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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
IN RELATION TO DISPOSAL OF PROPERTY

THE DISPOSAL

The Board announces that on 28 March 2019 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Preliminary Agreement with the Purchaser, pursuant to which the Vendor will sell and the Purchaser will purchase the Property for a consideration of HK\$102,800,000. Upon Completion, the Property will be delivered to the Purchaser subject to the lease under a tenancy agreement between the Vendor and Wai Yuen Tong (Retail) Limited for a term of three years expiring on 31 January 2022.

GENERAL

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates has a material interest in the Disposal, thus no Shareholders is required to abstain from voting for the resolution if the Company were to convene a special general meeting to approve the Disposal. Rich Time Strategy Limited, a wholly-owned subsidiary of WOG and the controlling shareholder of the Company, which is interested in 715,322,940 Shares, representing approximately 58.08% of the issued Shares as at the date of this announcement, has approved the Disposal by a written shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company.

* For identification purpose only

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch a circular containing, amongst other things, details of the Disposal, to the Shareholders within 15 business days after the publication of this announcement, which is on or before 23 April 2019. Given that additional time is required for the Company to prepare and finalise the financial information of the Group to be included in the circular; and the Company is in the process of preparing the final results for the year ended 31 March 2019 and such results is not expected to be released to the public until the mid to end of June 2019, and in order to avoid any potential inside information being disclosed in the circular prior to the release of such information in the final results for the year ended 31 March 2019, the circular will only be despatched to the Shareholders upon the release of the final results. The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. The circular is expected to be despatched to the Shareholders on or before 25 June 2019.

INTRODUCTION

The Board announces that on 28 March 2019 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Preliminary Agreement with the Purchaser, pursuant to which the Vendor will sell and the Purchaser will purchase the Property for the Consideration.

THE PRELIMINARY AGREEMENT

- Date** : 28 March 2019 (after trading hours)
- Vendor** : Precious Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in property holding.
- Purchaser** : Gloryway Capital Investment Limited, a company incorporated in Hong Kong with limited liability, which is principally engaged in property investment.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons and there was no previous transaction entered into between any member of the Group and the Purchaser prior to the date of the Preliminary Agreement which will need to be aggregated with the Disposal.

Asset to be disposed of : Pursuant to the Preliminary Agreement, the Vendor will sell and the Purchaser will purchase the Property for the Consideration.

The Property is the Ground and Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon. The Property has a total saleable floor area of approximately 1,318 square feet.

The Property is currently leased to an indirect subsidiary of the Company as a retail shop under a tenancy agreement between the Vendor and Wai Yuen Tong (Retail) Limited for a term of three years expiring on 31 January 2022 at a monthly rent of HK\$250,000 exclusive of rates and management fee. Upon Completion, the Property will be delivered to the Purchaser subject to the lease.

Consideration : HK\$102,800,000

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the rental yield for leasing of the Property, the recent transactions of similar types of properties in the market and the preliminary valuation of the Property indicated by an independent property valuer.

Terms of payment : (a) A sum of HK\$5,000,000 as deposit has been paid by the Purchaser to the Vendor upon the signing of the Preliminary Agreement.

(b) A sum of HK\$5,280,000 as further deposit will be paid by the Purchaser to the Vendor upon the execution of the Formal Agreement, which is expected to be on or before 9 April 2019.

(c) The balance payment of the Consideration in the sum of HK\$92,520,000 will be paid by the Purchaser to the Vendor upon Completion.

Completion : Completion is expected to take place on 30 May 2019.

INFORMATION ON THE GROUP

The Group is principally engaged in (a) 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 (b) processing and retailing of western pharmaceutical products and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”; and (c) property investment. The Vendor is principally engaged in property holding.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability which is principally engaged in the business of property investment.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group acquired the Property at HK\$69.0 million in April 2018. The unaudited carrying value of the Property was approximately HK\$67.1 million as at 28 February 2019.

The Directors believe that the Disposal represents a good opportunity for the Company to realise the value of the Property at a reasonable price and the proceeds from the Disposal will improve the financial position and increase the general working capital of the Group.

The terms of the Preliminary Agreement were arrived at by the Vendor and the Purchaser after arm’s length negotiation. The Directors, including the independent non-executive Directors, consider that the terms of the Preliminary Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

The net proceeds arising from the Disposal of approximately HK\$100.5 million (after deducting other expenses in relation to the Disposal) will be used for repaying bank loans and general working capital of the Group.

Based on, *inter alia*, the Consideration, the unaudited carrying value of the Property as at 28 February 2019, and the related expenses for the Disposal, the Group currently expects to record a gain on disposal of approximately HK\$33.5 million upon Completion.

GENERAL

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates has a material interest in the Disposal, thus no Shareholders is required to abstain from voting for the resolution if the Company were to convene a special general meeting to approve the Disposal. Rich Time Strategy Limited, a wholly-owned subsidiary of WOG and the controlling shareholder of the Company, which is interested in 715,322,940 Shares, representing approximately 58.08% of the issued Shares as at the date of this

announcement, has approved the Disposal by a written shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch a circular containing, amongst other things, details of the Disposal, to the Shareholders within 15 business days after the publication of this announcement, which is on or before 23 April 2019. Given that additional time is required for the Company to prepare and finalise the financial information of the Group to be included in the circular; and the Company is in the process of preparing the final results for the year ended 31 March 2019 and such results is not expected to be released to the public until the mid to end of June 2019, and in order to avoid any potential inside information being disclosed in the circular prior to the release of such information in the final results for the year ended 31 March 2019, the circular will only be despatched to the Shareholders upon the release of the final results. The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. The circular is expected to be despatched to the Shareholders on or before 25 June 2019.

DEFINITIONS

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

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| “associate(s)” | has the meaning as ascribed thereto under the Listing Rules |
| “Board” | the board of the Director(s) |
| “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) |
| “Completion” | completion of the Disposal |
| “connected person(s)” | has the meaning as ascribed thereto under the Listing Rules |
| “Consideration” | the consideration of HK\$102,800,000 for the sale and purchase of the Property |
| “controlling shareholder” | has the meaning as ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Disposal” | the sale of the Property contemplated under the Preliminary Agreement |

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| “Formal Agreement” | the formal agreement to be entered into between the Vendor and the Purchaser on or before 9 April 2019 in relation to the Disposal |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “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 |
| “Preliminary Agreement” | the preliminary sale and purchase agreement dated 28 March 2019 entered into between the Vendor and the Purchaser in relation to the Disposal |
| “Property” | being a shop located at Ground and Mezzanine Floor, No. 166 Sai Yeung Choi Street South, Kowloon with a total saleable floor area of approximately 1,318 square feet |
| “Purchaser” | Gloryway Capital Investment Limited, a company incorporated in Hong Kong with limited liability and is principally engaged in property investment |
| “Share(s)” | the ordinary share(s) of HK\$0.01 (each) in the issued share capital of the Company |
| “Shareholder(s)” | the holder(s) of 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) |
| “Vendor” | Precious Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement, which is principally engaged in property holding |

“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)

“%”

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
Executive Director

Hong Kong, 28 March 2019

As at the date of this announcement, the executive Directors are Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun and Ms. Tang Wai Man, and the independent non-executive Directors are Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David.

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