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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)



**LEROI HOLDINGS LIMITED**

**利來控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 221)

### **Joint Announcement**

**Possible voluntary conditional partial share exchange offer by**



**KINGSTON SECURITIES LIMITED**

**on behalf of Gain Better Investments Limited, a wholly-owned subsidiary of  
Wai Yuen Tong Medicine Holdings Limited,  
to acquire 1,463,835,000 shares in the capital of  
LeRoi Holdings Limited  
from the Independent LeRoi Shareholders,**

**Very substantial acquisition for Wai Yuen Tong Medicine Holdings Limited,  
Mandate to allot and issue new shares of Wai Yuen Tong Medicine Holdings Limited  
and**

**Resumption of trading of the shares of  
Wai Yuen Tong Medicine Holdings Limited and LeRoi Holdings Limited**

**Financial adviser to  
Wai Yuen Tong Medicine Holdings Limited**  
in respect of the Partial Share Exchange Offer



**KINGSTON CORPORATE FINANCE LIMITED**

**Financial adviser to  
LeRoi Holdings Limited**  
in respect of the Partial Share Exchange Offer



**CIMB**

**CIMB Securities (HK) Limited**

**Independent financial adviser to  
Wai Yuen Tong Medicine Holdings Limited**  
in respect of the Partial Share Exchange Offer

**Nuada Limited**

*Corporate Finance Advisory*

*\* For identification purpose only*

### **The Partial Share Exchange Offer**

On 14 August 2009, WYT approached the board of directors of LeRoi stating its consideration to make a possible voluntary conditional partial share exchange offer to acquire from the Independent LeRoi Shareholders 1,463,835,000 LeRoi Shares, representing approximately 19.03% of the issued LeRoi Shares as at the date of this joint announcement.

As at the date of this joint announcement, the Offeror owns 2,305,000,000 LeRoi Shares, representing approximately 29.97% of the entire issued share capital of LeRoi.

If the Partial Share Exchange Offer becomes unconditional in all respects, upon completion of the Partial Share Exchange Offer, WYT, through the Offeror, will beneficially own 3,768,835,000 LeRoi Shares, representing 49.00% of the entire issued share capital of LeRoi.

The Partial Share Exchange Offer will be made by Kingston on behalf of the Offeror to the Independent LeRoi Shareholders on the basis of five (5) new WYT Shares for every two (2) LeRoi Shares. 3,659,587,500 new WYT Shares will be allotted and issued as consideration, representing approximately 151.70% of the existing issued share capital of WYT as at the date of this joint announcement and approximately 60.27% of the enlarged issued share capital of WYT immediately following the allotment and issue of the new WYT Shares.

Based on the closing price of HK\$0.101 per WYT Share and HK\$0.290 per LeRoi Share respectively as quoted on the Stock Exchange on the Last Trading Date, the price for LeRoi Shares under the Partial Share Exchange Offer is HK\$0.2525 per LeRoi Share and the 1,463,835,000 LeRoi Shares held by the Independent LeRoi Shareholders on the Last Trading Date, which are to be acquired under the Partial Share Exchange Offer, are valued at approximately HK\$369.62 million.

The Partial Share Exchange Offer is made on an arm's length basis and the directors of WYT (including the independent non-executive directors of WYT) believe that the terms of the Partial Share Exchange Offer are fair and reasonable and in the interests of WYT and the WYT Shareholders as a whole.

### **Very substantial acquisition**

The Partial Share Exchange Offer constitutes a very substantial acquisition for WYT under the Listing Rules and is subject to the approval by the WYT Shareholders at the SGM. WYT will convene the SGM to approve the Partial Share Exchange Offer and the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate. The resolutions to be considered and, if thought fit, approved at the SGM will be voted on by way of a poll by the WYT Shareholders.

### **Pre-Conditions to the making of the Partial Share Exchange Offer**

The making of the Partial Share Exchange Offer is conditional upon the fulfillment of the Pre-Conditions, being the approvals by the WYT Shareholders at the SGM of the Partial Share Exchange Offer and the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate pursuant to Rule 13.36(1)(a) of the Listing Rules.

If and when the Pre-Conditions are fulfilled on or before the Long Stop Date, WYT and LeRoi will issue a joint announcement as soon as practicable thereafter. The Pre-Conditions are not waivable.

**If the Pre-Conditions are not satisfied by the Long Stop Date, the Partial Share Exchange Offer may not be made (unless the Offeror extends the Long Stop Date) and the WYT Shareholders and the LeRoi Shareholders will be notified by announcement as soon as practicable.**

### **Despatch of circular and Composite Document**

A circular containing, among other things, further details of the Partial Share Exchange Offer, the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate and the notice of the SGM, will be despatched to the WYT Shareholders within 21 days from the publication of this joint announcement.

Given that the WYT Shares to be issued as a result of the Partial Share Exchange Offer may exceed 100% of the existing issued share capital of WYT, WYT is required to obtain independent advice as to whether or not the Partial Share Exchange Offer is in the interests of the WYT Shareholders pursuant to Note 2 of Rule 2.4 of the Takeovers Code. Nuada Limited has been appointed as the independent financial adviser in respect of Rule 2.4 of the Takeovers Code and a letter of advice from Nuada Limited will be included in the circular of WYT.

