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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

(1) SHARE PURCHASE

AND

(2) SUBSCRIPTION OF CONVERTIBLE NOTES

PROPOSED SHARE PURCHASE AND SUBSCRIPTION OF CONVERTIBLE NOTES

On 27 January 2006, GBIL, an indirectly wholly-owned subsidiary of WYT, entered into the Share Purchase Agreement with the Vendor pursuant to which GBIL had conditionally agreed to purchase the Vendor Shares for a total consideration of HK\$37,500,000 from the Vendor, equivalent to approximately HK\$0.183 per LeRoi Share. On 4 February 2006, GBIL and the Vendor mutually agreed to amend certain terms and conditions of the Share Purchase Agreement. Upon completion of the Share Purchase, WYT will be indirectly interested in approximately 25.32% of the issued share capital of LeRoi.

The WYT Board is of the view that the Share Purchase will enable the WYT Group to further diversify its earnings base and enrich its business lines by strengthening the overall branding of the WYT Group. The WYT Board considers that the terms of the Share Purchase Agreement are fair and reasonable and are in the interests of WYT and the WYT Shareholders as a whole.

In addition, on 27 January 2006, GBIL and LeRoi entered into the Subscription Agreement pursuant to which LeRoi had agreed to issue and GBIL had agreed to subscribe for the Convertible Notes with an initial principal amount of HK\$3,000,000. LeRoi also agreed to grant an option to GBIL pursuant to which GBIL will have the right to subscribe for an additional principal amount of HK\$7,000,000. The maximum number of Conversion Shares which may be issued upon full conversion of the Convertible Notes (with an aggregate principal amount of HK\$10,000,000) based on the initial Conversion Price of HK\$0.2 per Conversion Share will be 50,000,000 LeRoi Shares, representing approximately 6.18% of the existing issued share capital of LeRoi and approximately 5.82% of LeRoi's issued share capital as enlarged by the issue of the Conversion Shares.

The WYT Board also considers that the terms of the Subscription Agreement are fair and reasonable and are in the interests of WYT and the WYT Shareholders as a whole.

Pursuant to the Listing Rules, the Share Purchase and the Subscription constitute a discloseable transaction for WYT. A circular containing, among other things, details of the Share Purchase and the Subscription will be despatched to the WYT Shareholders within 21 days from the date of this announcement.

WYT Shareholders and potential investors should note that the Share Purchase Agreement and the Subscription Agreement are conditional upon the fulfillment of a number of conditions (a summary of which is set out in the sub-paragraph headed “Conditions of the Share Purchase Agreement” and “Conditions of the Subscription Agreement” below). Accordingly, the Share Purchase and the Subscription may or may not proceed.

At the request of WYT, trading in WYT Shares on the Stock Exchange was suspended from 9:30 a.m. on 3 February 2006 pending the release of this announcement. An application has been made to the Stock Exchange for a resumption of trading in WYT Shares on the Stock Exchange with effect from 9:30 a.m. on 9 February 2006.

A. THE SHARE PURCHASE AGREEMENT DATED 27 JANUARY 2006

On 27 January 2006, GBIL, an indirectly wholly-owned subsidiary of WYT, entered into the Share Purchase Agreement with the Vendor pursuant to which GBIL had conditionally agreed to purchase the Vendor Shares for a total consideration of HK\$37,500,000 from the Vendor, equivalent to approximately HK\$0.183 per LeRoi Share. On 4 February 2006, GBIL and the Vendor mutually agreed to amend certain terms and conditions of the Share Purchase Agreement. Upon completion of the Share Purchase, WYT will be indirectly interested in approximately 25.32% of the issued share capital of LeRoi.

1. Parties to the Share Purchase Agreement

- a. GBIL; and
- b. the Vendor.

To the best of the WYT Board’s knowledge, and having made all reasonable enquiries, the Vendor is not connected with WYT, the directors, chief executive and substantial shareholders of WYT or any of its subsidiaries and their respective associates (as defined in the Listing Rules).

GBIL has not entered into any agreement or understanding, whether formal or informal, with the Vendor and parties acting in concert with it (as defined in the Takeovers Code) concerning the manner in which voting rights are exercised in respect of the LeRoi Shares held by the Vendor or to be acquired by GBIL under the Share Purchase. Save for the entering into of the Share Purchase Agreement, GBIL has no financial and other connection with the Vendor and parties acting in concert with it.

