

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



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)

**RESULTS OF THE RIGHTS ISSUE OF 1,454,387,835 RIGHTS SHARES ON
THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1)
ADJUSTED SHARE HELD AT THE RECORD DATE AND TIME AT
HK\$0.207 PER RIGHTS SHARE WITH BONUS ISSUE ON THE BASIS OF
ONE (1) BONUS SHARE FOR EVERY FIVE (5) RIGHTS SHARES
TAKEN UP UNDER THE RIGHTS ISSUE
AND
ADJUSTMENTS TO THE SHARE OPTIONS**

RESULTS OF THE RIGHTS ISSUE (WITH THE BONUS ISSUE)

The Board is pleased to announce that as at 4:00 p.m. on Wednesday, 20 October 2010, being the Latest Time For Acceptance of, and payment for, the Rights Shares and the application and payment for excess Rights Shares: (a) 389 valid acceptances in respect of a total of 1,156,229,315 Rights Shares provisionally allotted under the Rights Issue have been received, representing approximately 79.50% of the total number of the Rights Shares available under the Rights Issue; and (b) 394 valid applications for a total of 3,512,889,754 excess Rights Shares have been received, representing approximately 241.54% of the total number of the Rights Shares available under the Rights Issue. In aggregate, 783 valid acceptances and applications in respect of a total of 4,669,119,069 Rights Shares, representing approximately 321.04% of the total number of Rights Shares available under the Rights Issue, have been received. Accordingly, the Rights Issue was over-subscribed and the obligations of the Underwriter under the Underwriting Agreement have been fully discharged.

* *For identification purpose only*

1,454,387,835 Rights Shares on the basis of five (5) Rights Shares for every one (1) Adjusted Share held at the Record Date and Time and an aggregate of 290,877,567 Bonus Shares will be allotted to those Qualifying Shareholders who have been allotted Rights Shares on the basis of one (1) Bonus Share for every five (5) Rights Shares taken up under the Rights Issue.

Pursuant to the Irrevocable Undertaking, Rich Time has subscribed for or procured to subscribe for all the Rights Shares (with the Bonus Shares) to which it is entitled to pursuant to the terms of the Rights Issue, being an aggregate of 105,401,860 Rights Shares. Furthermore, Rich Time has applied for or procured to apply for by way of excess application, for an additional 380,000,000 Rights Shares (with the Bonus Shares) that are not taken up by the Qualifying Shareholders under the Rights Issue.

The Rights Issue and the Underwriting Agreement became unconditional at 4:00 p.m. on Monday, 25 October 2010.

EXCESS RIGHTS SHARES

The Board has resolved to allot a total of 298,158,520 Rights Shares available for excess applications on a fair and equitable basis and on a pro-rata basis to the excess Rights Shares applied for by the Qualifying Shareholders and no preference will be given to topping-up odd lots to whole board lots.

DESPATCH OF SHARE CERTIFICATES FOR THE RIGHTS SHARES AND THE BONUS SHARES AND REFUND CHEQUES

It is expected that share certificates for fully-paid Rights Shares and the Bonus Shares and refund cheques in relation to partially unsuccessful applications for excess Rights Shares (without interest) will be posted to those entitled thereto on or before Wednesday, 27 October 2010 by ordinary post and at their own risk. One share certificate each will be issued for all the Rights Shares and the Bonus Shares allotted to an applicant respectively.

COMMENCEMENT OF DEALINGS IN THE FULLY-PAID RIGHTS SHARES AND THE BONUS SHARES

Dealings in fully-paid Rights Shares and the Bonus Shares are expected to commence on the Stock Exchange at 9:30 a.m. on Friday, 29 October 2010.

ADJUSTMENTS TO THE SHARE OPTIONS

As a result of the Rights Issue (with the Bonus Issue), adjustments will be made to the exercise prices and the number of Adjusted Shares falling to be allotted and issued in respect of the outstanding Share Options in accordance with the terms and conditions of the Share Option Scheme, Rule 17.03 of the Listing Rules and the supplementary guidance dated 5 September 2005 issued by the Stock Exchange. The Share Option Adjustments have been reviewed and confirmed in writing by the independent financial advisers of the Company and will come into effect on 27 October 2010.

