

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.



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 11 March 2011, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Vendor for the purchase of the Property at a cash consideration of HK\$35.28 million, which will be satisfied by the Group's internal resources.

The Property is located in North Point, Hong Kong, which is currently leased to third parties 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 or to use by the Group, 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

11 March 2011

* *For identification purpose only*

2. Parties

- i. Smart Star Investments Limited, a property holding company and a wholly-owned subsidiary of the Company, as the purchaser; and
- ii. City Team Limited, as the vendor

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons and there was no previous transaction entered into between the Company and the Vendor before the date of this announcement.

3. Assets to be acquired

The Property, being Shops A and B on Ground Floor, No. 296 Electric Road, North Point, Hong Kong, with a total gross floor area of approximately 1,200 square feet, which is for commercial purpose.

The Property is currently leased by the Vendor to third parties independent of and not connected with the Company and its connected persons for commercial purpose under existing lease agreements at an aggregate monthly rental of HK\$87,600 and to be expired on 7 March 2013 with an option to renew for a further one year commencing from 8 March 2013 and expiring on 7 March 2014.

4. Consideration

The Consideration is HK\$35.28 million, among which, HK\$1 million was paid by the Purchaser to the Vendor upon signing of the Provisional Agreement as an initial deposit, HK\$2.528 million shall be paid upon entering into the formal sale and purchase agreement on or before 30 March 2011 as further deposit, and the balance of HK\$31.752 million shall be paid upon Completion on or before 30 June 2011.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor 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 will take place on or before 30 June 2011.

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 retailing of western pharmaceutical products under the brand name of “Madame Pearl’s” and “Pearl’s”.

The Property is located in North Point, Hong Kong, and has a gross floor area of approximately 1,200 square feet and is currently leased for rental income. The Group intends to continue to lease out the Property for commercial purpose after Completion for rental income or to use by the Group, 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 property portfolio and/or 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 and traded 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

* *For identification purpose only*

“Consideration”	the total cash consideration for the Property Acquisition, being HK\$35.28 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 People’s Republic of China and Taiwan
“Property”	being Shops A and B on Ground Floor, No. 296 Electric Road, North Point, Hong Kong, with a gross floor area of approximately 1,200 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 11 March 2011 entered into between the Purchaser and the Vendor in relation to the Property Acquisition
“Purchaser”	Smart Star Investments 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)

“Vendor” City Team Limited, which is a third party independent of and not connected with the Company and its connected persons and a company incorporated in Hong Kong and is a property holding company

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, 14 March 2011

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.

* *For identification purpose only*