in respect of goodwill		<b>(199)</b>	–
Gain on disposal of a subsidiary		<b>2,636</b>	–
Change in fair value of options embedded in an unlisted note		<b>(147,083)</b>	–
Change in fair value on financial assets at fair value through profit or loss		<b>(9,078)</b>	10,257
Share of results of associates		<b>(16,183)</b>	(372)
Gain on disposal of interest in an associate		<b>–</b>	9,577
<b>(LOSS) PROFIT BEFORE TAXATION</b>	6	<b>(174,205)</b>	16,930
Income tax expense	7	<b>(546)</b>	(1,509)
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<b>(174,751)</b>	15,421
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>(174,761)</b>	15,416
Minority interests		<b>10</b>	5
		<b>(174,751)</b>	15,421
<b>(LOSS) EARNINGS PER SHARE</b>	8		
Basic ( <i>Cents</i> )		<b>(9.09)</b>	1.00
Diluted ( <i>Cents</i> )		<b>N/A</b>	N/A

\* *For identification purpose only*

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	<b>30 September 2008</b>	31 March 2008
	<b>(Unaudited)</b>	(Audited)
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>60,171</b>	56,314
Prepaid lease payments	<b>95,046</b>	96,277
Goodwill	<b>25,271</b>	25,271
Interests in associates	<b>194,597</b>	209,043
Derivative financial instruments	<b>191,408</b>	333,270
Other intangible assets	<b>4,216</b>	4,604
Investments in unlisted notes	<b>170,483</b>	168,363
Prepayment for acquisition of interest in an associate	–	1,200
Deposit for acquisition of property, plant and equipment	–	910
Deferred tax assets	<b>378</b>	378
	<hr/> <b>741,570</b>	<hr/> 895,630
<b>CURRENT ASSETS</b>		
Inventories	<b>108,230</b>	97,277
Trade and other receivables	<b>102,679</b>	80,333
Prepaid lease payments	<b>2,762</b>	2,762
Amounts due from associates	<b>5,074</b>	5,280
Tax recoverable	<b>170</b>	309
Investments in unlisted notes	<b>3,889</b>	3,889
Financial assets at fair value through profit or loss	<b>6,327</b>	16,644
Pledged deposit	<b>353</b>	1,599
Bank balances and cash	<b>20,469</b>	100,019
	<hr/> <b>249,953</b>	<hr/> 308,112

		<b>30 September 2008 (Unaudited) HK\$'000</b>	31 March 2008 (Audited) HK\$'000
	<i>Note</i>		
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	83,463	69,924
Tax payable		2,284	2,289
Obligations under finance leases		12	13
Bank borrowings		21,371	12,948
Derivative financial instruments		57	832
Deferred franchise income		115	113
Loan from a shareholder		5,000	–
Advances from minority shareholders of a subsidiary		<u>3,096</u>	<u>3,030</u>
		<u>115,398</u>	<u>89,149</u>
<b>NET CURRENT ASSETS</b>		<u>134,555</u>	<u>218,963</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>876,125</u>	<u>1,114,593</u>
<b>NON-CURRENT LIABILITIES</b>			
Obligations under finance leases		3	9
Derivative financial instruments		50,016	44,795
Convertible loan note		–	138,022
Bank borrowings		53,750	35,385
Deferred tax liabilities		<u>1,115</u>	<u>1,115</u>
		<u>104,884</u>	<u>219,326</u>
<b>NET ASSETS</b>		<u>771,241</u>	<u>895,267</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		20,104	16,754
Reserves		<u>744,278</u>	<u>872,247</u>
Equity attributable to equity holders of the Company		764,382	889,001
Minority interests		<u>6,859</u>	<u>6,266</u>
<b>TOTAL EQUITY</b>		<u>771,241</u>	<u>895,267</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost basis except for financial instruments, which are measured at fair values.

The accounting policies used in the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2008 and in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and interpretations) issued by HKICPA, except that the Group in the current period has applied, for the first time, the following new HKFRSs which are effective for the Group’s financial year beginning on 1 April 2008.

HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The adoption of these new HKFRSs had no significant impact on the Group’s unaudited interim condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, in the unaudited interim condensed consolidated financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>3</sup>
HKAS 32 & HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39 Amendments	Cash Flow Hedge Accounting of Forecast Intergroup Transaction <sup>3</sup>
HKAS 39 Amendments	The Fair Value Option <sup>3</sup>
HKFRS 2 Amendments	Share-based Payment – Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>3</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – Int 13	Customer Loyalty Programmes <sup>2</sup>
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC) – Int 16	Hedges to a Net Investment in a Foreign Operation <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008

The Groups expects that while the adoption of the HKAS 1 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs will not have any significant impact on the Group’s financial statements in the period of initial applications.