2. Consideration and payment terms

The total consideration payable by GBIL under the Share Purchase Agreement is HK\$37,500,000, equivalent to approximately HK\$0.183 per LeRoi Share, which is to be paid by GBIL in cash to the Vendor in the following manners:

- (a) a refundable deposit of HK\$3,000,000 was paid by GBIL, upon the execution of the Share Purchase Agreement, to the Vendor's solicitor as stakeholder's money; and
- (b) the balance of HK\$34,500,000 will be paid by GBIL at completion of the Share Purchase Agreement as to (i) HK\$18,750,000 to LeRoi, on the Vendor's behalf, as shareholder's loan of a principal amount of HK\$18,750,000 to be made by the Vendor to LeRoi and; (ii) HK\$15,750,000 to the Vendor as the balance of the consideration.

The total consideration of HK\$37,500,000 for the Share Purchase was arrived at after arms' length negotiation between the parties to the Share Purchase Agreement and with reference to the financial position of LeRoi. If the conditions to the Share Purchase Agreement are not fulfilled by the Long Stop Date or any later date to be agreed by the parties to the Share Purchase Agreement in writing, the Share Purchase Agreement may be terminated and the Vendor shall return the deposit of HK\$3,000,000 plus interest accrued thereon by no later than the date which is ten days after the Long Stop Date to GBIL.

The WYT Board intends to finance the consideration by the WYT Group's internal resources.

The consideration payable for each LeRoi Share of approximately HK\$0.183 represents

- (i) a discount of approximately 46.96% to the closing price of HK\$0.345 per LeRoi Share as quoted on the Stock Exchange on 26 February 2004, being the last trading day before the suspension of the trading of the LeRoi Shares; and
- (ii) a discount of approximately 46.33% to the average closing price of HK\$0.341 per LeRoi Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 26 February 2004, being the last trading day before the suspension of the trading of the LeRoi Shares.

3. Conditions of the Share Purchase Agreement

The Share Purchase is conditional upon, among other things, the following conditions being satisfied on or before the Long Stop Date: -

- (a) GBIL not being obliged to make a General Offer for all the LeRoi Shares;
- (b) the results of a due diligence review to be carried out by GBIL and its agents are satisfactory to GBIL and do not indicate to GBIL that there has been any material adverse change to the financial condition of the LeRoi Group from that disclosed in its interim report for the six months ended 30 September 2005;

- (c) the resumption of trading of the LeRoi Shares on the Stock Exchange and the LeRoi Shares not be suspended from trading:
 - (i) for any period longer than five consecutive Business Days at any time after the resumption of trading and before completion of the Share Purchase Agreement; or
 - (ii) on the scheduled date of completion of the Share Purchase Agreement;
- (d) GBIL having received certified copies of documents for completion as set out in the Share Purchase Agreement; and
- (e) GBIL having received extract of minutes of a meeting of the Vendor's board of directors authorising the signing and delivery of the Share Purchase Agreement.

4. Completion of the Share Purchase

Completion of the Share Purchase will take place on the second Business Days after the satisfaction of all the conditions set out in paragraph "3. Conditions of the Share Purchase Agreement" above. If the conditions are not satisfied on or before the Long Stop Date or any later date to be agreed by the parties to the Share Purchase Agreement in writing, the Share Purchase Agreement may be terminated and each party to the Share Purchase Agreement will be released from its obligations under the Share Purchase Agreement and neither parties will have any claim against the other.

B. THE SUBSCRIPTION AGREEMENT DATED 27 JANUARY 2006

On 27 January 2006, GBIL and LeRoi entered into the Subscription Agreement pursuant to which LeRoi had agreed to issue and GBIL had agreed to subscribe for the Convertible Notes with a principal amount of HK\$3,000,000. LeRoi also agreed to grant an option to GBIL pursuant to which GBIL will have the right to subscribe for additional Convertible Notes with an additional principal amount of HK\$7,000,000. The Convertible Notes will be convertible into the Conversion Shares at the Conversion Price of HK\$0.2 per LeRoi Share. The maximum number of Conversion Shares which may be issued upon full conversion of the Convertible Notes (with an aggregate principal amount of HK\$10,000,000) based on the initial Conversion Price of HK\$0.2 per Conversion Share will be 50,000,000 LeRoi Shares, representing approximately 6.18% of the existing issued share capital of LeRoi and approximately 5.82% of LeRoi's issued share capital as enlarged by the issue of the Conversion Shares. GBIL will subscribe for the Convertible Notes at face value for an aggregate consideration of HK\$10,000,000 and the WYT Board intends to finance the Subscription with WYT Group's internal resources.