Nuada Limited has given preliminary oral advice that the Partial Share Exchange Offer is in the interests of WYT and WYT Shareholders as a whole taking into consideration that (i) the Partial Share Exchange Offer will allow WYT to enlarge its investments in LeRoi taking into account the potentials of the property development business of the LeRoi Group, the steady income and cash flow generated from the retailing of fresh pork meat and related products of the LeRoi Group and the possible diversification of the LeRoi Group into new businesses; (ii) the Partial Share Exchange Offer will enlarge the shareholder base of WYT, thus improving liquidity of the WYT Shares; (iii) the ascribed value of HK\$0.2525 per LeRoi Share under the Partial Share Exchange Offer based on the closing price of HK\$0.101 per WYT Share as quoted on the Stock Exchange on the Last Trading Date represents discount to the prevailing market prices of the LeRoi Shares and the ascribed value of HK\$0.116 per WYT Share under the Partial Share Exchange Offer based on the closing price of HK\$0.290 per LeRoi Share as quoted on the Stock Exchange on the Last Trading Date represents premium over the prevailing market prices of the WYT Shares; and (iv) no cash outlay from WYT would be involved in the Partial Share Exchange Offer by way of securities exchange offer.

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms and conditions of the Partial Share Exchange Offer, together with the Form of Acceptance, to the Independent LeRoi Shareholders on or before the Latest Despatch Date.

In accordance with the Takeovers Code, LeRoi is required to send the offeree document in relation to the Partial Share Exchange Offer to the Independent LeRoi Shareholders within 14 days of the posting of the offer document or such later date as the Executive may approve. It is the intention of the Offeror and LeRoi that the offeree document will be combined with the offer document. As the making of the Partial Share Exchange Offer is conditional upon satisfaction of the Pre-Conditions, the Composite Document is, subject to the Executive's consent, expected to be despatched to the LeRoi Shareholders in accordance with the Takeovers Code on or before the Latest Despatch Date. The Composite Document will contain, among other things, details of the Partial Share Exchange Offer, the recommendations from the independent board committee of LeRoi and the advice from the independent financial adviser to the independent board committee of LeRoi and the Independent LeRoi Shareholders in respect of the Partial Share Exchange Offer.

Pursuant to Rule 2.1 of the Takeovers Code, an independent board committee of LeRoi comprising all the independent non-executive directors of LeRoi, namely Mr. Sin Ka Man, Mr. Cheung Sau Wah, Joseph and Mr. Yuen Kam Ho, George, has been established to advise the Independent LeRoi Shareholders in respect of the Partial Share Exchange Offer. An independent financial adviser will be appointed as soon as reasonably practicable to advise the independent board committee of LeRoi and the Independent LeRoi Shareholders and a letter of advice from such independent financial adviser will be set out in the Composite Document. An announcement will be made as soon as practicable after such independent financial adviser is appointed.

### **Suspension and resumption of trading**

At the request of WYT, trading in the WYT Shares has been suspended from 9:30 a.m. on 14 August 2009 pending the release of this joint announcement. An application has been made by WYT to the Stock Exchange for the resumption of trading of the WYT Shares from 9:30 a.m. on 20 August 2009.

At the request of LeRoi, trading in the LeRoi Shares has been suspended from 9:30 a.m. on 14 August 2009 pending the release of this joint announcement. An application has been made by LeRoi to the Stock Exchange for the resumption of trading of the LeRoi Shares from 9:30 a.m. on 20 August 2009.

**The Partial Share Exchange Offer is subject to the Conditions described below and accordingly if and when made upon fulfillment of the Pre-Conditions, it may or may not become unconditional and will lapse if it does not become unconditional. Completion of the Partial Share Exchange Offer is a possibility only. WYT Shareholders, LeRoi Shareholders and potential investors in WYT and/or LeRoi should exercise caution when dealing in the securities of WYT and/or LeRoi.**

## **INTRODUCTION**

On 14 August 2009, WYT approached the board of directors of LeRoi stating its consideration to make a possible voluntary conditional partial share exchange offer to acquire from the Independent LeRoi Shareholders 1,463,835,000 LeRoi Shares, representing approximately 19.03% of the issued LeRoi Shares as at the date of this joint announcement. 3,659,587,500 new WYT Shares will be allotted and issued as consideration on the basis of five (5) new WYT Shares for every two (2) LeRoi Shares.

As at the date of this joint announcement, the Offeror owns 2,305,000,000 LeRoi Shares, representing approximately 29.97% of the entire issued share capital of LeRoi.



enlarged issued share capital of LeRoi immediately following the issue of such additional LeRoi Shares) and 385,000,000 LeRoi Shares (representing approximately 5.01% of the existing issued share capital of LeRoi as at the date of this joint announcement and approximately 4.77% of the enlarged issued share capital of LeRoi immediately following the issue of such additional LeRoi Shares), respectively. As at the date of this joint announcement, WYT holds all the Convertible Bonds. Save for the Convertible Bonds and the Share Swap, there are no outstanding options, derivatives, warrants or convertible securities which are convertible or exchangeable into LeRoi Shares as at the date of this joint announcement.

On the basis of the Partial Share Exchange Offer of five (5) new WYT Shares for every two (2) LeRoi Shares and based on the closing price of HK\$0.101 per WYT Share as quoted on the Stock Exchange on the Last Trading Date, the price for LeRoi Shares under the Partial Share Exchange Offer is HK\$0.2525 per LeRoi Share and the 1,463,835,000 LeRoi Shares held by the Independent LeRoi Shareholders on the Last Trading Date, which are to be acquired under the Partial Share Exchange Offer, are valued at approximately HK\$369.62 million.

