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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTY

THE PROPERTY ACQUISITION

The Board announces that on 15 May 2010, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Vendors for the purchase of the Property at a cash consideration of HK\$34.5 million, which will be satisfied by internal resources of the Group.

The Property is located in Kowloon, Hong Kong, which is currently leased to a third party independent of and not connected with the Company and its connected persons for commercial purpose. Upon Completion, the Group intends to continue to lease out the Property for generating rental income. After completion of the existing lease agreement, the Group may continue to lease out or use the Property by itself, depending on the then market circumstances.

GENERAL

The transaction contemplated under the Provisional Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

THE PROVISIONAL AGREEMENT

1. Date

15 May 2010

2. Parties

- i. Union Target Limited, a property holding company and a wholly-owned subsidiary of the Company, as the purchaser; and
- ii. Vendors, independent third party individuals, as the vendors.

* *For identification purpose only*

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors are third parties independent of and not connected with the Company and its connected persons and there was no previous transaction entered into between the Company and the Vendors before the date of this announcement.

3. Assets to be acquired

The Property, being Shop G on ground floor, Kin Tak House, Nos. 93, 95, 99, 101, 103, 105, 107, 109, 111, 113 and 115, Hip Wo Street, Kowloon, Hong Kong, with a total gross floor area of approximately 800 square feet, which is for commercial purpose.

The Property is currently leased by the Vendors to a third party independent of and not connected with the Company and its connected persons for commercial purpose under an existing lease agreement at a monthly rental of HK\$98,000, which will be expired on 28 February 2012. The tenant has been granted an option to renew the lease agreement for a further term of two years from the expiry date of the term under the existing lease agreement at a revised monthly rental of HK\$112,700. If the tenant does not exercise such option, the Company intends to continue to lease out the Property for rental income purpose or use it by itself, depending on the then market circumstances.

4. Consideration

The Consideration is HK\$34.5 million, among which, HK\$1.0 million was paid by the Purchaser to the Vendors upon signing of the Provisional Agreement as deposit, HK\$2.45 million shall be paid upon signing of the formal agreement for the Property Acquisition on or before 31 May 2010, and the balance of HK\$31.05 million shall be paid upon Completion on or before 30 June 2010.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors with reference to the prevailing rental yield.

The Consideration will be satisfied by the Group's internal resources.

5. Completion

Pursuant to the Provisional Agreement, Completion is to take place on or before 30 June 2010.

REASONS FOR AND BENEFITS OF THE PROPERTY ACQUISITION

The Group 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 sale of western pharmaceutical products under the brand name of "Madame Pearl's" and "Pearl's".

The Property is located in Kowloon, Hong Kong, with a total gross floor area of approximately 800 square feet and is currently leased for rental income. The Group intends to continue to lease the Property for commercial purpose after Completion for rental income. After completion of the existing lease agreement, the Group may continue to lease out or use the Property by itself, depending on the then market circumstances. The Directors believe in the long term prospect of office/commercial properties in Hong Kong and hence consider that the Property Acquisition will strengthen the Group's income base.

The Directors, including the independent non-executive Directors, consider that the terms of the Provisional Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The transaction contemplated under the Provisional Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of the Directors
“Company”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 897)
“Completion”	completion of the Property Acquisition
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the total cash consideration for the Property Acquisition, being HK\$34.5 million
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	being Shop G on ground floor, Kin Tak House, Nos. 93, 95, 99, 101, 103, 105, 107, 109, 111, 113 and 115, Hip Wo Street, Kowloon, Hong Kong, with a total gross floor area of approximately 800 square feet
“Property Acquisition”	the acquisition of the Property by the Purchaser pursuant to the Provisional Agreement
“Provisional Agreement”	the provisional sale and purchase agreement dated 15 May 2010 entered into between the Purchaser and the Vendors in relation to the Property Acquisition

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“Purchaser”	Union Target Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Vendors”	independent third party individuals, independent of and not connected with the Company and its connected persons

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

Hong Kong, 18 May 2010

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

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