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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

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 interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2009, together with the comparative figures for the corresponding period in 2008. These interim condensed consolidated financial statements were not audited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Notes	For the six months ended 30 September	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
REVENUE	3	229,199	230,746
Cost of sales		(121,118)	(126,574)
Gross profit		108,081	104,172
Other income	4	8,156	9,021
Selling and distribution costs		(74,321)	(75,217)
Administrative expenses		(38,958)	(38,294)
Finance costs	5	(1,512)	(3,980)
Impairment loss recognised in respect of goodwill		(237)	(199)
Gain on disposal of a subsidiary		—	2,636
Change in fair value of options embedded in an unlisted note		(12,242)	(147,083)
Change in fair value of investments held-for-trading		1,599	(9,078)
Share of results of associates		(15,586)	(16,183)

* For identification purpose only

		For the six months ended	
		30 September	
		2009	2008
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
LOSS BEFORE TAXATION	6	(25,020)	(174,205)
Income tax expense	7	(1,474)	(546)
LOSS FOR THE PERIOD		(26,494)	(174,751)
Exchange differences arising on translation of foreign operations		—	(452)
Share of other comprehensive income of an associate		378	1,942
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		378	1,490
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(26,116)	(173,261)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(26,049)	(174,761)
Non-controlling interests		(445)	10
		(26,494)	(174,751)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		(25,671)	(173,152)
Non-controlling interests		(445)	(109)
		(26,116)	(173,261)
LOSS PER SHARE	8		
Basic (Cents)		(1.12)	(9.09)
Diluted (Cents)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

		30 September 2009 (Unaudited) <i>HK\$'000</i>	31 March 2009 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		53,101	58,406
Prepaid lease payments		92,174	93,562
Goodwill		15,335	15,335
Interests in associates		132,500	148,058
Amount due from an associate		10,000	—
Deferred tax assets		378	378
Investment in an unlisted note		174,931	172,682
Derivative financial instruments		23,406	35,648
Other intangible assets		3,331	3,749
		505,156	527,818
CURRENT ASSETS			
Inventories		85,077	80,751
Trade and other receivables	9	75,595	75,393
Investments held-for-trading		14,153	3,889
Amounts due from associates		3,878	3,385
Prepaid lease payments		2,774	2,774
Tax recoverable		255	2,014
Bank balances and cash		70,430	57,096
		252,162	225,302
CURRENT LIABILITIES			
Trade and other payables	10	72,958	60,214
Loan from a shareholder		15,000	25,000
Tax payable		928	1,360
Obligations under finance leases		3	9
Bank borrowings		13,207	16,202
Deferred franchise income		33	98
Advances from minority shareholders of a subsidiary		3,470	3,396
		105,599	106,279
NET CURRENT ASSETS		146,563	119,023
TOTAL ASSETS LESS CURRENT LIABILITIES		651,719	646,841

	30 September 2009 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	31 March 2009 (Audited) <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Bank borrowings	44,050	47,182
Deferred taxation	110	110
	<hr/> 44,160 <hr/>	<hr/> 47,292 <hr/>
NET ASSETS	607,559	599,549
CAPITAL AND RESERVES		
Share capital	24,124	20,104
Reserves	577,067	572,632
	<hr/> 601,191 <hr/>	<hr/> 592,736 <hr/>
Equity attributable to owners of the Company	601,191	592,736
Non-controlling interests	6,368	6,813
	<hr/> 607,559 <hr/>	<hr/> 599,549 <hr/>

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 on the historical cost basis except for certain 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 2009, and in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) (which included all Hong Kong Financial Reporting Standards, HKASs and interpretations) issued by HKICPA.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by HKICPA, which are effective for the Group’s financial year beginning on 1 April 2009.

HKFRSs (Amendments)	Improvements to HKFRSs
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfer of Assets from Customers

The adoption of new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements, except for the followings:-

(a) HKAS 1 (Revised) “Presentation of Financial Statements”

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. HKAS 1 (Revised) also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transaction with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

(b) HKFRS 8 “Operating Segments”

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 “Segment Reporting” required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a re-designation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see Note 3).