Given the trading volume of LeRoi Shares, WYT has further crossed reference such offer price to the share performance of LeRoi Shares for the last six-month preceding the Last Trading Date. Given the implied premium of approximately 3.15% between the implied price for LeRoi Shares under the Partial Share Exchange Offer of HK\$0.2525 per LeRoi Share and the average six-month share price of LeRoi Shares of approximately HK\$0.2448 per LeRoi Share, the directors of WYT consider such offer price to be justifiable. The Partial Share Exchange Offer values the entire issued share capital of LeRoi at approximately HK\$1,942.10 million.

### **Comparisons of the value of the Partial Share Exchange Offer**

The market capitalisation of LeRoi was approximately HK\$2,230.54 million as at the Last Trading Date. The highest and lowest closing prices at which LeRoi Shares were traded on the Stock Exchange during the six-month period immediately prior to the Last Trading Date, were HK\$0.58 and HK\$0.108 on 19 June 2009 and 20 March 2009, respectively.

Based on the closing price of HK\$0.101 per WYT Share as quoted on the Stock Exchange on the Last Trading Date, the ascribed value of HK\$0.2525 per LeRoi Share under the Partial Share Exchange Offer represents:

- (a) a discount of approximately 12.93% to the closing price of HK\$0.290 per LeRoi Share as quoted on the Stock Exchange on the Last Trading Date;

- (b) a discount of approximately 13.23% to the average closing price of approximately HK\$0.291 per LeRoi Share for the last ten trading days up to and including the Last Trading Date; and
- (c) a discount of approximately 20.60% to the average closing price of approximately HK\$0.318 per LeRoi Share for the 30-day period up to and including the Last Trading Date.

Based on the closing price of HK\$0.29 per LeRoi Share as quoted on the Stock Exchange on the Last Trading Date, the ascribed value of HK\$0.116 per WYT Share under the Partial Share Exchange Offer represents:

- (a) a premium of approximately 14.85% over the closing price of HK\$0.101 per WYT Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 12.62% over the average closing price of approximately HK\$0.103 per WYT Share for the last ten trading days up to and including the Last Trading Date; and
- (c) a premium of approximately 11.54% over the average closing price of approximately HK\$0.104 per WYT Share for the 30-day period up to and including the Last Trading Date.

### **Pre-Conditions to the making of the Partial Share Exchange Offer**

The making of the Partial Share Exchange Offer is conditional upon the fulfillment of the Pre-Conditions, being the approvals by the WYT Shareholders at the SGM of the Partial Share Exchange Offer and the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate pursuant to Rule 13.36(1)(a) of the Listing Rules.

If the Pre-Conditions are satisfied on or before the Long Stop Date, WYT and LeRoi will issue a joint announcement as soon as practicable thereafter. The Pre-Conditions are not waivable. If the Pre-Conditions are not satisfied by the Long Stop Date, the Partial Share Exchange Offer may not be made (unless the Offeror extends the Long Stop Date) and the WYT Shareholders and the LeRoi Shareholders will be notified by announcement(s) as soon as practicable.

### **Conditions of the Partial Share Exchange Offer**

The Partial Share Exchange Offer will be conditional upon the following:

- (a) consent from the Executive in respect of the Partial Share Exchange Offer;



- (b) valid acceptances of the Partial Share Exchange Offer being received in respect of a minimum of 1,463,835,000 LeRoi Shares by 4:00 p.m. on or prior to the First Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve);
- (c) approval of the Partial Share Exchange Offer, signified by means of a separate box on the Form of Acceptance specifying the number of the LeRoi Shares in respect of which the Partial Share Exchange Offer is approved, being given by the Independent LeRoi Shareholders who are registered as LeRoi Shareholders in the register of members of LeRoi as at the First Closing Date or, if the Partial Share Exchange Offer has not become unconditional in all respects on the First Closing Date, then the Final Closing Date, holding over 50% of the voting rights not held by the Offeror or parties acting in concert with it; and
- (d) the Stock Exchange granting the listing of, and permission to deal in, the new WYT Shares to be allotted and issued to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate.

In the event that aggregate valid acceptances are received for less than 1,463,835,000 LeRoi Shares on the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Share Exchange Offer will lapse. As such, condition (ii) above must be fulfilled on or before the First Closing Date unless the First Closing Date is extended in accordance with the Takeovers Code, or the Partial Share Exchange Offer will lapse.

In the event that valid acceptances are received in respect of an aggregate of not less than 1,463,835,000 LeRoi Shares on the First Closing Date, the Offeror will declare the Partial Share Exchange Offer unconditional as to acceptances.

In the event that valid acceptances are received in respect of an aggregate of not less than 1,463,835,000 LeRoi Shares prior to the First Closing Date, the Offeror may declare the Partial Share Exchange Offer unconditional as to acceptances before the First Closing Date.

The Final Closing Date would be the 14th day after the date on which the Partial Share Exchange Offer is declared unconditional as to acceptances or the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, whichever is earlier. All the Conditions must be fulfilled on or before the Final Closing Date or the Partial Share Exchange Offer will lapse.

Pursuant to Rule 28.4 of the Takeovers Code, the Offeror cannot extend the Final Closing Date.