### 3. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### Business segments

For management purposes, the Group is currently organised into the following major divisions: (i) production and sale of Chinese pharmaceutical and health food products; (ii) production and sale of Western pharmaceutical and health food products and (iii) production and sale of bottled birds' nest drinks and herbal essence products. These divisions are the basis on which the Group reports its primary segment information.

An analysis of the Group's revenue and contribution to operating results by business segments is presented as follows:

#### (a) Business segments

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Production and sale of bottled birds' nest drinks and herbal essence products		Eliminations		Total	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
REVENUE										
External sales	154,813	156,426	57,505	38,339	18,428	19,107	-	-	230,746	213,872
Inter segment sales*	1,320	3,396	-	42	11,734	12,659	(13,054)	(16,097)	-	-
	<u>156,133</u>	<u>159,822</u>	<u>57,505</u>	<u>38,381</u>	<u>30,162</u>	<u>31,766</u>	<u>(13,054)</u>	<u>(16,097)</u>	<u>230,746</u>	<u>213,872</u>
RESULTS										
Segment results, excluding impairment loss recognised in respect of goodwill	(1,098)	669	4,532	3,981	1,276	1,386			4,710	6,036
Impairment loss recognised in respect of goodwill	(199)	-	-	-	-	-			(199)	-
	<u>(1,297)</u>	<u>669</u>	<u>4,532</u>	<u>3,981</u>	<u>1,276</u>	<u>1,386</u>			<u>4,511</u>	<u>6,036</u>
Other income									9,021	12,808
Unallocated corporate expenses									(14,049)	(18,260)
Finance costs									(3,980)	(3,116)
Gain on disposal of a subsidiary									2,636	-
Gain on disposal of interest in an associate									-	9,577
Change in fair value of options embedded in an unlisted note									(147,083)	-
Change in fair value on financial assets at fair value through profit or loss									(9,078)	10,257
Share of results of associates									(16,183)	(372)
(Loss) profit before taxation									(174,205)	16,930
Income tax expense									(546)	(1,509)
(Loss) profit for the period									<u>(174,751)</u>	<u>15,421</u>

\* Inter segment sales are charged on terms determined and agreed between group companies

(b) *Geographical segments*

The Group's operations are located in Hong Kong, other regions in the People's Republic of China (the "PRC") and Singapore.

The following is an analysis of the Group's revenue by geographical market based on location of customers, irrespective of the origin of the goods and services:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	<b>2007</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>157,723</b>	156,061
The PRC, other than Hong Kong	<b>48,517</b>	33,076
Singapore	<b>13,369</b>	13,941
Others	<b>11,137</b>	10,794
	<b><u>230,746</u></b>	<b><u>213,872</u></b>

4. **OTHER INCOME**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	<b>2007</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest income on investments in unlisted notes	<b>5,078</b>	504
Interest income on bank deposits	<b>465</b>	7,295
Other interest income	<b>–</b>	792
Franchise income	<b>60</b>	128
Rental income	<b>1,198</b>	–
Dividend income	<b>543</b>	40
Compensation income	<b>–</b>	430
Processing fee income	<b>753</b>	460
Sundry income	<b>774</b>	1,064
Recognition of deferred income on disposal of a subsidiary	<b>150</b>	150
Gain on disposal of convertible notes	<b>–</b>	1,945
	<b><u>9,021</u></b>	<b><u>12,808</u></b>

**5. FINANCE COSTS**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	<b>598</b>	355
Bank borrowings not wholly repayable within five years	<b>629</b>	1,215
Effective interest expenses on convertible loan note	<b>2,628</b>	1,543
Finance leases	<b>1</b>	3
Loan from a shareholder	<b>19</b>	–
Others	<b>105</b>	–
	<b>3,980</b>	3,116

**6. (LOSS) PROFIT BEFORE TAXATION**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
(Loss) profit before taxation has been arrived at after charging (crediting):		
(Reversal of) Allowance for trade and other receivables	<b>(189)</b>	2,808
Allowance for obsolete stock	<b>1,111</b>	3,466
Amortisation of other intangible assets, included in administrative expenses	<b>388</b>	77
Depreciation of property, plant and equipment	<b>8,194</b>	7,046
Amortisation of prepaid lease payments	<b>1,231</b>	1,250
Management fee paid to a shareholder	<b>48</b>	48

## 7. INCOME TAX EXPENSE

	<b>For the six months ended 30 September</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	179	628
Other jurisdictions	367	820
	<u>546</u>	<u>1,448</u>
Underprovision in prior years		
Hong Kong Profits Tax	–	61
	<u>546</u>	<u>1,509</u>

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profit for the period.