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 24 (Revised)	Related Party Disclosure ⁵
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 (Amendment)	Classification of Rights Issue ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Revised)	Additional Exemptions for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 39	Financial Instrument ⁶
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹

¹ Effective for annual periods beginning on or after 1 July 2009

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 January 2011

⁶ Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group’s accounting for business combination for which the acquisition date is on or after the annual periods beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control of a subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts is as follows:

	For the six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sales of goods	228,647	230,088
Management and promotion fees	552	658
	<u>229,199</u>	<u>230,746</u>

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. For management purposes, the Group operates in three business units and has three operating segments. Each of the Group's reportable operating segment represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other reportable operating segments. Summary details of the reportable operating segments are as follows:

- (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.

Inter segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. REVENUE AND SEGMENT INFORMATION(continued)

The following table presents revenue and result information for the Group's operating segment for the period under review:

For the six months ended 30 September

	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		Elimination		Total	
	2009 HK\$'000	2008 HK'000	2009 HK'000	2008 HK\$'000	2009 HK'000	2008 HK'000	2009 HK'000	2008 HK'000	2009 HK'000	2008 HK'000
TURNOVER										
External sales	160,265	154,813	59,689	57,505	9,245	18,428	—	—	229,199	230,746
Inter segment sales*	1,320	1,320	—	—	8,022	11,734	(9,342)	(13,054)	—	—
Total	161,585	156,133	59,689	57,505	17,267	30,162	(9,342)	(13,054)	229,199	230,746
RESULTS										
Results , excluding impairment loss recognised in respect of goodwill	6,011	(1,098)	3,242	4,532	(2,053)	1,276			7,200	4,710
Impairment loss recognised in respect of goodwill	(237)	(199)	—	—	—	—			(237)	(199)
Segment results	5,774	(1,297)	3,242	4,532	(2,053)	1,276			6,963	4,511
Other income									8,156	9,021
Unallocated corporate expenses									(12,398)	(14,049)
Finance costs									(1,512)	(3,980)
Gain on disposal of a subsidiary									—	2,636
Change in fair value of options embedded in an unlisted note									(12,242)	(147,083)
Change in fair value of investments held-for-trading									1,599	(9,078)
Share of results of associates									(15,586)	(16,183)
Loss before taxation									(25,020)	(174,205)
Income tax expense									(1,474)	(546)
Loss for the period									(26,494)	(174,751)

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

4. OTHER INCOME

	For the six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Effective interest income on investment in an unlisted note due from an associate	5,107	5,078
Rental income	1,465	1,198
Processing fee income	533	753
Sundry income	457	774
Dividends from investments held-for-trading	224	543
Interest income on loan to an associate	160	—
Recognition of deferred income on disposal of a subsidiary	150	150
Franchise income	45	60
Interest income on bank deposits	15	465
	<u>8,156</u>	<u>9,021</u>

5. FINANCE COSTS

	For the six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	899	598
Bank borrowings not wholly repayable within five years	—	629
Effective interest expense on convertible loan note	—	2,628
Obligations under finance leases	1	1
Loan from a shareholder	490	19
Advances from minority shareholders of a subsidiary	114	66
Others	8	39
	<u>1,512</u>	<u>3,980</u>

6. LOSS BEFORE TAXATION

	For the six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Loss before taxation has been arrived at after charging (crediting):		
Reversal of allowance for trade and other receivables	(112)	(189)
(Reversal of) allowance for obsolete inventories	(189)	1,111
Amortisation of other intangible assets, included in administrative expenses	467	388
Depreciation of property, plant and equipment	7,934	8,194
Amortisation of prepaid lease payments	1,388	1,231
Management fee paid to a shareholder	48	48
	<u> </u>	<u> </u>

7. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	1,360	179
Other jurisdictions	195	367
	<u> </u>	<u> </u>
	1,555	546
Overprovision in prior years		
Other jurisdictions	(81)	—
	<u> </u>	<u> </u>
	<u>1,474</u>	<u>546</u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the period.