**Whether or not the Independent LeRoi Shareholders accept the Partial Share Exchange Offer, they may approve the Partial Share Exchange Offer AND specify the number of LeRoi Shares in respect of which they approve the Partial Share Exchange Offer in the Form of Acceptance. Each LeRoi Share shall be entitled to ONE vote only. Multiple votes in respect of the same LeRoi Share will not be taken into account in counting the approval of the Partial Share Exchange Offer.**

**WARNING: The Partial Share Exchange Offer, if and when made upon fulfillment of the Pre-Conditions, may or may not become unconditional and will lapse if it does not become unconditional. Completion of the Partial Share Exchange Offer is a possibility only. WYT Shareholders, LeRoi Shareholders and potential investors in WYT and/or LeRoi should exercise caution when dealing in the securities of WYT and/or LeRoi.**

**Pro rata entitlement of the Independent LeRoi Shareholders under the Partial Share Exchange Offer**

The Independent LeRoi Shareholders may accept the Partial Share Exchange Offer in respect of some or all of the LeRoi Shares held by them. If the Offeror receives valid acceptances for exactly 1,463,835,000 LeRoi Shares, the Offeror will take up all LeRoi Shares validly accepted. If the Offeror receives valid acceptances for more than 1,463,835,000 LeRoi Shares, the total number of LeRoi Shares taken up by the Offeror from each Accepting LeRoi Shareholder will be determined pro rata to his/her/its existing shareholding in accordance with the following formula:

$$\frac{A}{B} \times C$$

- A: 1,463,835,000 LeRoi Shares (being the total number of LeRoi Shares for which the Partial Share Exchange Offer is made)
- B: the total number of LeRoi Shares tendered under the Partial Share Exchange Offer
- C: the number of LeRoi Shares tendered under the Partial Share Exchange Offer by each Accepting LeRoi Shareholder

As a result, it is possible that where an Accepting LeRoi Shareholder tenders all his LeRoi Shares to the Offeror under the Partial Share Exchange Offer, not all of such LeRoi Shares will be taken up. No Accepting LeRoi Shareholder shall be entitled to any assured entitlement arrangement in respect of the LeRoi Shares tendered under the Partial Share Exchange Offer. Fractions of LeRoi Shares will not be taken up

under the Partial Share Exchange Offer and, accordingly, the number of LeRoi Shares that the Offeror will take up from each Accepting LeRoi Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

The full terms and conditions of the Partial Share Exchange Offer will be set out in the Composite Document and the accompanying Form of Acceptance. The Partial Share Exchange Offer will be made in compliance with the Takeovers Code.

### **Effect of accepting the Partial Share Exchange Offer**

By validly accepting the Partial Share Exchange Offer, the Accepting LeRoi Shareholders will sell their tendered LeRoi Shares which are finally taken up by the Offeror in accordance with the above formula to the Offeror free from all liens, charges and other encumbrances and together with all rights and benefits at any time accruing and attaching thereto including all rights to any dividend or other distributions declared, made or paid on or after the date of this joint announcement.

### **Settlement**

The share certificates of WYT will be despatched to the Accepting LeRoi Shareholders as soon as practicable but in any event within 10 days following the close of the Partial Share Exchange Offer.

The Independent LeRoi Shareholders should be aware that the Partial Share Exchange Offer will be made in the same proportion for any greater and lesser number than every 8,000 LeRoi Shares (representing one board lot of LeRoi Shares) except that no fraction of a share in WYT will be issued. The Independent LeRoi Shareholders should also be aware that WYT Shares are traded in board lots of 6,000 shares and it is not proposed that any arrangements be made for the trading of odd lots of WYT Shares following the Partial Share Exchange Offer. A limited period of matching service will be arranged for odd lot of WYT Shares to be held by the Independent LeRoi Shareholders as a result of completion of the Partial Share Exchange Offer. Details of such matching service will be set out in the Composite Document.

### **Other information**

Neither WYT, the Offeror nor parties acting in concert with any of them has received any irrevocable commitment from any Independent LeRoi Shareholder to accept the Partial Share Exchange Offer.

Save as disclosed in the paragraph headed “Total consideration for the Partial Share Exchange Offer” in this joint announcement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to WYT Shares or LeRoi Shares and which might be material to the Partial Share Exchange Offer as referred to in Note 8 to Rule 22 of the Takeovers Code.

There is no agreement or arrangement to which WYT or the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Partial Share Exchange Offer, save as the Pre-Conditions and the Conditions of the Partial Share Exchange Offer.

There is no relevant securities as referred to in Note 4 to Rule 22 of the Takeovers Code in WYT or LeRoi which WYT, the Offeror or parties acting in concert with any of them has borrowed or lent.

### **STAMP DUTY**

The Offeror will bear both the ad valorem stamp duty payable by itself at a rate of HK\$1.00 for every HK\$1,000 or a part thereof of the consideration payable in respect of acceptances of the Partial Share Exchange Offer, and the ad valorem stamp duty payable by the Accepting LeRoi Shareholders at a rate of HK\$1.00 for every HK\$1,000 or a part thereof of the consideration arising on acceptance of the Partial Share Exchange Offer.

### **INFORMATION ON LEROI**

The LeRoi Group is principally engaged in the property development in the PRC and retailing of fresh pork meat and related products. In addition, as at the date of this joint announcement, LeRoi also indirectly holds approximately 9.02% interest in the entire issued share capital of China Agri-Products Exchange Limited, the shares of which are listed on the main board of the Stock Exchange. Mr. Chan Chun Hong, Thomas, an executive director of LeRoi, is also an executive director of WYT.