Reference is made to the prospectus of the Company dated 6 October 2010 in relation to the Rights Issue (with the Bonus Issue) (the “**Prospectus**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

RESULTS OF THE RIGHTS ISSUE (WITH THE BONUS ISSUE)

The Board is pleased to announce that as at 4:00 p.m. on Wednesday, 20 October 2010, being the Latest Time For Acceptance of, and payment for, the Rights Shares and the application and payment for excess Rights Shares: (a) 389 valid acceptances in respect of a total of 1,156,229,315 Rights Shares provisionally allotted under the Rights Issue have been received, representing approximately 79.50% of the total number of the Rights Shares available under the Rights Issue; and (b) 394 valid applications for a total of 3,512,889,754 excess Rights Shares have been received, representing approximately 241.54% of the total number of the Rights Shares available under the Rights Issue. In aggregate, 783 valid acceptances and applications in respect of a total of 4,669,119,069 Rights Shares, representing approximately 321.04% of the total number of Rights Shares available under the Rights Issue, have been received. Accordingly, the Rights Issue was over-subscribed.

1,454,387,835 Rights Shares on the basis of five (5) Rights Shares for every one (1) Adjusted Share held at the Record Date and Time and an aggregate of 290,877,567 Bonus Shares will be allotted to those Qualifying Shareholders who have been allotted Rights Shares on the basis of one (1) Bonus Share for every five (5) Rights Shares taken up under the Rights Issue.

Pursuant to the Irrevocable Undertaking, Rich Time has subscribed for or procured to subscribe for all the Rights Shares (with the Bonus Shares) to which it is entitled to pursuant to the terms of the Rights Issue, being an aggregate of 105,401,860 Rights Shares. Furthermore, Rich Time has applied for or procured to apply for by way of excess application, for an additional 380,000,000 Rights Shares (with the Bonus Shares) that are not taken up by the Qualifying Shareholders under the Rights Issue.

The Rights Issue and the Underwriting Agreement became unconditional at 4:00 p.m. on Monday, 25 October 2010.

UNDERWRITING AGREEMENT

All the conditions set out in the Underwriting Agreement have been fulfilled on or before 4:00 p.m. on Monday, 25 October 2010. Given that the Rights Issue was over-subscribed, the obligations of the Underwriter under the Underwriting Agreement have been fully discharged.

EXCESS RIGHTS SHARES

The Board has resolved to allot a total of 298,158,520 Rights Shares available for excess applications on a fair and equitable basis and on a pro-rata basis to the excess Rights Shares applied for by the Qualifying Shareholders and no preference will be given to topping-up odd lots to whole board lots.

Allotment results in respect of the excess Rights Shares are set out as follows:

Number of excess Rights Shares applied for	Number of valid excess applications	Total number of excess Rights Shares applied for	Basis of allotment	Total number of Rights Shares allotted	Approximate percentage of allocation based on the total number of excess Rights Shares applied for in this category
1 to 154,100,000	393	903,500,231	approximately 8.49% of the excess Rights Shares applied for (rounded DOWN to the nearest share)	76,707,010	8.49%
2,609,389,523	1	2,609,389,523	approximately 8.49% of the excess Rights Shares applied for	221,451,510	8.49%
	<u>394</u>	<u>3,512,889,754</u>		<u>298,158,520</u>	

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings in the Company immediately before and upon completion of the Rights Issue and the Bonus Issue are as follows:

	Immediately before completion of the Rights Issue and the Bonus Issue		Upon completion of the Rights Issue and the Bonus Issue	
	Number of Adjusted Shares	Approximate percentage %	Number of Adjusted Shares	Approximate percentage %
Major Shareholder:				
Wang On Group (Notes 1 and 2)	21,080,372	7.25	186,265,863	9.15
Public Shareholders:				
Underwriter	1	0.00	1	0.00
Other public Shareholders	<u>269,797,194</u>	<u>92.75</u>	<u>1,849,877,105</u>	<u>90.85</u>
	<u>290,877,567</u>	<u>100.00</u>	<u>2,036,142,969</u>	<u>100.00</u>