Singapore Income Tax is calculated at 18% (2007: 18%) on the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	<b>For the six months ended 30 September</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
(Loss) profit for the period attributable to the equity holders of the Company for the purpose of basic (loss) earnings per share	<u>(174,761)</u>	<u>15,416</u>
	<b>Number of shares</b>	Number of shares
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>1,922,481,786</u>	<u>1,539,659,163</u>

The computation of diluted loss per share for the six months ended 30 September 2008 (2007: diluted earnings per share) does not assume the exercise of the outstanding share options of the Company as the exercise price of those options is higher than the average market price of the shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) nor the conversion of the outstanding convertible loan stock and convertible loan note of the Company, the exercise of which would result in a decrease in net loss (2007: an increase in basic earnings) per share.



## 9. TRADE AND OTHER RECEIVABLES

	<b>30 September 2008 (Unaudited) HK\$'000</b>	31 March 2008 (Audited) HK\$'000
Trade receivables	71,440	55,638
<i>Less: accumulated impairment</i>	<u>(8,902)</u>	<u>(9,471)</u>
	<b>62,538</b>	46,167
Other receivables and prepayments	<u>40,141</u>	<u>34,166</u>
	<b><u>102,679</u></b>	<b><u>80,333</u></b>

The Group allows an average credit period of 60 days to 120 days to its trade customers. The following is an aged analysis of trade receivables net of impairment loss at the balance sheet date:

	<b>30 September 2008 (Unaudited) HK\$'000</b>	31 March 2008 (Audited) HK\$'000
0 – 30 days	20,502	17,787
31 – 60 days	14,935	5,232
61 – 120 days	14,135	17,187
Over 120 days	<u>12,966</u>	<u>5,961</u>
	<b><u>62,538</u></b>	<b><u>46,167</u></b>

## 10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately 38,620,000 (31 March 2008: HK\$26,684,000) and their aged analysis is as follows:

	<b>30 September 2008 (Unaudited) HK\$'000</b>	31 March 2008 (Audited) HK\$'000
0 – 30 days	14,997	11,512
31 – 60 days	12,613	12,134
61 – 120 days	9,715	1,126
Over 120 days	<u>1,295</u>	<u>1,912</u>
	<b>38,620</b>	26,684
Other payables	<u>44,843</u>	<u>43,240</u>
	<b><u>83,463</u></b>	<b><u>69,924</u></b>

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2008 (2007: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group recorded a turnover of approximately HK\$230.7 million (2007: approximately HK\$213.9 million) for the six-month period ended 30 September 2008, posting a year-on-year growth of approximately 7.9%. Gross profit of approximately HK\$104.2 million (2007: approximately HK\$95.6 million) was reported, representing a growth of approximately 9.0%. The Group recorded a loss attributable to equity holders for the period ended 30 September 2008 of approximately HK\$174.8 million (2007: profit attributable to equity holders of approximately HK\$15.4 million). The loss was mainly attributable to the write down in value of the embedded options of the unlisted convertible bonds issued by LeRoi Holdings Limited (“LeRoi”) on 5 October 2007 with an aggregate principal amount of HK\$190 million and the share of loss attributable from an associate, LeRoi.

#### **(1) Chinese Pharmaceutical Products**

Turnover for the period under review was approximately HK\$154.8 million (2007: approximately HK\$156.4 million), representing a decrease of approximately 1.0% as compared with last year’s corresponding period. As a result of the negative impact of the global financial tsunami, a slowdown in consumer spending is expected for the second half of the financial year. Despite the challenging business conditions, we continue to place efforts in marketing and brand reinforcement activities which were aimed at driving sales and raising public awareness of the brand.

#### **(2) Western Pharmaceutical Products**

The turnover of Western pharmaceutical and health food products grew approximately 50.1% to approximately HK\$57.5 million (2007: approximately HK\$38.3 million). The growth mainly came from sales of the core product, cough syrup, in sales channels and network extending over 18 provinces in the People’s Republic of China (the “PRC”). Additional turnover of approximately HK\$11.6 million was derived from Hunan Xiangya Pharmaceutical Co. Ltd., a previous associated company, which became a consolidated subsidiary when we increased our effective equity interest from 39.2% to 52.0% on 9 November 2007, accounting for approximately 30.3% of the growth. The Group continues to focus on the sales of cough syrup and allocate resources to develop other products related to upper respiratory tract infections. In this regard, the launch of “Madame Pearl’s” BreathEasy Patch through television shows and press conferences with the support of doctors and pharmacists has been well received by the public. New business opportunities will be sought to optimise the utilisation of the strong distribution network we have already built in Hong Kong and the PRC.

