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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
GRANT OF LEASE OF LAND IN YUEN LONG
INDUSTRIAL ESTATE FROM HONG KONG SCIENCE AND
TECHNOLOGY PARKS CORPORATION

GRANT OF LAND LEASE

The Board announces that HKSTPC has approved the Group's Application and agreed to grant lease of the Land located at Yuen Long Industrial Estate at the Consideration of HK\$21,363,900 to the Grantee (an indirect wholly-owned subsidiary of the Company) on 15 November 2012 and the Grantee signed the Offer Letter on 12 December 2012 that it will execute the Agreement for Lease within a period of four weeks from the date of this announcement. The Land will be used for the construction of a five-storey factory building on the Land to house the Group's pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing and to expand its pharmaceutical manufacturing business.

GENERAL

As the applicable percentage ratio is greater than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules, the Grant constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to the requirements of reporting and announcement.

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* *For identification purpose only*

Major terms of the Grant are set out below:

Parties

Grantor: HKSTPC, a statutory body set up by the HKSAR government which operates the Hong Kong Science Park. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, HKSTPC is a third party independent of the Company and its connected persons.

Grantee: Wai Yuen Tong Company Limited, an investment holding Company and an indirect wholly-owned subsidiary of the Company.

Consideration

The Consideration for the Grant is HK\$21,363,900 (8,545.56 sq.m. at HK\$2,500 per sq.m.). An amount of HK\$3,048,066 was prepaid as a deposit at the time of the Application and shall be applied towards settling part of the Consideration. The balance of the Consideration shall be paid in full on the date of the Agreement for Lease. The Group will finance the payment for the Consideration by any fund available to the Group.

The determination of the Consideration was based on HKSTPC's standard land premium. The Directors consider that the Consideration is fair and reasonable having taken into account the location of the Land and the facilities available at Yuen Long Industrial Estate.

Information of the Land

The Land refers to all that piece or parcel of land situate at Yuen Long, New Territories, and known and registered in the Land Registry as Extension to Subsection 1 of Section M of Yuen Long Town Lot No. 313 and Extensions Thereto at Yuen Long Industrial Estate with a total site area of 8,545.56 sq.m.

Within a period of four weeks from the date of the signing of the Offer Letter, HKSTPC and the Grantee will enter into the Agreement for Lease, after which HKSTPC will give possession of the Land to the Grantee. Upon obtaining possession of the Land, the Grantee will (i) complete a new building on the Land to house the Group's pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing in two phases within 60 months of site possession; (ii) install new machinery, plant and equipment of a value of not less than HK\$410 million to be purchased from various suppliers in the new building in two phases within 60 months of site possession; and (iii) commence operation within 42 months of site possession. Upon completion of the aforesaid three conditions, HKSTPC will grant a lease of the Land to the Grantee for a term up to 27 June 2047.

REASONS FOR AND BENEFITS OF THE GRANT

The Grantee is principally engaged in investment holding. 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; (ii) processing and retailing of western pharmaceutical, health food and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”; and (iii) property investment.

To expand its manufacturing business as well as to fulfill the stringent change of quality system among pharmaceutical industry, the Group is keen to construct a new factory to house its pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing. Taking into account the facilities available at Yuen Long Industrial Estate as well as the expansion need of the Group, the Directors are of the view that the Grant is in the interests of the Group and the Shareholders as a whole and the terms thereof are on normal commercial terms and are fair and reasonable.

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Further announcement(s) relating to the Proposed Project will be made by the Company when and as necessary in accordance with the Listing Rules.

DEFINITIONS

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

“Agreement for Lease”	the agreement for lease of the Land to be entered into between the Grantee and HKSTPC
“Application”	the conditional application for the Grant made by the Grantee to HKSTPC on 30 August 2012
“Board”	the board of 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 whose shares are listed and traded on the main board of the Stock Exchange (Stock Code: 897)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	HK\$21,363,900, being the land premium for the Land as contemplated under the Grant paid or payable by the Grantee

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“Director(s)”	the director(s) of the Company
“Grant”	being the grant of the lease of the Land to the Grantee by HKSTPC as contemplated under the Offer Letter
“Grantee”	Wai Yuen Tong Company Limited, an investment holding company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“HKSTPC”	Hong Kong Science and Technology Parks Corporation, a statutory body set up by the HKSAR government which operates the Hong Kong Science Park
“Land”	all those pieces or parcels of ground registered in the Land Registry as Extension to Subsection 1 of Section M of Yuen Long Town Lot No. 313 and Extensions Thereto at Yuen Long Industrial Estate with a total site area of 8,545.56 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Letter”	the letter confirming the Grant by HKSTPC to the Grantee on 15 November 2012 and signed by the Grantee on 12 December 2012
“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
“Proposed Project”	the proposed project relating to the expansion of the manufacturing facilities of the Group (including but not limited to the construction of a five-storey factory building on the Land as well as the installation of new machinery, plant and equipment for its pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing) as described in the Application
“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)
“sq.m.”	square metres

“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)

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, 12 December 2012

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. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou.

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