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WAH YUEN HOLDINGS LIMITED
華園控股有限公司

(incorporated in Cayman Islands with limited liability)
(Stock code: 2349)

DISCLOSEABLE TRANSACTION
AND
UNUSUAL PRICE AND TRADING VOLUME MOVEMENT

(A) DISCLOSE TRANSACTION

Reference is made to the announcement of the Company dated 13 November 2007 in relation to the Framework Agreement.

On 18 December 2007, Wah Yuen Health Products, a wholly-owned subsidiary of the Company entered into the Share Acquisition Agreement with the Vendor, conditionally agreed to acquire from the Vendor the entire equity interest in Lanke Biological for an aggregate consideration of RMB5,210,000 (equivalent to approximately HK\$5,484,210.53). The Acquisition is subject to the satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Acquisition Agreement” below.

Under the Share Acquisition Agreement, the Consideration is to be satisfied by the Purchaser by (1) paying RMB2,000,000 (equivalent to approximately HK\$2,105,263.16) in cash as earnest money pursuant to the Framework Agreement, payment of which has been made on 10 December 2007; (2) paying RMB2,210,000 (equivalent to approximately HK\$2,326,315.79) in cash within 10 Business Days from the date of the Share Acquisition Agreement; and (3) paying RMB1,000,000 (equivalent to approximately HK\$1,052,631.58) in cash within 15 Business Days from the Completion Date. In addition, pursuant to the Share Acquisition Agreement, an aggregate sum of RMB10,000,000 (equivalent to approximately HK\$10,526,315.79) will be injected by the Wah Yuen Health Products into Lanke Biological to enlarge its registered capital and as funds for further development of the existing business of Lanke Biological.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor and its associates are Independent Third Parties.

As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

A circular containing, among other things, further information in respect of the Acquisition will be sent to the Shareholders as soon as practicable.

(B) UNUSUAL PRICE AND TRADING VOLUME MOVEMENT

The Directors noted an increase in the price and trading volume of the Shares today and wish to state that save for those as stated in this announcement regarding the Acquisition, the Directors are not aware of any reasons for such increases.

The Directors also confirm that save as the Acquisition, there are no negotiation or agreements relating to the intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

(A) DISCLOSEABLE TRANSACTION

Reference is made to the announcement of the Company dated 13 November 2007 in relation the Framework Agreement.

THE SHARE ACQUISITION AGREEMENT

Date: 18 December 2007

Parties:

Purchaser: 華園健康產品有限公司(Wah Yuen Health Products Limited*), a wholly-owned subsidiary of the Company;

Vendor: 上海華源藍科健康產品股份有限公司(Shanghai Worldbest Lanke Health Products Co. Ltd.*).

The Vendor is principally engaged in the sale of health products in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, there is no prior transaction (other than the Acquisition) between the Company and the Vendor and/or its ultimate beneficial owners which would required to be aggregated under Rule 14.22 of the Listing Rules.

Assets to be acquired

The assets to be acquired is the entire equity interest in Lanke Biological. As at the date of this announcement and prior to the Completion, the entire registered and paid up capital of Lanke Biological is beneficially owned by the Vendor.

Conditions of the Share Acquisition Agreement

The Share Acquisition Agreement is subject to and conditional upon the fulfillment or waiver of the following conditions on or before 17 June 2008 (or such later date as shall be agreed between the Vendor and Wah Yuen Health Products):

- (a) the passing by the shareholders of Lanke Biological at a general meeting of Lanke Biological to be convened and held of an ordinary resolution to approve the Share Acquisition Agreement, the amendments to Lanke Biological's articles of association and the transactions contemplated thereunder;
- (b) the passing by the shareholders of the Vendor at a general meeting of the Vendor to be convened and held of an ordinary resolution to approve the Share Acquisition Agreement and the transactions contemplated thereunder;
- (c) the obtaining of valuation report prepared by a qualified valuer in form and substance satisfactory to Wah Yuen Health Products, to certify that the value of the equity interests of Lanke Biological would be more than or equivalent to RMB5,210,000 (equivalent to approximately HK\$5,484,210.53), and such valuation report shall be approved by or registered with the relevant PRC authorities in accordance with the applicable PRC laws and regulations;
- (d) the warranties contained in the Share Acquisition Agreement remaining true and accurate in all respects; and
- (e) no material adverse change in relation to the financial position, repayment capacity, turnover, profitability, prospect or reputation of Lanke Biological since the date of the Share Acquisition Agreement to the Completion.

The Vendor shall use its best endeavour to procure the above conditions to be fulfilled. Conditions (a) to (e) are capable of being waived by Wah Yuen Health Products by written consent either conditionally or unconditionally.

If any of the above conditions has not been fulfilled (or as the case may be, waived by Wah Yuen Health Products) on or before 17 June 2008, either Wah Yuen Health Products or the Vendor (save and except where the Vendor failed to use its best endeavour to procure the above conditions to be fulfilled) may by writing notify the other party to the Share Acquisition Agreement that the Share Acquisition Agreement shall cease and determine and no party to the Share Acquisition Agreement shall have any obligations and liabilities towards each other, save and except where the Vendor failed to use its best endeavour to procure the above conditions be fulfilled.

Completion of the Share Acquisition Agreement is to take place on the date falling fifteen (15) Business Days after fulfillment or waiver of the conditions referred to above.

Consideration

The total consideration for the Sale Shares is RMB5,210,000 (equivalent to approximately HK\$5,484,210.53) to be satisfied by the Purchaser by:

- (1) paying RMB2,000,000 (equivalent to approximately HK\$2,105,263.16) in cash as earnest money pursuant to the Framework Agreement, payment of which has been made on 10 December 2007;
- (2) paying RMB2,210,000 (equivalent to approximately HK\$2,326,315.79) in cash within ten (10) Business Days from the date of the Share Acquisition Agreement;
- (3) paying RMB1,000,000 (equivalent to approximately HK\$1,052,631.58) in cash within fifteen (15) Business Days from the Completion Date.

