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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
DISCLOSEABLE TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTY

THE ACQUISITION

The Board announces that on 31 January 2013, the Purchaser, an indirect 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\$81.0 million, which will be satisfied by the Group's internal resources and/or banking facilities.

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 Property will be delivered to the Purchaser subject to the lease.

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

31 January 2013

2. Parties

- i. Vendor: King Best Asia Group Limited (in the capacity of a confirmor), which is principally engaged in property holding; and
- ii. Purchaser: Sino Fame Investments Limited, an indirect wholly-owned subsidiary of the Company, which is principally engaged in property holding.

* For identification purpose only

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) 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 of

The Property, being the premise at G/F., Bowring Building, No. 14 Bowring Street, Kowloon, Hong Kong, with a saleable floor area of approximately 800 square feet, subject to a lease for a term of three years expiring on 31 July 2015 at a monthly rent of HK\$132,000, inclusive of rates, government rent and management fees, but exclusive of utility charges and other outgoings with an option to renew for a further term of two years at an open market rent but in any event not more than a 15% of increment.

Upon Completion, the Property will be delivered to the Purchaser subject to the lease.

4. Consideration

The Consideration is HK\$81.0 million, among which, HK\$4.0 million was paid by the Purchaser to the Vendor upon signing of the Provisional Agreement as an initial deposit, HK\$4.1 million shall be paid upon entering into of the formal agreement on or before 26 February 2013 as a further deposit and the balance of HK\$72.9 million shall be paid upon Completion on or before 2 April 2013.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the prevailing market price of similar properties at similar location and the prevailing rental yield. The Consideration will be financed by the Group's internal resources and/or banking facilities.

5. Conditions Precedent

The Acquisition is subject to the completion of the sale and purchase as contemplated under a sale and purchase agreement entered into between the Vendor (as a purchaser) and Ever Sky (as a vendor) dated 15 January 2013, pursuant to which the Vendor agreed to acquire from Ever Sky the Property at a consideration of HK\$70.0 million. The completion of the said sale and purchase shall take place on or before 2 April 2013.

6. Completion

Pursuant to the Provisional Agreement, Completion will take place on or before 2 April 2013.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Purchaser is principally engaged in property 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.

The Property is currently leased out for rental income and the Group will continue to lease out the Property after Completion for rental income or to use the Property as retail shop by the Group after expiry of the existing lease, depending on the then market circumstances. The Directors believe in the long term prospect of commercial properties in Hong Kong and hence consider that the 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 the Acquisition is 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:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the Provisional Agreement
“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 whose shares are listed and traded on the main board of the Stock Exchange (Stock Code: 897)
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the total cash consideration for the Acquisition, being HK\$81.0 million
“Director(s)”	the director(s) of the Company

* *For identification purpose only*

“Ever Sky”	Ever Sky Properties Limited, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, is the sole beneficial owner of the Property as at the date of this announcement and Ever Sky and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons and there was no previous transaction entered into between the Company and Ever Sky before the date of this announcement
“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 the premise at G/F., Bowring Building, No. 14 Bowring Street, Kowloon, Hong Kong with a saleable floor area of approximately 800 square feet
“Provisional Agreement”	the provisional sale and purchase agreement dated 31 January 2013 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Purchaser”	Sino Fame Investments Limited, an indirect wholly-owned subsidiary of the Company, which is principally engaged in property holding
“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”

King Best Asia Group Limited, which is a third party independent of and not connected with the Company and its connected persons and is principally engaged in property holding

“%”

per cent.

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, 4 February 2013

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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