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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)

**MAJOR TRANSACTION REGARDING
AMENDMENT TO THE PREVIOUS LOAN FACILITIES TO
PNG RESOURCES HOLDINGS LIMITED**

MAJOR TRANSACTION

On 22 August 2013, the Lender (a wholly-owned subsidiary of the Company) and the Borrower entered into the Supplemental Agreements to each of the Previous Loan Agreements, pursuant to which the Lender conditionally agreed to extend the respective repayment dates under each of the Previous Loan Agreements for three years upon each of the respective maturity dates in consideration for the increase in interest rate payable by the Borrower to the Lender under the Loan Agreements from 8.0% to 10.0% per annum and the interest accrued on the Previous Loan Facilities under the new interest rate will be payable on an annual basis. Save as amended by the Supplemental Agreements, all other terms and conditions of each of the Previous Loan Agreements remain unchanged.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan Agreements, when aggregated, exceeds 25%, the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules. The transactions contemplated under the Loan Agreements also constitute an advance to an entity, which shall be subject to the disclosure requirement under Rule 13.13 of the Listing Rules.

* *For identification purpose only*

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Loan Agreements and the transactions contemplated thereunder. As no Shareholder has a material interest in the Loan Agreements, no Shareholder is required to abstain from voting at the SGM in respect of the Loan Agreements and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Loan Agreements and a notice of the SGM, will be despatched to the Shareholders on or before 12 September 2013.

Amendment to the Previous Loan Facilities

References were made to the announcements of the Company dated 28 August 2009 and 11 July 2011 in relation to the Previous Loan Facilities.

The details of the Previous Loan Facilities are set out as follows:

	1st Loan Agreement	2nd Loan Agreement
Date:	28 August 2009	10 July 2009 (<i>as amended by a supplemental agreement dated 11 July 2011</i>)
Lender:	Gain Better (a company indirectly wholly owned by the Company as of the date of this announcement) By an assignment dated 1 July 2013 and made between Gain Better and the Lender, Gain Better agreed to assign and transfer to the Lender absolutely all of the rights, title, benefit, interest and all obligations and liabilities of Gain Better in, to, under and in respect of this loan	Gain Better By an assignment dated 1 July 2013 and made between Gain Better and the Lender, Gain Better agreed to assign and transfer to the Lender absolutely all of the rights, title, benefit, interest and all obligations and liabilities of Gain Better in, to, under and in respect of this loan

	1st Loan Agreement	2nd Loan Agreement
Borrower:	PNG	PNG
Loan facility:	A credit facility in an aggregate amount of not exceeding HK\$190 million	A credit facility in an aggregate amount of not exceeding HK\$10 million
Availability period:	13 November 2009 to 12 November 2013	10 July 2009 to 9 July 2011 (as extended to 8 July 2014 pursuant to the supplemental agreement dated 11 July 2011)
Interest rate per annum:	8.0%	8.0%
Drawdown date:	Full drawdown on 13 November 2009	Full drawdown on 10 July 2009
Security:	Unsecured	Unsecured
Outstanding loan facilities as at the date of this announcement:	HK\$190 million	HK\$10 million

On 22 August 2013, the Borrower and the Lender entered into the Supplemental Agreements to each of the Previous Loan Agreements, pursuant to which the Lender conditionally agreed to extend the respective repayment dates under each of the Previous Loan Agreements for three years upon each of the respective maturity dates in consideration for the increase in interest rate payable by the Borrower to the Lender under the Loan Agreements from 8.0% to 10.0% per annum and the interest accrued on the Previous Loan Facilities under the new interest rate will be payable on an annual basis. Save as amended by the Supplemental Agreements, all other terms and conditions of each of the Previous Loan Agreements remain unchanged.

The interest rate of 10.0% per annum was determined with reference to factors including, among others, the prevailing Hong Kong best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited, being 5.0% per annum.

Conditions of the Supplemental Agreements

The effectiveness of the Supplemental Agreements are conditional upon, inter alia, the passing of the resolution(s) by the Shareholders at the SGM approving the amendments to be made pursuant to the Supplemental Agreements and any other transactions contemplated thereunder.

If the conditions are not fulfilled or waived by 31 October 2013 (or such later date as and the Lender and the Borrower may mutually agree in writing), the Supplemental Agreements shall be null and void and of no further effect and no party to the Supplemental Agreements shall have any further liability to any other parties under or in connection with the Supplemental Agreements without prejudice to the rights of any such parties in respect of any antecedent breaches.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENTS

The Company is the single largest and controlling 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 continue 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 a controlling shareholder of the Borrower. The Directors also consider that the continuous provision of the Previous Loan Facilities to the Borrower 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 Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan Agreements, when aggregated, exceeds 25%, the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules. The transactions contemplated under the Loan Agreements also constitute an advance to an entity, which shall be subject to the disclosure requirement under Rule 13.13 of the Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Loan Agreements and the transactions contemplated thereunder. As no Shareholder has a material interest in the Loan Agreements, no Shareholder is required to abstain from voting at the SGM in respect of the Loan Agreements and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Loan Agreements and a notice of the SGM, will be despatched to the Shareholders on or before 12 September 2013.

GENERAL INFORMATION

The Lender is principally engaged in investment holding and 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 and its subsidiaries are principally engaged in the businesses of property development in the PRC, forestry and logging operations in Papua New Guinea and retailing of the fresh pork meat and related produce in Hong Kong.

As at the date of this announcement, the Company is indirectly holding approximately 34.63% of the entire issued share capital of the Borrower. Mr. Chan Chun Hong, Thomas, an executive Director, is also an executive director of 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 and its connected persons.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used herein have the following meanings:

“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 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
“controlling shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s) ”	the directors of the Company
“Gain Better”	Gain Better Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is indirectly wholly owned by the Company, the former lender of the Previous Loan Facilities
“Group”	the Company and its subsidiaries
“Hearty” or “Lender”	Hearty Limited, a company incorporated in the British Virgin Islands with limited liability and is indirectly wholly owned by the Company, the current lender of the Previous Loan Facilities
“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
“Loan Agreements”	collectively, the Previous Loan Agreements as supplemented by the Supplemental Agreements

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“PNG” or “Borrower”	PNG Resources Holdings Limited PNG 資源控股有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which 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
“Previous Loan Agreements”	two loan agreements dated 28 August 2009 (which was amended by an assignment dated 1 July 2013) and 10 July 2009 (which was supplemented and amended by a supplemental agreement dated 11 July 2011 and an assignment dated 1 July 2013), respectively, or any of them (as the case may be), entered into between Gain Better and the Borrower pursuant to which Gain Better agreed to advance the Previous Loan Facilities to the Borrower
“Previous Loan Facilities”	two outstanding loan facilities in the aggregate sum of HK\$200 million granted by Gain Better to the Borrower pursuant to the Previous Loan Agreements
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving, among others, the Loan Agreements and the transaction(s) contemplated thereunder
“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)

“Supplemental Agreement” two sets of the supplemental loan agreement, both dated 22 August 2013, entered into between the Lender and the Borrower to vary and amend certain terms and conditions of the Previous Loan Agreements in respect of the Previous Loan Facilities

“%” 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, 22 August 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. Siu Man Ho, Simon, Mr. Yuen Chi Choi, Mr. Leung Wai Ho and Mr. Cho Wing Mou.

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