LeRoi has made a couple of strategic business expansions in 2009. In light of the potential infrastructure boom as a result of the increasing urbanisation in densely populated countries such as the PRC, India and Indonesia, the directors of LeRoi consider that the demand for steel and hence coking coal, coke and iron ore, being the raw materials of steel manufacturing, is anticipated to increase. As disclosed in an announcement of LeRoi dated 12 June 2009, LeRoi has conditionally agreed to subscribe for 255,000,000 new shares of Abterra, representing approximately 4.77% of the enlarged issued share capital of Abterra in consideration of Abterra agreeing to subscribe for 385,000,000 new LeRoi Shares, which is pending the approval of the Singapore Exchange. Abterra and its subsidiaries are principally engaged in trading coking coal, coke and iron ore in Australia, India, Indonesia and China.

On 13 July 2009, LeRoi announced the entering into of a formal agreement, pursuant to which Rich Skill Investments Limited, an indirectly wholly-owned subsidiary of LeRoi, agreed to acquire 51% of the issued share capital of Skywalker Global Resources Company Limited (“**Skywalker**”) from independent third parties. Skywalker is an investment holding company incorporated under the laws of Hong Kong and its sole asset is the entire issued share capital of Skywalker Global Resources Company (PNG) Limited (“**Skywalker PNG**”). Skywalker PNG, incorporated under the laws of Papua New Guinea, is principally engaged in the business of timber logging, forest operation and management, and lawfully owns a concession right for timber logging of a total land area of around 240,000 hectares in Papua New Guinea for a term of 50 years from 3 April 2009.

The following table sets out the audited financial information of the LeRoi Group for the two financial years ended 31 March 2009:

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2008</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	84,187	69,435
Net (loss) before taxation	(58,853)	(206,601)
Net (loss) after taxation	(59,153)	(206,041)
(Loss) per LeRoi Share	(HK1.41 cents)	(HK2.68 cents)
	<b>As at 31 March</b>	
	<b>2008</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net asset value	686,606	486,835

Assuming no LeRoi Share is issued between the date of this joint announcement and completion of the Partial Share Exchange Offer, the shareholding structure of LeRoi, both before and after completion of the Partial Share Exchange Offer, is as follows:

Name	Prior to completion of the Partial Share Exchange Offer		After completion of the Partial Share Exchange Offer	
	No. of LeRoi Shares held	Approximate shareholding %	No. of LeRoi Shares held	Approximate shareholding %
WYT <sup>(Note)</sup> and parties acting in concert with it	2,305,000,000	29.97	3,768,835,000	49.00
Public LeRoi Shareholders	<u>5,386,500,000</u>	<u>70.03</u>	<u>3,922,665,000</u>	<u>51.00</u>
Total	<u>7,691,500,000</u>	<u>100.00</u>	<u>7,691,500,000</u>	<u>100.00</u>

*Note:* As at the date of this joint announcement, WYT, through its indirect wholly-owned subsidiary, the Offeror, holds such LeRoi Shares.

## INFORMATION ON THE OFFEROR AND WYT

The Offeror is a company incorporated in the British Virgin Islands on 22 July 2005 and is a wholly-owned subsidiary of WYT. The directors of the Offeror are Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun and Ms. Chim Lai Fun, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun are also directors of WYT. The main business of the Offeror is investment holding. The shares of WYT, a company incorporated in Bermuda, are listed on the main board of the Stock Exchange.

The principal activity of WYT is investment holding. Through its subsidiaries, WYT 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; and (ii) processing and retailing of western pharmaceutical products under the brand name of “Madame Pearl’s”. In addition, WYT also indirectly owns 2,305,000,000 LeRoi Shares, representing approximately 29.97% of the entire issued share capital of LeRoi.

As at the date of this joint announcement, Wang On, through its wholly-owned subsidiary, is the substantial shareholder of WYT, beneficially interested in approximately 21.85% of the issued share capital of WYT.

The following table sets out the audited financial information of the WYT Group for the two financial years ended 31 March 2009:

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2008</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	477,021	496,151
Net profit/(loss) before taxation	85,786	(345,764)
Net profit/(loss) after taxation	83,382	(345,942)
Profit/(loss) per WYT Share	HK5.21 cents	(HK17.59 cents)
	<b>As at 31 March</b>	
	<b>2008</b>	<b>2009</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net asset value (excluding minority interests)	889,001	592,736

The net asset value per WYT Share amounted to approximately HK\$0.295 as at 31 March 2009 (based on 2,010,351,688 WYT Shares in issue as at 31 March 2009).

None of WYT, the Offeror or parties acting in concert with any of them has dealt in LeRoi Shares in the six-month period prior to the date of this joint announcement. As at the date of this joint announcement, a total of 2,412,351,688 WYT Shares are in issue and a total of 16,120,000 share options (the “**Share Options**”) of WYT granted to eligible participants at exercise prices ranging from HK\$0.145 to HK\$0.415 per WYT Share exercisable during periods the latest of which ends on 7 January 2019 were outstanding. The exercise in full of WYT’s outstanding employee share options would result in the issue of an additional 16,120,000 WYT Shares, representing approximately 0.67% of the existing issued share capital of WYT as at the date of this joint announcement and approximately 0.66% of the enlarged issued share capital of WYT immediately following the issue of such additional WYT Shares. Save for the Share Options, there is no outstanding options, derivatives, warrants or convertible securities which are convertible or exchangeable into WYT Shares as at the date of this joint announcement.

