

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**COMPLETION OF THE  
DISPOSAL AND LEASEBACK OF THE PROPERTY  
AND  
CONTINUING CONNECTED TRANSACTIONS**

**COMPLETION OF THE DISPOSAL AND LEASEBACK OF THE PROPERTY**

The Board is pleased to announce that the Disposal and leaseback of the Property have been completed on 27 March 2007.

**CONTINUING CONNECTED TRANSACTIONS**

On 27 March 2007, the Group entered into the Sub-Lease Agreement and the Property Management Agreement with the Wang On Group to continue the lease of the Leased Area and to continue to engage the Wang On Group to provide property management services for the Property.

The Sub-Lease Agreement and the Property Management Agreement constitute continuing connected transactions for the Company under Rule 14A.32 of the Listing Rules and are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

Reference is made to the Announcement and the Circular issued by the Company in relation to the Disposal and leaseback of the Property. Capitalised terms used in this announcement shall have the same meanings as defined in the Circular unless the context herein requires otherwise.

**COMPLETION OF THE DISPOSAL**

The Board is pleased to announce that the Disposal of the Property has been completed on 27 March 2007 and the Company has, pursuant to the Conditional Sale and Purchase Agreement, entered into the Leaseback Agreement to leaseback the entire Property which shall be managed by the Company pursuant to the same agreement.

## CONTINUING CONNECTED TRANSACTIONS

### Background to and reasons for the Sub-Lease Agreement and the Property Management Agreement

As stated in the Circular, prior to Completion of the Disposal and leaseback of the Property, a majority portion of the Property was occupied by the group companies of the Company for operating use; while the remaining portion, being the ground floor and 5th floor of the Property with a total floor area of approximately 1,784.38 sq.m., was leased to a wholly-owned subsidiary of Wang On for its operation. The Wang On Group was also engaged by the Group to provide property management service for the Property. To facilitate Completion of the Conditional Sales and Purchase Agreement, the Group requested the Wang On Group to terminate the above sub-lease and property management agreements. Wang On Group agreed to such termination, on the understanding that the Group would upon Completion of the Disposal and leaseback of the Property, enter into a new sub-lease agreement and property management agreement with the Wang On Group on largely the same terms as the previous arrangements. Accordingly, on 27 March 2007, the Group in a capacity as tenant of the Property entered into the Sub-Lease Agreement and the Property Management Agreement with the Wang On Group. Principal terms of the Sub-Lease Agreement and the Property Management Agreement are set out below:

#### THE SUB-LEASE AGREEMENT

<b>Parties:</b>	the Company, as lessor  Denox Management Limited, a wholly-owned subsidiary of Wang On, as tenant
<b>Terms:</b>	Commencing from the date of the Sub-Lease Agreement and expiry on 30 June 2009
<b>Rental:</b>	HK\$160,000 per month, exclusive of rates and management fee
<b>Payment terms:</b>	payable to the Company in advance on the first day of each month

#### THE PROPERTY MANAGEMENT AGREEMENT

<b>Parties:</b>	Daywin Limited, a wholly-owned subsidiary of the Company, as the principal Goodtech Management Limited, a wholly-owned subsidiary of Wang On, as the agent
<b>Term:</b>	three years commencing from the date of the Property Management Agreement, subject to termination by notice given by either parties in writing of not less than three months
<b>Management fee:</b>	HK\$8,000 per month
<b>Payment term:</b>	in practice, payable by the Company on the first day of the following month

## **ANNUAL CAPS**

The annual caps under the Sub-Lease Agreement for the three years ending 31 March 2010 are HK\$1,920,000, HK\$1,920,000 and HK\$480,000 respectively which are based on the rental as agreed under the Sub-Lease Agreement.

The annual caps under the Property Management Agreement for the three years ending 31 March 2010 are HK\$96,000 per annum which are based on the management fee as agreed under the Property Management Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sub-Lease Agreement and the Property Management Agreement, including the rental and the management fee, are on normal commercial terms and fair and reasonable and the entering into of the above is in the interest of the Company and the Shareholders as a whole.

## **INFORMATION OF THE GROUP AND THE WANG ON GROUP**

The Group is principally engaged in (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicine 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) processing and retailing of western pharmaceutical products under the brand name of “Madame Pearl’s”; and (iii) property holding and investments.

The Wang On Group is principally engaged in property development, property investment, management and sublicensing of wet markets, shopping centres and car parks.

## **GENERAL**

As at the date of this announcement, the Wang On Group is interested in approximately 49% of the entire issued share capital of the Group, accordingly, Wang On is a controlling and substantial shareholder of the Company. Based on the aggregate of the annual rental and the property management fee, the Sub-Lease Agreement and the Property Management Agreement constitute continuing connected transactions for the Company under Rule 14A.32 of the Listing Rules and are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

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

## **DEFINITIONS**

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

“Announcement”	the announcement dated 14 February 2007 made by the Company
“Circular”	the circular issued to the Shareholders on 5 March 2007
“Company”	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

“Denox”	Denox Management Limited, a wholly-owned subsidiary of Wang On
“Leased Area”	the ground floor and 5th floor of the Property with a total floor area of approximately 1,784.38 sq.m.
“Property Management Agreement”	the property management agreement dated 27 March 2007 entered into between Daywin Limited, a wholly-owned subsidiary of the Company, and Goodtech Management Limited, a wholly-owned subsidiary of Wang On, in relation to the engagement of the Wang On Group to provide the property management services for the Property
“Sub-Lease Agreement”	the licence agreement dated 27 March 2007 entered into between the Company and Denox in respect of the lease of the Leased Area

By order of the Board  
**WAI YUEN TONG MEDICINE HOLDINGS LIMITED**  
**Chan Chun Hong, Thomas**  
*Managing Director*

Hong Kong, 28 March 2007

\* *For identification purpose only*

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