1. Parties to the Subscription Agreement

- (a) LeRoi, as the issuer of the Convertible Notes; and
- (b) GBIL, as the subscriber of the Convertible Notes

To the best of the WYT Board's knowledge, and having made all reasonable enquiries, LeRoi is not connected with WYT, the directors, chief executive and substantial shareholders of WYT or any of its subsidiaries and their respective associates. As at the date of this announcement, WYT does not have any shareholding interests in LeRoi. The terms of the Subscription Agreement, including the determination of the Conversion Price, were arrived at after arm's length negotiation between GBIL and LeRoi with reference to the financial position of LeRoi.

2. Conditions of the Subscription Agreement

The Subscription Agreement is conditional upon, among other things, the following conditions being satisfied on or before the Long Stop Date:

- (a) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in (subject to allotment and matters ancillary thereto) the Conversion Shares;
- (b) all other approvals necessary or required to complete the transactions contemplated in the Subscription Agreement having been received; and
- (c) completion of the Share Purchase Agreement having occurred.

If the above conditions are not fulfilled on or before the Long Stop Date, the Subscription Agreement may be terminated by GBIL or LeRoi.

3. Completion of the Subscription Agreement

Subject to the fulfillment of the conditions of the Subscription Agreement, including the approval by shareholders of LeRoi to issue the Conversion Shares, completion of the Subscription Agreement will take place on the date of completion of the Share Purchase Agreement.

4. Principal terms of the Convertible Notes

The principal terms of the Convertible Notes are summarised as follows:

Issuer:	LeRoi
Subscriber:	GBIL or its respective nominees
Principal amount:	initial amount of HK\$3,000,000 payable in cash, GBIL will be granted an option by LeRoi to require LeRoi to issue additional principal amount of HK\$1,000,000 payable in cash or an integral multiple thereof having an aggregate maximum of not more than HK\$7,000,000. Such option may be exercised at any time after completion of the Subscription Agreement and up to 10 business days before Maturity. The WYT Board intends to finance the Subscription by the WYT Group's internal resources

- Interest: interest is payable semi-annually in arrears at 6.5% per annum on the principal amount of the Convertible Notes outstanding from time to time accruing from the date of issue of the Convertible Notes
- Maturity Date: the date falling on the last day of a period of 3 years after the date of issue of the Convertible Notes
- Status: the obligations of LeRoi arising under the Convertible Notes constitute general, unsecured obligations of LeRoi and rank, and will rank, equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of LeRoi except for obligations accorded preference by mandatory provisions of applicable law
- Conversion Price: HK\$0.2 per Conversion Share. The Conversion Price is subject to adjustment for, amongst other matters, subdivision or consolidation of LeRoi Shares, bonus issues, rights issues, capital reduction and other events that have diluting effects on the issued share capital of LeRoi

The initial Conversion Price of HK\$0.2 represents

- (i) a discount of approximately 42.03% to the closing price of HK\$0.345 per LeRoi Share as quoted on the Stock Exchange on 26 February 2004, being the last trading day before the suspension of the trading of the LeRoi Shares;
- (ii) a discount of approximately 41.35% to the average closing price of HK\$0.341 per LeRoi Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 26 February 2004, being the last trading day before the suspension of the trading of the LeRoi Shares; and
- (iii) a premium of approximately 100.14% to the unaudited net asset value per LeRoi Share of approximately HK\$0.10 as at 30 September 2005, based on the latest published unaudited financial statements of LeRoi for the six months ended 30 September 2005

Conversion Rights:	the holder(s) of the Convertible Notes shall have the right to convert on any Business Day from the date of issue of the Convertible Notes but before the Maturity Date, the whole or any part(s) of the principal amount of the Convertible Notes into the Conversion Shares at the Conversion Price, provided that such parts of the principal amount of the Convertible Notes to be converted shall not be less than HK\$1,000,000 at any one time (unless the aggregate outstanding principal amount of the Convertible Notes is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be converted)
Redemption:	LeRoi may at any time before the Maturity Date, by giving written notice to the holders of the Convertible Notes, redeem all or part of the outstanding principal amount of the Convertible Notes
Ranking of the Conversion Shares:	the Conversion Shares will rank pari passu with all other existing LeRoi Shares outstanding
Transferability:	the Convertible Notes shall be freely transferable in its entirety or in part of a principal amount of HK\$1,000,000
Voting rights:	The Convertible Notes do not confer any voting rights at general meetings of LeRoi on the holder of the Convertible Notes.
Listing:	No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange.