Assuming all Independent LeRoi Shareholders accept the Partial Share Exchange Offer, a total of 3,659,587,500 new WYT Shares will be allotted and issued, representing approximately 151.70% of the existing issued share capital of WYT as at the date of this joint announcement and approximately 60.27% of the enlarged issued share capital of WYT immediately following the allotment and issue of the new WYT Shares.

Assuming no WYT Share, other than those to be issued under the Partial Share Exchange Offer, is issued between the date of this joint announcement and completion of the Partial Share Exchange Offer, and assuming completion of the Partial Share Exchange Offer, the shareholding structure of WYT, both before and after completion of the Partial Share Exchange Offer, is as follows:

Name	Prior to completion of the Partial Share Exchange Offer		After completion of the Partial Share Exchange Offer	
	No. of WYT Shares held	Approximate shareholding %	No. of WYT Shares held	Approximate shareholding %
Wang On <i>(Note)</i> and parties acting in concert with it	527,009,324	21.85	527,009,324	8.68
Public WYT Shareholders	<u>1,885,342,364</u>	<u>78.15</u>	<u>5,544,929,864</u>	<u>91.32</u>
Total	<u>2,412,351,688</u>	<u>100.00</u>	<u>6,071,939,188</u>	<u>100.00</u>

*Note:* As at the date of this joint announcement, Wang On, through its indirect wholly-owned subsidiary, Rich Time Strategy Limited, holds such WYT Shares.

## OFFEROR'S INTENTION IN RELATION TO THE LEROI GROUP

### Reasons for the Partial Share Exchange Offer

The WYT Group has been exploring new business opportunities with a view to diversifying its existing business scope and improving its financial performance.

As stated above, the LeRoi Group is principally engaged in, among others, property development in the PRC. As stated in the annual report of LeRoi ("**LeRoi Annual Report**") for the year ended 31 March 2009, the LeRoi Group held land sites, with an aggregate site area of approximately 3.1 million square feet, located in Fuzhou, Jiangxi Province, the PRC and Dongguan, Guangdong Province, the PRC. It is intended that these land sites will be developed into residential cum commercial complex. Taking into consideration the economic development, the increasing population and the increasing annual disposable income per capita in the PRC and the development potential of the property market in the PRC, the directors of WYT believe that LeRoi's property development business in the PRC may provide future earnings enhancement to LeRoi.



The directors of WYT also note the new business ventures of the LeRoi Group, including, among others, the proposed acquisition of interest in a company which is principally engaged in timber business, details of which are disclosed in an announcement of LeRoi dated 13 July 2009 and the LeRoi Annual Report, and potential strategic alliance with Abterra, which, together with its subsidiaries, is principally engaged in trading coking coal, coke and iron ore in Australia, India, Indonesia and China, details of which are disclosed in an announcement of LeRoi dated 12 June 2009 and the LeRoi Annual Report.

Having considered the above, despite the fact that LeRoi had been loss making in recent years, the directors of WYT believe that LeRoi's prospects are promising. The directors of WYT also believe that a significantly increased shareholding in LeRoi, which may result from the Partial Share Exchange Offer, will be consistent with its intention to strengthen the relationship between LeRoi and WYT.

Assuming the Partial Share Exchange Offer can become unconditional and WYT will have 49% equity interest in LeRoi, LeRoi will remain an associate company of WYT and LeRoi's financial results will continue to be accounted for under the equity accounting method by WYT.

#### **Intention of the Offeror and WYT regarding LeRoi**

Neither the Offeror nor WYT intends to make any changes to the current business operations of LeRoi or the board composition of LeRoi.

#### **AVAILABILITY OF THE PARTIAL SHARE EXCHANGE OFFER**

The Composite Document will be sent to the LeRoi Shareholders, including those with a registered address outside Hong Kong. However, the availability of the Partial Share Exchange Offer to persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Subject to compliance with the Takeovers Code, the Offeror reserves the right to make special arrangements regarding the terms of the Partial Share Exchange Offer in relation to the Independent LeRoi Shareholders. Persons who are not resident in Hong Kong should obtain advice about and observe any applicable requirements in their own jurisdictions. If it comes to the attention of the Offeror that there are Independent LeRoi Shareholders not resident in Hong Kong, the Offeror will instruct its lawyers to make necessary enquiry regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body with regard to the availability of the Partial Share Exchange Offer to the Independent LeRoi Shareholders not resident in Hong Kong. The information regarding the enquiry with regard to the availability of the Partial Share Exchange Offer to the Independent LeRoi Shareholders not resident in Hong Kong will be included in the Composite Document, if any.

## **CONSENT FROM THE EXECUTIVE FOR THE PARTIAL SHARE EXCHANGE OFFER**

Pursuant to Rule 28.1 of the Takeovers Code, the Partial Share Exchange Offer is subject to the consent of the Executive. As at the date of this joint announcement, an application has been made to the Executive in accordance with Rule 28.1 of the Takeovers Code for the consent necessary for the Partial Share Exchange Offer.

