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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 REGARDING ADVANCE TO CHINA AGRI-PRODUCTS EXCHANGE LIMITED**

#### **Loan Facility from the Lender to CAP**

On 28 May 2013, the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement for the grant to the Borrower the Loan Facility at an interest rate of 12.0% per annum during the Availability Period.

#### **Implications under the Listing Rules**

The transaction contemplated under the Loan Agreement constitutes a discloseable transaction for the Company under the Listing Rules on the basis that (i) the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan Agreement exceed 5% and are below 25%; (ii) the Group has complied with the Listing Rules in respect of the requirements for a major transaction in the 2012 Loan Transactions; and (iii) the transaction contemplated under the Loan Agreement, when aggregated with the 2012 Loan Transactions, would not result in a higher transaction classification under Chapter 14 of the Listing Rules. The transaction contemplated under the Loan Agreement is therefore only subject to the reporting and announcement requirements. The grant of the Loan Facility by the Company also constitutes a financial assistance to an entity under Rules 13.13 and 13.14 of the Listing Rules and details of which are disclosed herein in compliance with Rules 13.13 and 13.14 of the Listing Rules.

#### **THE LOAN AGREEMENT**

Summarised below are the principal terms of the Loan Agreement:

<b>Date</b>	28 May 2013
<b>Lender</b>	Give Power, an investment holding company incorporated in the British Virgin Islands with limited liability and is indirectly wholly owned by the Company as at the date of this announcement

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<b>Borrower</b>	CAP
<b>Loan Facility</b>	<p>A revolving credit facility in an aggregate amount of not exceeding HK\$150 million</p> <p>The Loan Facility will be made available to the Borrower in one or multiple drawdown(s) in an aggregate amount of not exceeding HK\$150 million. An advance repaid is available for further drawing.</p> <p>The Borrower may at any time without penalty or any other charges prepay the whole or any part of the amount outstanding which is a multiple of HK\$5 million under the Loan Facility, provided that not less than three days' (or such shorter period as the Lender may agree) prior written notice specifying the amount and the proposed repayment date is provided.</p>
<b>Interest rate per annum</b>	12.0% per annum
<b>Availability Period</b>	The period commencing from the date of the Loan Agreement and ending on the earlier of (a) the date falling one month prior to the maturity date; and (b) the date on which the Loan Facility is cancelled or terminated under the provision of the Loan Agreement.
<b>Loan maturity date</b>	The expiry of 36 months from the date of the Loan Agreement
<b>Condition</b>	The representations and warranties made by the Borrower set out in the Loan Agreement remaining valid and in full force upon each drawdown.

Pursuant to the Loan Agreement, the Lender agreed to grant the Loan Facility to the Borrower during the Availability Period at an interest rate of 12.0% per annum which was determined with reference to factors, including, among others, (i) the prevailing Hong Kong best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited, being 5.0% per annum; and (ii) the interest rate of the previous loan facilities granted to the Borrower. The full principal amount of each drawdown and all outstanding interest thereon (if any) will be repayable by the Borrower no later than 27 May 2016. The Loan Facility granted to the Borrower will be funded by internal resources of the Group.

As at the date of this announcement, the Company is the controlling shareholder of PNG, holding approximately 34.63% interest, which in turn is the single largest and substantial shareholder of the Borrower, holding approximately 28.22% of its entire issued share capital. As at the date hereof, Mr. Chan Chun Hong, Thomas, an executive Director, is also an executive director of PNG and the Borrower. Save for the foregoing, to the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, the Borrower and its ultimate beneficial owner are third parties independent of and not connected with the Group.

As at the date of this announcement, the Borrower is indebted to the Lender in an aggregate amount of HK\$175.0 million (excluded interest incurred thereon) under previous loan facility agreements entered and/or supplemented in 2011 and 2012 at an interest rate of 10.0% per annum. For details, please refer to the announcements of the Company dated 6 September 2012 and 22 November 2012, respectively.

## **REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT**

The Lender is principally engaged in investment holding. The Group is principally engaged in (i) the 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) the 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 Borrower is principally engaged in property rental and the property sale in respect of agricultural produce exchange business in the PRC. As disclosed in the 2012 annual report of the Borrower, the Borrower has entered into several agreements in relation to development projects with the local government in the PRC. The Loan Facility may be drawn by instalments and as such provides greater flexibility to the Borrower to meet its working capital requirement as and when required, especially for its development projects in the PRC. It is expected that its development projects in the PRC will allow the Borrower to expand its agricultural produce exchange business into various new cities/provinces in the PRC and contribute positively to the overall business development of the Borrower.

The Company is the controlling shareholder of PNG which in turn is the single largest and substantial shareholder of the Borrower. In view of the development prospects of the Borrower, the Directors consider that it is in the interest of the Shareholders to support the development of the Borrower by way of loan financing with an aim to generate return to the Shareholders in long run as an indirect shareholder of the Borrower through PNG. The Directors also consider that the Loan Agreement provides the Company a higher and stable interest income in the short to medium term.

The Directors are of the view that the terms of the Loan Agreement are on normal commercial terms and fair and reasonable as far as the Company and the Shareholders are concerned and thus the entering into of the Loan Agreement is in the interests of the Group and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The transaction contemplated under the Loan Agreement constitutes a discloseable transaction for the Company under the Listing Rules on the basis that (i) the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan Agreement exceed 5% and are below 25%; (ii) the Group has complied with the Listing Rules in respect of the requirements for a major transaction in the 2012 Loan Transactions; and (iii) the transaction contemplated under the Loan Agreement, when aggregated with the 2012 Loan Transactions, would not result in a higher transaction classification under Chapter 14 of the Listing Rules. The transaction contemplated under the Loan Agreement is

therefore only subject to the reporting and announcement requirements. The grant of the Loan Facility by the Company also constitutes a financial assistance to an entity under Rules 13.13 and 13.14 of the Listing Rules and details of which are disclosed herein in compliance with Rules 13.13 and 13.14 of the Listing Rules.

## DEFINITIONS

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

“2012 Loan Transactions”	the loan transactions of an aggregate of HK\$175 million as contemplated under the loan agreements entered and/or supplemented in 2011 and 2012 between the Lender and the Borrower, details of which are set out in the announcements of the Company dated 6 September 2012 and 22 November 2012, respectively
“Availability Period”	the period commencing from the date of the Loan Agreement and ending on the earlier of (a) the date falling one month prior to the maturity date; and (b) the date on which the Loan Facility is cancelled or terminated under the provision of the Loan Agreement
“Board”	the board of the Directors
“CAP” or “Borrower”	China Agri-Products Exchange Limited 中國農產品交易有限公司, 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: 0149)
“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)
“controlling shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Give Power” or “Lender”	Give Power Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and is indirectly wholly owned by the Company as at the date of this announcement
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 28 May 2013 entered into between the Lender and the Borrower pursuant to which the Lender agreed to advance the Loan Facility to the Borrower
“Loan Facility”	a revolving credit facility in the maximum aggregate amount of HK\$150 million granted by the Lender to the Borrower pursuant to the Loan Agreement
“PNG”	PNG Resources Holdings Limited PNG資源控股有限公司, a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the main board of the Stock Exchange (Stock Code: 221)
“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
“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)
“%”	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, 28 May 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. Yuen Chi Choi, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou.*

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