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

8. LOSS PER SHARE

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

	For the six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	(26,049)	(174,761)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	2,322,286,114	1,922,481,786

The computations of diluted loss per share for the six months ended 30 September 2009 and 2008 do 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"), since the exercise of which would result in a decrease in loss per share for the six months ended 30 September 2009 and 2008.

9. TRADE AND OTHER RECEIVABLES

	30 September 2009	31 March 2009
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade receivables	61,690	60,130
Less: Accumulated impairment	(16,680)	(16,792)
	45,010	43,338
Deposits, prepayments and other receivables	33,585	35,055
Less: Accumulated impairment	(3,000)	(3,000)
	30,585	32,055
	75,595	75,393

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 end of the reporting period:

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
0 - 30 days	21,624	18,650
31 - 60 days	6,877	14,844
61 - 120 days	11,216	7,415
Over 120 days	5,293	2,429
	<hr/> 45,010 <hr/>	<hr/> 43,338 <hr/>

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$34,511,000 (31 March 2009: approximately HK\$25,762,000) and their aged analysis is as follows:

	30 September 2009 (Unaudited) HK\$'000	31 March 2009 (Audited) HK\$'000
0 - 30 days	15,510	12,610
31 - 60 days	15,034	9,704
61 - 120 days	1,417	1,766
Over 120 days	2,550	1,682
	<hr/> 34,511 <hr/>	<hr/> 25,762 <hr/>
Other payables	38,447	34,452
	<hr/> 72,958 <hr/>	<hr/> 60,214 <hr/>

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six-month period ended 30 September 2009, the Group recorded a turnover and a loss attributable to owners of the Company of approximately HK\$229.2 million (2008: approximately HK\$230.7 million) and approximately HK\$26.0 million (2008: approximately HK\$174.8 million), respectively.

(1) Chinese Pharmaceutical Products

Turnover for the period under review increased by approximately 3.6% from approximately HK\$154.8 million for the same period last year to approximately HK\$160.3 million. Despite the challenging business conditions, the Group continued to place efforts in different marketing and brand reinforcement activities, such as joint marketing promotion with the famous brand “Rejoice”, which are aimed at driving sales and raising public awareness of our brand “Wai Yuen Tong”. The Group has closely monitored changes in the market and will adopt every decisive measure to optimise the results of such marketing activities.

(2) Western Pharmaceutical Products

Turnover of Western pharmaceutical and health food products grew approximately 3.8% from approximately HK\$57.5 million to approximately HK\$59.7 million. The brand position of “Madame Pearl’s” as “the Respiratory Specialist” was strengthened after the Group had successfully launched the Madame Pearl’s BreathEasy Patch and Mucolytic series last year. During the period under review, personal care products, such as the MosquitOut series, under its secondary brand “Pearl’s” were launched which were well received by the market. With the co-brands “Madame Pearl’s” and “Pearl’s”, the Group has diversified its product portfolio which has synergetic effects on its business as a whole.

(3) Chinese Health Food Products

The Group’s business of the manufacture of Chinese health food was operated through the Group’s production arm in Singapore, CNT Health Food Pte Limited (“CNT”). During the period under review, like most companies in the manufacturing industry, the Group was hard hit by the financial tsunami. The turnover decreased by approximately 50.0% from approximately HK\$18.4 million to approximately HK\$9.2 million. Besides the existing bottled birds’ nest drinks and herbal essence products, the Group is exploring the possibility of diversifying its product range and expanding its business into Mainland China and overseas Chinese communities.

(4) Investment in LeRoi Holdings Limited (“LeRoi”)

The Group diversified its investment portfolio by making an investment in LeRoi, a company listed on the Stock Exchange, which was principally engaged in property development in the PRC and sale of fresh pork meat and related products. During the period under review, LeRoi diversified its activities into the natural resources business. For the six-month period ended 30 September 2009, LeRoi and its subsidiaries recorded a turnover of approximately HK\$29.0 million (2008: approximately HK\$30.9 million) and net loss attributable to equity holders from continuing operations amounted to approximately HK\$51.8 million (2008: approximately HK\$47.2 million). As at the end of the reporting period, the Group held 29.97% equity interest in LeRoi.