## **VERY SUBSTANTIAL ACQUISITION**

As the Partial Share Exchange Offer constitutes a very substantial acquisition of WYT under the Listing Rules, the Partial Share Exchange Offer and the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate are subject to the approval by shareholders of WYT at the SGM. WYT will convene the SGM to approve the Partial Share Exchange Offer and the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under the specific mandate. The resolutions to be considered and, if thought fit, approved at the SGM will be voted on by way of a poll by the WYT Shareholders.

As at the date of this joint announcement, the Offeror owns 2,305,000,000 LeRoi Shares, representing approximately 29.97% of the entire issued share capital of LeRoi. Mr. Chan Chun Hong, Thomas, an executive director of WYT, is also an executive director of LeRoi. Save for the foregoing, to the best knowledge, information and belief of the directors of WYT and having made all reasonable enquiries, LeRoi and its ultimate beneficial owner, other than the Offeror, are third parties independent of and not connected with WYT and its connected persons.

As the interest of all the WYT Shareholders in the Partial Share Exchange Offer and the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate is the same, no WYT Shareholder is required to abstain from voting at the SGM.

## **DESPATCH OF CIRCULAR AND COMPOSITE DOCUMENT**

A circular containing, among other things, further details of the Partial Share Exchange Offer, the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate and the notice of the SGM, will be despatched to the WYT Shareholders within 21 days from the publication of this joint announcement.

Given that the WYT Shares to be issued as a result of the Partial Share Exchange Offer may exceed 100% of the existing issued share capital of WYT, WYT is required to obtain independent advice as to whether or not the Partial Share Exchange Offer is in the interests of the WYT Shareholders pursuant to Rule 2.4 of the Takeovers Code. Nuada Limited has been appointed as the independent financial adviser in respect of Rule 2.4 of the Takeovers Code and a letter of advice from Nuada Limited will be included in the circular of WYT. Nuada Limited has given preliminary oral advice that the Partial Share Exchange Offer is in the interests of WYT and WYT Shareholders as a whole taking into consideration that (i) the Partial Share Exchange Offer will allow WYT to enlarge its investments in LeRoi taking into account the potentials of the property development business of the LeRoi Group, the steady income and cash flow generated from the retailing of fresh pork meat and related products of the LeRoi Group and the possible diversification of the LeRoi Group into new businesses; (ii) the Partial Share Exchange Offer will enlarge the shareholder base of WYT, thus improving liquidity of the WYT Shares; (iii) the ascribed value of HK\$0.2525 per LeRoi Share under the Partial Share Exchange Offer based on the closing price of HK\$0.101 per WYT Share as quoted on the Stock Exchange on the Last Trading Date represents discount to the prevailing market prices of the LeRoi Shares and the ascribed value of HK\$0.116 per WYT Share under the Partial Share Exchange Offer based on the closing price of HK\$0.290 per LeRoi Share as quoted on the Stock Exchange on the Last Trading Date represents premium over the prevailing market prices of the WYT Shares; and (iv) no cash outlay from WYT would be involved in the Partial Share Exchange Offer by way of securities exchange offer.

Under Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms and conditions of the Partial Share Exchange Offer, together with the Form of Acceptance, to the LeRoi Shareholders on or before the Latest Despatch Date.

In accordance with the Takeovers Code, LeRoi is required to send the offeree document in relation to the Partial Share Exchange Offer to the LeRoi Shareholders within 14 days of the posting of the offer document or such later date as the Executive may approve. It is the intention of the Offeror and LeRoi that the offeree document will be combined with the offer document. As the making of the Partial Share Exchange Offer is conditional upon satisfaction of the Pre-Conditions, the Composite Document is, subject to the Executive's consent, expected to be despatched to the LeRoi Shareholders in accordance with the Takeovers Code on or before the Latest Despatch Date or such later date as the Executive may approve. The Composite Document will contain, among other things, details of the Partial Share

Exchange Offer, the recommendations from the independent board committee of LeRoi and the advice from the independent financial adviser to the independent board committee of LeRoi and the Independent LeRoi Shareholders in respect of the Partial Share Exchange Offer.

Pursuant to Rule 2.1 of the Takeovers Code, an independent board committee of LeRoi comprising all the independent non-executive directors of LeRoi, namely Mr. Sin Ka Man, Mr. Cheung Sau Wah, Joseph and Mr. Yuen Kam Ho, George, has been established to advise the Independent LeRoi Shareholders in respect of the Partial Share Exchange Offer. An independent financial adviser will be appointed as soon as reasonably practicable to advise the independent board committee of LeRoi and the Independent LeRoi Shareholders and a letter of advice from such independent financial adviser will be set out in the Composite Document. An announcement will be made as soon as practicable after such independent financial adviser is appointed.

## **GENERAL**

The Partial Share Exchange Offer is made on an arm's length basis and the directors of WYT (including the independent non-executive directors of WYT) believe that the terms of the Partial Share Exchange Offer are fair and reasonable and in the interests of WYT and its shareholders as a whole.

The new WYT Shares to be issued under the Partial Share Exchange Offer shall rank *pari passu* with all other WYT Shares in issue as at the date of allotment. An application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the new WYT Shares to be issued under the Partial Share Exchange Offer.