5. Effect on shareholding structure of LeRoi

As advised by the directors of LeRoi, to the best of their knowledge and based on various filings under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the existing shareholding structure of LeRoi and the shareholding structure of LeRoi upon conversion of the Convertible Notes are as follows:

Name	Before the Share Purchase		After the Share Purchase		After the Share Purchase and conversion of Convertible Notes with a principal amount		After the Share Purchase and further conversion of Convertible Notes with a principal amount	
	No. of LeRoi Shares	(%)	No. of LeRoi Shares	(%)	HK\$3 million No. of LeRoi Shares	(%)	HK\$7 million No. of LeRoi Shares	(%)
GBIL (Note 1)	—	—	205,000,000	25.32	220,000,000	26.68	255,000,000	29.67
Vendor (Note 2)	424,024,000	52.37	219,024,000	27.05	219,024,000	26.56	219,024,000	25.48
Martin Currie China Hedge Fund Limited	93,176,000	11.51	93,176,000	11.51	93,176,000	11.30	93,176,000	10.84
PAM (L) Equities Asian Growth (Investment Fund)	74,560,000	9.21	74,560,000	9.21	74,560,000	9.04	74,560,000	8.67
Other public shareholders	<u>217,840,000</u>	<u>26.91</u>	<u>217,840,000</u>	<u>26.91</u>	<u>217,840,000</u>	<u>26.42</u>	<u>217,840,000</u>	<u>25.34</u>
Total	<u>809,600,000</u>	<u>100.00</u>	<u>809,600,000</u>	<u>100.00</u>	<u>824,600,000</u>	<u>100.00</u>	<u>859,600,000</u>	<u>100.00</u>

Note 1: The entire issued share capital of GBIL is beneficially owned by WYT.

Note 2: The entire issued share capital of the Vendor is beneficially owned by Mr. So Chi Hiu.

6. Application for listing

Application will be made by LeRoi to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.

C. INFORMATION ON LEROI

The LeRoi Group is principally engaged in the trading of ladies' fashion apparel to the market in the PRC. As at 30 September 2005, the LeRoi Group had established a franchise network with 64 franchisees across 7 provinces and 30 cities. In order to complement its franchise business, the LeRoi Group has set up its own retail outlets and as at 30 November 2005, the LeRoi Group had a total of 10 directly managed retail

outlets in the PRC. In addition, the LeRoi Group introduced female lingerie series to the market in 2005 and expected that further marketing efforts would be required to build up brand recognition. As advised by LeRoi's management, no property assets are held directly by the LeRoi Group.

For the six months ended 30 September 2005, the LeRoi Group recorded unaudited loss before taxation and minority interests and net loss of approximately HK\$2,164,000 and HK\$2,196,000 respectively. For the year ended 31 March 2005, the LeRoi Group recorded audited loss before taxation and minority interests and net loss of approximately HK\$2,356,000 and HK\$3,640,000 respectively. For the year ended 31 March 2004, the LeRoi Group recorded audited profit before taxation and minority interests and net profit of approximately HK\$23,351,000 and HK\$18,110,000 respectively. As at 30 September 2005, the unaudited net assets of the LeRoi Group amounted to approximately HK\$80,905,000. As at 31 March 2005, the audited net assets of LeRoi amounted to approximately HK\$83,101,000. The WYT Board noted that the auditors of the LeRoi Group issued a qualified opinion for the year ended 31 March 2004 and the auditors of the LeRoi Group issued an unqualified opinion for the year ended 31 March 2005. As advised by the directors of LeRoi, there have been no adverse changes in the financial or trading position or prospects of the LeRoi Group since 31 March 2005, the date to which the latest audited financial statements of the LeRoi Group were made up. In this regard, WYT intends to perform further review on the matters with the assistance of LeRoi's management and LeRoi's auditors.