In October 2007, the Group subscribed for an unlisted convertible note with a principal amount of HK\$190.0 million which is convertible into 1,583,333,333 shares of LeRoi at an initial conversion price of HK\$0.12 per share (subject to adjustment) (the “**Bonds**”). On 13 November 2009, the Group granted a loan of HK\$190.0 million to LeRoi for a term of four years for early redemption of the Bonds in full. The loan is unsecured and carries interest at a rate of 8% per annum.

On 18 November 2009, the Company completed the acquisition of 1,463,835,000 shares in the capital of LeRoi from independent third parties and in return issued 3,659,587,500 consideration shares of HK\$0.01 each in the Company pursuant to a partial share exchange offer made by a wholly-owned subsidiary of the Company, details of which were set out in the composite document jointly issued by the Company and LeRoi on 9 October 2009. Upon completion of the transaction and up to the date of this report, the Company increased its shareholding interest in LeRoi from the 29.97% at the end of the reporting period to 49.00%.

FINANCIAL REVIEW

(1) Top-up Placing and Placing of New Shares

On 11 May 2009, the Company entered into (i) a top-up placing and subscription agreement with a placing agent and the substantial shareholder of the Company to place, on a best effort basis, 165 million shares to independent investors at a price of HK\$0.088 per share; and (ii) a new placing agreement with the placing agent to place, on a best effort basis, 237 million shares to independent investors at a price of HK\$0.088 per share. Aggregate net proceeds of approximately HK\$33.6 million were raised for repayment of interest-bearing debts and general working capital requirements of the Group. The aforesaid transactions were completed on 21 May 2009 and 26 May 2009, respectively.

(2) Liquidity and Financial Resources

As at 30 September 2009, the Group’s total borrowings amounted to approximately HK\$75.8 million (31 March 2009: approximately HK\$91.8 million) which included bank borrowings of approximately HK\$57.3 million (31 March 2009: approximately HK\$63.4 million), loan from a shareholder of HK\$15.0 million (31 March 2009: approximately HK\$25.0 million) and advances from minority shareholders of a subsidiary of approximately HK\$3.5 million (31 March 2009: approximately HK\$3.4 million). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the Company, was approximately 12.6% (31 March 2009: approximately 15.5%).

(3) Disposal of a Non Wholly-owned Subsidiary

On 10 December 2009, the Group entered into a conditional agreement in respect of disposal of Hunan Xiangya Pharmaceutical Co Limited, a non wholly-owned subsidiary of the Company, for a total consideration of approximately HK\$37.4 million, details of which are set out in the Company's announcement dated 15 December 2009.

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, matches the currency requirements of the Group's operating expenses. The Group therefore does not engage in any hedging activities.

EMPLOYEES

As at 30 September 2009, the Group had 668 employees, of whom approximately 56.3% were located in Hong Kong. The Group remunerates its employees based on their performance, experience and the prevailing market rates. The Group also has a share option scheme for the employees' benefit.

PROSPECTS

It is generally believed that the impact of the financial tsunami on the global economy will gradually diminish and positive economic signs will show up. The Group will consider the expansion of its retail outlets in the PRC to enlarge its market share.

As for Western pharmaceutical products, in addition to maintaining the brand position of "Madame Pearl's" as the "Respiratory Specialist", the Group will continue to launch new products and reinforce its secondary brand of "Pearl's" so as to diversify its product portfolio and optimise its results.

With respect to the Chinese health food business, a series of measures which the Group has adopted aimed at increasing revenue and operating efficiency and controlling costs have started to reap positive results for their business.

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 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2009.

The Group will continue 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 interim condensed consolidated financial statements for the six months ended 30 September 2009 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 as set out in the Model Code adopted by the Company throughout the period under review.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.wyth.net) and the Stock Exchange (www.hkex.com.hk). The 2009 interim report will be despatched to the shareholders of the Company and 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, 16 December 2009

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*