### **(3) Chinese Health Food Business**

CNT Health Food Pte Limited (“CNT”), a subsidiary with operations in Singapore, was responsible for the Group’s business in the manufacturing of Chinese health food. Revenue for the period under review was approximately HK\$18.4 million (2007: approximately HK\$19.1 million), a decrease of approximately 3.7% as compared with last year’s corresponding period. The drop in sales was primarily triggered by a temporary production stoppages due to the recent relocation of production facilities.

### **(4) Investment in LeRoi**

The Group has diversified its investment portfolio by making an investment in LeRoi, whose principal businesses are the property investment and property development in Hong Kong and the PRC and retailing of fresh pork.

The market value of options embedded in the unlisted convertible bonds issued by LeRoi, is subject to, among other things, the fluctuation of the share price of LeRoi. The relevant write down had resulted in a loss of approximately HK\$147.1 million during the six months ended 30 September 2008. As a result of the fluctuation in the share price of LeRoi subsequent to 30 September 2008, further provision may be required in the financial results for the year ending 31 March 2009.

## **FINANCIAL REVIEW**

### **Liquidity, Capital Structure and Gearing**

#### *(1) Placing of Shares*

On 7 May 2008, the Group entered into a top-up placing and subscription arrangement with a placing agent to place approximately 335 million shares to independent investors, and to issue the same number of new shares, at a price of HK\$0.165 per share. The net proceeds of approximately HK\$53.3 million were raised, HK\$20 million of which were used for repayment of interest-bearing loans, another HK\$10 million are intended to be used for the expansion of retail network in the PRC and Hong Kong and the remaining balance for general working capital of the Group. The aforesaid top-up placing and subscription were completed on 15 May 2008 and 19 May 2008 respectively.

#### *(2) Redemption of Convertible Loan Note*

On 13 June 2008 and 18 September 2008, the Company purchased all outstanding convertible loan note with an aggregate principal amount of HK\$149 million at a discount of 2.5% to their face value. These purchases were financed by the Company’s internal resources. As at the date of this announcement, there is no outstanding convertible loan note.

As at 30 September 2008, the Group’s total bank borrowings amounted to approximately HK\$75.1 million (31 March 2008: approximately HK\$48.3 million). The gearing ratio, being the ratio of total bank borrowings to equity attributable to equity holders, was approximately 9.8% (31 March 2008: approximately 5.4%).

## **Foreign Exchange**

The Board is of the opinion that the Group has no material foreign exchange exposure. All bank borrowings are denominated in Renminbi, Hong Kong and Singapore dollars. The revenue of the Group, being mostly denominated in Renminbi, Hong Kong and Singapore dollars, matched the currency requirement of the Group's operating expenses. The Group therefore does not engage in any hedging contracts.

## **EMPLOYEES**

As at 30 September 2008, the Group employed approximately 634 employees, approximately 70% of whom were located in Hong Kong. The Group has maintained a policy to ensure that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group also makes available a share option scheme to its employees.

## **PROSPECT**

As a result of the slowdown in the global and the local economy which has caused significant instability in the property and stock markets, the Group has adopted a more prudent approach over its expansion programme in Chinese pharmaceutical business.

As for Western pharmaceutical products, the Group will continue to strengthen the brand position of "Madame Pearl's" as the "Respiratory Specialist". New business opportunities will be sought to optimise the utilisation of the strong distribution network we have already built in Hong Kong and the PRC.

With respect to the Chinese health food business, the Group continues to maintain the position it has held for many years as the single largest bottled bird's nest contract manufacturer in Singapore. The Group has co-operated with a strategic partner to help us expand into mainland China and overseas Chinese communities.

The Group continues to focus on the reinforcement of its brand positioning, continuing product development, expanding distribution network and upholding of quality management in order to achieve sustainable growth in our business and profitability.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2008.

## **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company has complied with the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the period for the six months ended 30 September 2008.

The Group will continue to seek to improve its management and raise its control level to enhance the Company’s competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

## **AUDIT COMMITTEE**

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 September 2008 of the Group. The audit committee comprises the four independent non-executive directors of the Company, namely Messrs. Yuen Chi Choi, Leung Wai Ho, Siu Man Ho, Simon and Cho Wing Mou, and is chaired by Mr. Yuen Chi Choi.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all directors of the Company, all directors confirmed that they had complied with the required standard set out in the Model Code adopted by the Company throughout the period under review.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement is published on the websites of the Company (<http://www.wyth.net>) and The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)). The 2008 interim report will be despatched to the shareholders of the Company and made available on the same websites in due course.

By Order of the Board  
**Wai Yuen Tong Medicine Holdings Limited**  
(位元堂藥業控股有限公司\*)  
**Tang Ching Ho**  
*Chairman*

Hong Kong, 26 November 2008

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

\* For identification purpose only