As advised by LeRoi's management, trading of LeRoi Shares was suspended at the request of LeRoi since 27 February 2004 pending the publication of clarification announcement(s) in relation to the allegation concerning the share placement (the "Incident"). Based on discussions with LeRoi's management and publicly available information, WYT has been given to understand that such allegation was directed towards placement of existing LeRoi Shares and not related to the affairs and business operations of the LeRoi Group. WYT is aware that the Stock Exchange has requested LeRoi to address certain issues including the impact of the Incident on the operations of the LeRoi Group. WYT is also aware that resumption of trading of LeRoi Shares and the approval for the listing of and permission to deal in the Conversion Shares will be considered after LeRoi has addressed such issues to the satisfaction of the Stock Exchange.

However, having regard to the long suspension of trading of LeRoi Shares, the resumption of trading of LeRoi Shares is stipulated as a condition to the completion of the Share Purchase and the Subscription. Should resumption of trading of LeRoi Shares fail to occur on or before the Long Stop Date, GBIL will be entitled to terminate the Share Purchase Agreement. Accordingly, the WYT Board considers that the terms of the Share Purchase Agreement have provided a reasonable mechanism to protect the interests of WYT in this regard.

D. REASONS FOR THE PROPOSED SHARE PURCHASE AND SUBSCRIPTION

The WYT Group is principally engaged in (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the 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) sales of western pharmaceutical products under the brand name of “Madame Pearl’s”; and (iii) property holding and investments. The LeRoi Group is principally engaged in the trading of ladies’ fashion apparel to the market in the PRC and has established a franchise network. Given the steady growth of the PRC economy, the WYT Board is cautiously optimistic about the long-term development of the general retail market in the PRC in which the LeRoi Group is operating. As disclosed in LeRoi’s latest interim report for six months ended 30 September 2005, there were 64 franchisees across 7 provinces and 30 cities in the PRC. The LeRoi Group had also set up its own retail network in the PRC comprising a total of 10 directly managed retail outlets as at 30 November 2005. The WYT Board considers that, with an established franchise network, the LeRoi Group is in a reasonable position to take advantage of the growth potential in consumer demand for ladies’ apparels in the PRC. The additional resources brought by the Subscription and the shareholder’s loan will improve LeRoi’s financial position and enable LeRoi to further strengthen its business. The WYT Board are of the view that the Share Purchase will enable the WYT Group to further diversify its earnings base and enrich its business lines by strengthening the overall branding of the WYT Group.

The WYT Board considers that the terms of the Share Purchase Agreement are fair and reasonable and are in the interests of the WYT Group and the WYT Shareholders as a whole. Upon completion of the Share Purchase Agreement, WYT will be indirectly interested in approximately 25.32% of the issued share capital of LeRoi. Moreover, the WYT Board considers the Subscription will provide WYT the opportunity, without any obligation, to increase its shareholding in LeRoi at the Conversion Price, as and when the WYT Board considers appropriate. The WYT Board also considers that the terms of the Subscription Agreement are fair and reasonable and are in the interests of WYT and the WYT Shareholders as a whole.

E. FUTURE INTENTIONS OF WYT

Upon completion of the Share Purchase and the Subscription, the shareholding interests indirectly held by WYT will be equity accounted for in the financial statements of the WYT Group and the WYT Board does not expect the results of operation will be consolidated in the financial statements of the WYT Group as if LeRoi is treated as a subsidiary of the WYT Group. WYT has no intention to change the existing operations of the LeRoi Group. Currently, the board of directors of LeRoi comprises four executive directors and three independent non-executive directors. Under the Share Purchase Agreement, the Vendor will procure the resignation of five existing directors of LeRoi and GBIL will be entitled to nominate five directors out of a total of seven directors of LeRoi immediately upon completion of the Share Purchase Agreement. WYT expected that two of the existing executive directors and all the existing independent non-executive directors will resign and be replaced by two new executive directors and three

new independent non-executive directors to be nominated by GBIL. The WYT Board expects the new board of directors of LeRoi to actively manage the operations of the LeRoi Group. The WYT Board also considers the new board of directors of LeRoi to be instrumental in strengthening the overall internal control and corporate governance of LeRoi and also enhance the capabilities of LeRoi in developing its principal business. The WYT Board does not have any present intention to acquire any further shareholding in LeRoi from the Vendor.