Notes:

1. These Adjusted Shares are beneficially owned by Rich Time, an indirect wholly-owned subsidiary of Wang On.
2. The Adjusted Shares are held by Rich Time through HKSCC Nominee Limited. As set out in the Prospectus, the Board regards the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the arrangement in relation to the allocation of the excess Rights Shares will not be extended to Rich Time and beneficial owners individually. As a result, the number of Adjusted Shares allocated to Rich Time is based on estimates as if Rich Time was a single Shareholder and is subject to adjustment. The total number of Adjusted Shares held by Rich Time is therefore subject to adjustment. It is expected that such adjustment will not affect significantly the percentage of shareholdings of Rich Time which is rounded up to two decimal places as disclosed above.

DESPATCH OF SHARE CERTIFICATES FOR THE RIGHTS SHARES AND THE BONUS SHARES AND REFUND CHEQUES

It is expected that share certificates for fully-paid Rights Shares and the Bonus Shares and refund cheques in relation to partially unsuccessful applications for excess Rights Shares (without interest) will be posted to those entitled thereto on or before Wednesday, 27 October 2010 by ordinary post and at their own risk. One share certificate each will be issued for all the Rights Shares and the Bonus Shares allotted to an applicant respectively.

COMMENCEMENT OF DEALINGS IN THE FULLY-PAID RIGHTS SHARES AND THE BONUS SHARES

Dealings in fully-paid Rights Shares and the Bonus Shares are expected to commence on the Stock Exchange at 9:30 a.m. on Friday, 29 October 2010.

ADJUSTMENTS TO THE SHARE OPTIONS

As a result of the Rights Issue (with the Bonus Issue), adjustments will be made to the exercise prices and the number of Adjusted Shares falling to be allotted and issued in respect of the outstanding Share Options in accordance with the terms and conditions of the Share Option Scheme, Rule 17.03 of the Listing Rules and the supplementary guidance dated 5 September 2005 issued by the Stock Exchange (the “**Share Option Adjustments**”). The Share Option Adjustments will come into effect on 27 October 2010, being the date on which the fully-paid Rights Shares and the Bonus Shares are allotted and issued.

Pursuant to the terms and conditions of the Share Option Scheme, the exercise prices of the Share Options and the number of Adjusted Shares otherwise to be allotted and issued upon exercise of all the subscription rights attaching to the outstanding Share Options will be adjusted following completion of the Rights Issue (with the Bonus Issue) in the following manner:

Date of grant	Exercisable period	Immediately before completion of the Rights Issue (with the Bonus Issue)		Upon completion of the Rights Issue (with the Bonus Issue)	
		Number of Adjusted Shares which would otherwise fall to be issued upon exercise of the outstanding Share Options	Exercise price per Share Option (HK\$)	Number of Adjusted Shares which would otherwise fall to be issued upon exercise of the outstanding Share Options	Adjusted exercise price per Share Option (HK\$)
3/1/2007	2/1/2008 - 1/1/2012*	131,200	10.3750	394,684	3.4488
2/1/2008	2/1/2009 - 1/1/2013*	183,600	5.6500	552,317	1.8782
8/1/2009	8/1/2010 - 7/1/2019*	242,000	3.6250	728,000	1.2050
12/5/2010	12/5/2011 - 11/5/2020*	338,000	1.3000	1,016,793	0.4321

* *The Share Options granted under the Share Option Scheme were vested as follows:*

On 1st anniversary of the date of grant:

30% vest

On 2nd anniversary of the date of grant:

further 30% vest

On 3rd anniversary of the date of grant:

remaining 40% vest

The independent financial advisers of the Company have reviewed the Share Option Adjustments and confirmed in writing that they are in accordance with the provisions of the Share Option Scheme and the appendix of and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 relating to adjustments to share option schemes.

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

Hong Kong, 26 October 2010

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

* *For identification purpose only*