Kingston Corporate Finance Limited has been appointed as the financial adviser to the Offeror in respect of the Partial Share Exchange Offer. CIMB Securities (HK) Limited has been appointed as the financial adviser to LeRoi in respect of the Partial Share Exchange Offer.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of WYT, trading in the WYT Shares has been suspended from 9:30 a.m. on 14 August 2009 pending the release of this joint announcement. An application has been made by WYT to the Stock Exchange for the resumption of trading of the WYT Shares from 9:30 a.m. on 20 August 2009.

At the request of LeRoi, trading in the LeRoi Shares has been suspended from 9:30 a.m. on 14 August 2009 pending the release of this joint announcement. An application has been made by LeRoi to the Stock Exchange for the resumption of trading of the LeRoi Shares from 9:30 a.m. on 20 August 2009.

## DEFINITIONS

In this joint announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Abterra”	Abterra Ltd., a company incorporated in the Republic of Singapore with limited liability, the shares of which are listed on the main board of the Singapore Exchange
“Accepting LeRoi Shareholder(s)”	the Independent LeRoi Shareholder(s) who has/have validly accepted the Partial Share Exchange Offer
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Composite Document”	the composite document to be issued by or on behalf of the Offeror and LeRoi to the LeRoi Shareholders in accordance with the Takeovers Code in respect of the Partial Share Exchange Offer
“Conditions”	the conditions of the Partial Share Exchange Offer
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Final Closing Date”	a date which is (i) the 14th day after the date on which the Partial Share Exchange Offer is declared unconditional as to acceptances or the First Closing Date, whichever is earlier, and (ii) at least 21 days following the date on which the Composite Document is posted
“First Closing Date”	the date stated in the Composite Document as the first closing day of the Partial Share Exchange Offer, which shall be at least 21 days following the date on which the Composite Document is posted, or such later date as may be extended by the Offeror in accordance with the Takeovers Code
“Form of Acceptance”	the form of acceptance and transfer in respect of the Partial Share Exchange Offer accompanying the Composite Document
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent LeRoi Shareholder(s)”	the holder(s) of the LeRoi Share(s), other than the Offeror and parties acting in concert with it
“Kingston”	Kingston Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) of the regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Date”	13 August 2009, being the last trading day prior to the suspension of trading in the LeRoi Shares and the WYT Shares on 13 August 2009 pending the issue of this joint announcement
“Latest Despatch Date”	the later of the date within 35 days of the date of this joint announcement and, if the Pre-Conditions are not fulfilled within such 35-day period and subject to the consent of the Executive, the date which is within seven days of fulfillment of the Pre-Conditions (or such later date as the Executive may approve)
“LeRoi”	LeRoi Holdings Limited 利來控股有限公司, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“LeRoi Group”	LeRoi and its subsidiaries
“LeRoi Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of LeRoi
“LeRoi Shareholder(s)”	the holder(s) of LeRoi Share(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date which is 60 days after the date of this joint announcement, unless the date has been extended by the Offeror
“Offeror”	Gain Better Investments Limited, an investment holding company incorporated in the British Virgin Islands and a wholly-owned subsidiary of WYT

“Partial Share Exchange Offer”	the possible voluntary conditional partial share exchange offer for 1,463,835,000 LeRoi Shares from the Independent LeRoi Shareholders on the basis of five (5) new WYT Shares for every two (2) LeRoi Shares
“PRC”	the People’s Republic of China, which expression shall, for the purpose of this joint announcement only, exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Pre-Conditions”	pre-conditions to the making of the Partial Share Exchange Offer, being the approvals by the WYT Shareholders at the SGM of the Partial Share Exchange Offer and the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate pursuant to Rule 13.36(1)(a) of the Listing Rules
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of WYT to approve, inter alia, the Partial Share Exchange Offer and the allotment and issue of new WYT Shares to the Accepting LeRoi Shareholders in connection with the Partial Share Exchange Offer under a specific mandate
“Singapore Exchange”	The Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meanings ascribed to it in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Wang On”	Wang On Group Limited (宏安集團有限公司)*, a company incorporated in the Bermuda, the shares of which are listed on the main board of the Stock Exchange
“WYT”	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, the shares of which are listed on the main board of the Stock Exchange

\* For identification purpose only

“WYT Group”	WYT and its subsidiaries
“WYT Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of WYT
“WYT Shareholder(s)”	the holder(s) of WYT Share(s)
“%”	per cent.

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

By Order of the board of directors of  
**LeRoi Holdings Limited**  
 利來控股有限公司  
**Chan Chun Hong, Thomas**  
*Chairman and Managing Director*

Hong Kong, 19 August 2009

*The directors of WYT and the Offeror jointly and severally accept full responsibility for the accuracy of the information (other than that in respect of the LeRoi Group) in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*

*The directors of LeRoi jointly and severally accept full responsibility for the accuracy of the information (other than that in respect of the WYT Group) in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*

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

*As at the date of this joint announcement, the board of directors of LeRoi comprises Mr. Chan Chun Hong, Thomas, Mr. Cheung Wai Kai and Mr. Wong Yiu Hung, Gary, as the executive directors of LeRoi, and Mr. Sin Ka Man, Mr. Cheung Sau Wah, Joseph and Mr. Yuen Kam Ho, George, as the independent non-executive directors of LeRoi.*

*In accordance with Rule 3.8 of the Takeovers Code, associates of WYT and LeRoi are hereby reminded to disclose their dealings in WYT Shares and LeRoi Shares pursuant to the requirements of the Takeovers Code.*

*\* For identification purpose only*



*In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:*

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*