F. GENERAL

Pursuant to the Listing Rules, the Share Purchase and the Subscription constitute a discloseable transaction for WYT. A circular containing, among other things, details of the Share Purchase and the Subscription will be despatched to the WYT Shareholders within 21 days from the date of this announcement.

WYT Shareholders and potential investors should note that the Share Purchase Agreement and the Subscription Agreement is conditional upon the fulfillment of a number of conditions (the summary of which is set out in the sub-paragraph headed “Conditions of the Share Purchase Agreement” and “Conditions of the Subscription Agreement” below). Accordingly, the Share Purchase and the Subscription may or may not proceed.

As at the date of this announcement, the WYT Board comprises two executive directors, namely Mr. Tang Ching Ho and Mr. Chan Chun Hong, Thomas, a non-executive director, namely Mr. Leung Wai Ho, and three independent non-executive directors, namely Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou.

At the request of WYT, trading in the WYT Shares on the Stock Exchange was suspended from 9:30 a.m. on 3 February 2006 pending the release of this announcement. An application has been made to the Stock Exchange for a resumption of trading in the WYT Shares on the Stock Exchange with effect from 9:30 a.m. on 9 February 2006.

DEFINITIONS

“Business Day”	any day (other than Saturday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Convertible Notes”	the convertible notes with (i) an initial principal amount of HK\$3,000,000 to be issued by LeRoi and (ii) an option granted to GBIL pursuant to which GBIL will have the right to require LeRoi to issue additional principal amount of HK\$7,000,000 of convertible notes with a maturity up to 10 Business Days before the date falling 3 years after completion of the Subscription Agreement pursuant to the terms of the Subscription Agreement

“Conversion Price”	the conversion price at which each Conversion Share will be issued upon the exercise of the conversion rights attached to the Convertible Notes
“Conversion Share(s)”	LeRoi Shares to be issued by LeRoi upon exercise by the holder of the Convertible Notes of the conversion rights attached thereof
“General Offer”	the requirement to extend an offer for the purchase of equity share capital in a company to all the holders of shares in that company pursuant to Rule 26 of the Code of Takeovers and Mergers and Share Repurchases
“GBIL”	Gain Better Investments Limited, a company incorporated in British Virgin Islands with limited liability, and is indirectly wholly-owned subsidiary by WYT
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“LeRoi”	LeRoi Holdings Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“LeRoi Group”	LeRoi and its subsidiaries
“LeRoi Share(s)”	ordinary shares of HK\$0.01 each in the share capital of LeRoi
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2006, or any other date agreed by the parties to the Share Purchase Agreement or, as the case maybe, the Subscription Agreement
“Maturity Date”	the date falling on the last day of a period of 3 years after the date of issue of the Convertible Notes
“PRC”	the People’s Republic of China
“Share Purchase Agreement ”	the conditional agreement dated 27 January 2006 entered into between GBIL and the Vendor pursuant to which GBIL agreed to acquire the Vendor Shares from the Vendor
“Share Purchase”	the proposed conditional acquisition of the Vendor Shares pursuant to the terms and condition of the Share Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Agreement”	the conditional agreement dated 27 January 2006 entered into between GBIL and LeRoi pursuant to which GBIL agreed to subscribe for and LeRoi agreed to issue the Convertible Notes
“Subscription”	subscription of the Convertible Notes by GBIL pursuant to the Subscription Agreement
“Vendor”	Taco Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and is beneficially owned by Mr. So Chi Hiu. It is also the controlling shareholder of LeRoi currently interested in approximately 52.37% of the issued share capital of LeRoi
“Vendor Shares”	205,000,000 existing LeRoi Shares, representing approximately 25.32% of the issued share capital in LeRoi, held by the Vendor
“WYT”	Wai Yuen Tong Medicine Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“WYT Board”	the board of WYT Directors
“WYT Directors”	the directors of WYT
“WYT Group”	WYT and its subsidiaries
“WYT Share(s)”	ordinary shares of HK\$0.01 each in the share capital of WYT
“WYT Shareholder(s)”	holder(s) of WYT Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Wai Yuen Tong Medicine Holdings Limited
Tang Ching Ho
Chairman

Hong Kong, 8 February 2006

* *For identification purposes only*

The WYT Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

Please also refer to the published version of this announcement in The Standard.