The Consideration is to be satisfied by the internal resources of the Group.

Also, pursuant to the Share Acquisition Agreement, an aggregate sum of RMB10,000,000 will be injected by the Purchaser into Lanke Biological to enlarge its registered capital and as funds for further development of the existing business of Lanke Biological.

Taking into account the growth potentials of Lanke Biological as demonstrated by the rapid growth of its turnover, the extensive sale network currently in operation as described below, and the possible earning contribution to the Group in the future, against the relatively stable earnings level of the Group, the Directors consider the Consideration to be fair and reasonable so far as the Company and the Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole.

Information on Lanke Biological

Lanke Biological is principally engaged in the sale of omega fatty acids related food, health products and cosmetic products in the PRC.

Omega fatty acids are recognised for their effectiveness in reducing the risk of coronary heart disease. By the increasing health awareness of people together with its strong sale and distribution networks in the PRC, Lanke Biological recorded a substantive growth in its turnover over the past two years, from approximately RMB11,000,000 (equivalent to approximately HK\$13,684,210.53) in December 2006 to RMB21,000,000 (equivalent to approximately HK\$24,210,526.32) in October 2007, representing a growth rate of approximately 90.91%. As at the date of this announcement, Lanke Biological had approximately 300 retail outlets in operation with approximately 20,000 members in the PRC.

According to the unaudited consolidated financial statements of Lanke Biological prepared under the PRC accounting standard, for the year ended 31 December 2005, the net profit before and after taxation was approximately RMB191,700 (equivalent to approximately HK\$201,789.47) and approximately RMB188,352 (equivalent to approximately HK\$198,265.26) respectively. For the year ended 31 December 2006, the net profit before and after taxation was approximately RMB1,040,000 (equivalent to approximately HK\$1,094,736.84) and RMB770,000 (equivalent to approximately HK\$810,526.32) respectively. The net assets value of Lanke Biological was approximately RMB576,600 (equivalent to approximately HK\$606,947.37) and approximately RMB1,346,600 (equivalent to approximately HK\$1,416,842.11) as at 31 December 2005 and 31 December 2006 respectively.

Listing Rules implication

As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

REASONS FOR THE ACQUISITION

The Company is an investment holding company. The principal activities of the Company's subsidiaries comprise manufacturing, distribution and marketing of snack food products and convenience frozen food products in Hong Kong and the PRC, as well as trading and investment holding.

For the last three financial years ended 31 December 2006, the Group has been experiencing intense competition in the industry, resulting in a squeeze in the profit margin of the Group and a reduction in the net profits of the Group when compared to the results 3 years ago. The Directors consider that through the Acquisition, the Group will be able to diversify its revenue and profit bases and to explore the sale and distribution network of Lanke Biological in the PRC. The product variety of Lanke Biological will also broaden the product mix of the Group. In view of the increasing health awareness of the population worldwide and given the potential of the health food product market is tremendous, the Directors consider it is desirable to acquire the entire equity capital in Lanke Biological and the terms of the Share Acquisition Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole.

GENERAL

A circular containing, among other things, details of the Acquisition will be despatched to the Shareholders as soon as practicable.

(B) UNUSUAL PRICE AND TRADE VOLUME MOVEMENT

This statement is made at the request of the Stock Exchange.

The Directors noted an increase in the price and trading volume of the Shares today and wish to state that save for those as stated in this announcement regarding the Acquisition, the Directors are not aware of any reasons for such increases.

The Directors also confirm that save as the Acquisition, there are no negotiation or agreements relating to the intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

DEFINITIONS

“Acquisition”	the acquisition made by Wah Yuen Health Products of the entire issued share capital of Lanke Biological
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Business Day”	not being a Saturday, Sunday and statutory holiday in the PRC
“Company”	Wah Yuen Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Share Acquisition Agreement
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB\$5,210,000 (equivalent to approximately HK\$5,484,210.53) payable by Wah Yuen Health Products for the Acquisition and to be satisfied by cash
“Directors”	directors of the Company
“Framework Agreement”	the framework agreement dated 13 November 2007 made between the Vendor and the Company relating to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any party and its ultimate beneficial owners who are third parties independent of the Company and its connected person
“Lanke Biological”	上海華源藍科生物制品營銷有限公司 (Shanghai Worldbest Lanke Biological Product Sales Co, Ltd.*), a company established under the laws of the PRC, whose entire equity interest is currently held by the Vendor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Share Acquisition Agreement”	the sale and purchase agreement dated 18 December 2007 entered into between the Vendor and Wah Yuen Health Products in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	上海華源藍科健康產品股份有限公司 (Shanghai Worldbest Lanke Health Products Co. Ltd.*)
“Wah Yuen Health Products”	華園健康產品有限公司 (Wah Yuen Health Products Limited*), a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

By order of the Board
Wah Yuen Holdings Limited
But Ka Wai
Chairman

Hong Kong, 19 December 2007

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB0.95 to HK\$1.00. This exchange rate is adopted for the purpose of illustration only and do not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate at all.

As at the date of this announcement, the Board comprises Mr. But Ching Pui (honorary Chairman), Mr. But Ka Wai (Chairman) and But Chai Tong (Vice Chairman) as executive Directors, Madam Leung Wai Ling and Mr. Ngai Chun Kong, Stephen as non-executive Directors and Mr. Cheung Yu Yan, Tommy, Mr. Ip Shing Tong, Francis and Mr. Ku Siu Fung, Stephen as independent non-executive Directors.

* *The English translation of the name is for identification purpose only.*