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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)

CONTINUING CONNECTED TRANSACTIONS TENANCY AGREEMENTS

On 18 February 2015, WYT (Retail) (a subsidiary of the Company) entered into the New Tenancy Agreement with Oriental Sino (an indirect wholly-owned subsidiary of WOG) in respect of the lease of the Premises for a term of three years commencing from 16 February 2015 and expiring on 15 February 2018 at a monthly rental of HK\$900,000 (with an option to renew exercisable by WYT (Retail)).

Implications under the Listing Rules

WOG (through its wholly-owned subsidiary) holds approximately 20.5% of the total issued share capital of the Company and is the substantial shareholder of the Company. Oriental Sino is an indirect wholly-owned subsidiary of WOG and is therefore a connected person of the Company. The Tenancy Agreements constitute continuing connected transactions for the Company for the purpose of the Listing Rules.

As the maximum annual rental payable by WYT (Retail) to Oriental Sino under the New Tenancy Agreement is more than HK\$3 million and the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual rental payable under the New Tenancy Agreement exceed 0.1% and are below 5%, the New Tenancy Agreement (despite of the aggregation with the Existing Tenancy Agreement) will only be subject to the reporting, announcement and annual review requirements and exempt from the independent shareholders' approval requirement under the Listing Rules.

* For identification purpose only

TENANCY AGREEMENTS

The principal terms of the Tenancy Agreements are summarised as follows:

| | New Tenancy Agreement | Existing Tenancy Agreement |
|-------------------|--|---|
| Date: | 18 February 2015 | 14 November 2013 |
| Landlord: | Oriental Sino, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of WOG. It is principally engaged in property investment. | Good Excellent Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of WOG. It is principally engaged in property investment. |
| Tenant: | WYT (Retail), a company incorporated in Hong Kong with limited liability and is a subsidiary of the Company. It is principally engaged in retail and sale of Chinese pharmaceutical and health food product business. | WYT (Retail) |
| Premises: | Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong having a saleable area of approximately 1,204 square feet for retail purpose. | All that Shop on Ground Floor with the Cockloft, 60A Yen Chow Street, Kowloon having an area of approximately 1,400 square feet for retail purpose. |
| Term: | three years from 16 February 2015 to 15 February 2018, both dates inclusive (with an option to renew exercisable by WYT (Retail) for a further term of three years at HK\$1,020,000 per month) | two years from 4 October 2013 to 3 October 2015, both dates inclusive. It is expected that the Existing Tenancy Agreement will be renewed for a further term of two years upon its expiry |
| Rental: | HK\$900,000 per month, exclusive of management fees, rates, government rent and all other outgoings, payable monthly in advance | HK\$68,750 per month, exclusive of management fee, rates, government rent and all other outgoings, payable monthly in advance. It is expected that the monthly rental payable under the Existing Tenancy Agreement (if renewed) shall not be more than HK\$90,000 |
| Rent free period: | 16 February 2015 to 15 April 2015, both dates inclusive | N/A |
| Deposit: | HK\$2,700,000 | HK\$206,250 |

AGGREGATE ANNUAL CAP OF THE TENANCY AGREEMENTS

The aggregate annual cap for the Tenancy Agreements based on the total annual rental paid/payable thereunder during their respective terms of tenancy for each of the years ending 31 March 2015, 2016, 2017 and 2018 will be as follows:

| | For the year ending 31 March | | | |
|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| | 2015 | 2016 | 2017 | 2018 |
| | HK\$ | HK\$ | HK\$ | HK\$ |
| New Tenancy Agreement | — | 10,350,000 | 10,800,000 | 9,482,143 |
| Existing Tenancy Agreement | <u>825,000</u> | <u>950,444[#]</u> | <u>1,080,000[#]</u> | <u>548,710[#]</u> |
| | <u>825,000</u> | <u>11,300,444</u> | <u>11,880,000</u> | <u>10,030,853</u> |

[#] The annual cap is estimated based on the assumption that the Existing Tenancy Agreement will be renewed for a further term of two years from 4 October 2015 to 3 October 2017 at a monthly rental of not more than HK\$90,000.

REASONS FOR THE NEW TENANCY AGREEMENT

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; and (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 Premises under the New Tenancy Agreement are rented for the operation of the retail stores of the Group in Causeway Bay.

The terms of the New Tenancy Agreement were reached on an arm’s length basis with reference to similar properties of size, terms, location and the prevailing market conditions in the vicinity. Having considered the foregoing, the Directors, including the independent non-executive Directors, consider that the entering into of the New Tenancy Agreement is in the ordinary course of business of the Company, on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

WOG (through its wholly-owned subsidiary) holds approximately 20.5% of the total issued share capital of the Company and is the substantial shareholder of the Company. Oriental Sino is an indirect wholly-owned subsidiary of WOG and is therefore a connected person of the Company. The Tenancy Agreements constitute continuing connected transactions for the Company for the purpose of the Listing Rules.

As the maximum annual rental payable by WYT (Retail) to Oriental Sino under the New Tenancy Agreement is more than HK\$3 million and the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual rental payable under the New Tenancy Agreement exceed 0.1% and are below 5%, the New Tenancy Agreement (despite of the aggregation with the Existing Tenancy Agreement) will only be subject to the reporting, announcement and annual review requirements and exempt from the independent shareholders’ approval requirement under the Listing Rules.

Mr. Tang Ching Ho (being the controlling shareholder and the executive director of WOG) and Mr. Chan Chun Hong, Thomas (the executive director of WOG) did abstain from voting on the relevant Board resolution(s) in view of their material interests in the New Tenancy Agreement.

DEFINITIONS

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

| | |
|------------------------------|---|
| “Board ” | the board of the Directors |
| “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 |
| “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) |
| “Director(s)” | the director(s) of the Company |
| “Existing Tenancy Agreement” | the existing tenancy agreement dated 14 November 2013 entered into between WYT (Retail) and Good Excellent Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of WOG |
| “Group” | the Company together with 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 |
| “New Tenancy Agreement” | the tenancy agreement dated 18 February 2015 entered into between WYT (Retail) and Oriental Sino in respect of the Premises |
| “Oriental Sino” | Oriental Sino Investments Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of WOG |
| “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 |
| “Premises” | Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong having a saleable area of approximately 1,204 square feet for retail purpose |

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| | |
|----------------------|---|
| “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 622 of the Laws of Hong Kong) |
| “Tenancy Agreements” | collectively, the New Tenancy Agreement and the Existing Tenancy Agreement |
| “WOG” | Wang On Group Limited (宏安集團有限公司)*, 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: 1222) |
| “WOG Group” | WOG and its subsidiaries |
| “WYT (Retail)” | Wai Yuen Tong (Retail) Limited, a company incorporated in Hong Kong with limited liability and is a subsidiary of the Company |
| “%” | per cent. |

By Order of the Board
WAI YUEN TONG MEDICINE HOLDINGS LIMITED
 (位元堂藥業控股有限公司*)
Tang Mui Fun
Director

Hong Kong, 18 February 2015

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 and Mr. Cho Wing Mou.

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