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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)



WANG ON GROUP LIMITED
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

**TOP-UP PLACING OF EXISTING
SHARES AND TOP-UP
SUBSCRIPTION OF NEW SHARES
AND
RESUMPTION OF TRADING**

**DISCLOSEABLE TRANSACTIONS IN
RELATION TO
TOP-UP PLACING AND TOP-UP
SUBSCRIPTION OF SHARES IN
WAI YUEN TONG MEDICINE
HOLDINGS LIMITED**

Placing Agent



KINGSTON SECURITIES LIMITED

THE TOP-UP PLACING

On 7 May 2008, the Vendor entered into the Top-up Placing and Subscription Agreement with the Placing Agent and the Company. Pursuant to the Top-up Placing and Subscription Agreement, the Vendor agreed to place, through the Placing Agent, an aggregate of 335,004,000 existing Shares, on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners will not be connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules) at a price of HK\$0.165 per Top-up Placing Share. Pursuant to the Top-up Placing and Subscription Agreement, the Vendor conditionally agreed to subscribe for an aggregate of 335,004,000 Top-up Subscription Shares at a price of HK\$0.165 per Top-up Subscription Share.

* For identification purpose only

The Top-up Placing Price (or the Top-up Subscription Price) of HK\$0.165 represents (i) a discount of approximately 11.76% to the closing price of HK\$0.187 per Share as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement; (ii) a discount of approximately 9.84% to the average closing price per Share of approximately HK\$0.183 as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the date of the Top-up Placing and Subscription Agreement; and (iii) a discount of approximately 9.34% to the average closing price per Share of HK\$0.182 as quoted on the Stock Exchange for the last ten consecutive trading days prior to and including the date of the Top-up Placing and Subscription Agreement.

The 335,004,000 Top-up Placing Shares (or the 335,004,000 Top-up Subscription Shares) represent (i) approximately 20.00% of the existing issued share capital of the Company of 1,675,347,688 Shares as at the date of this joint announcement; and (ii) approximately 16.66% of the issued share capital of the Company of 2,010,351,688 Shares as enlarged by the Top-up Subscription.

The Top-up Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-up Subscription Shares; and (ii) completion of the Top-up Placing.

The gross proceeds from the Top-up Subscription will be approximately HK\$55.3 million. The net proceeds of approximately HK\$53.3 million from the Top-up Subscription are intended to be used as to approximately HK\$10.0 million for expansion of retail network in the PRC and Hong Kong, as to approximately HK\$20.0 million for repayment of interest-bearing loans and the remaining balance for general working capital for the Group. The net proceeds raised per Share upon completion of the Top-up Subscription will be approximately HK\$0.1591 per Share.

IMPLICATIONS UNDER THE LISTING RULES ON WANG ON

The Top-up Placing and the Top-up Subscription constitute discloseable transactions under Chapter 14 of the Listing Rules on the part of Wang On as the relevant percentage ratio exceeds 5% but under 25%.

A circular, containing further details of the Top-up Placing and Subscription Agreement, will be despatched to the shareholders of Wang On as soon as practicable and in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on Thursday, 8 May 2008 pending the release of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on Tuesday, 13 May 2008.

THE TOP-UP PLACING AND SUBSCRIPTION AGREEMENT

Date

7 May 2008

Parties involved

The Vendor, the Company and the Placing Agent

THE TOP-UP PLACING

Parties involved

The Vendor and the Placing Agent

Placing Agent

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the actual number of Top-up Placing Shares being placed, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules).

Placees

The Placing Agent agreed to place the Top-up Placing Shares, on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners will not be connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules). No individual Placee will become a substantial Shareholder (as defined under the Listing Rules) immediately after completion of the Top-up Placing.

Top-up Placing Price

The Top-up Placing Price (or the Top-up Subscription Price) of HK\$0.165 represents (i) a discount of approximately 11.76% to the closing price of HK\$0.187 per Share as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement; (ii) a discount of approximately 9.84% to the average closing price per Share of approximately HK\$0.183 as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the date of the Top-up Placing and Subscription Agreement; and (iii) a discount of approximately 9.34% to the average closing price per Share of HK\$0.182 as quoted on the Stock Exchange for the last ten consecutive trading days prior to and including the date of the Top-up Placing and Subscription Agreement.

The Top-up Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent on 7 May 2008. The Directors consider that the terms of the Top-up Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Number of the Top-up Placing Shares

The 335,004,000 Top-up Placing Shares (or the 335,004,000 Top-up Subscription Shares) represent (i) approximately 20.00% of the existing issued share capital of the Company of 1,675,347,688 Shares as at the date of this joint announcement; and (ii) approximately 16.66% of the issued share capital of the Company of 2,010,351,688 Shares as enlarged by the Top-up Subscription.

Ranking of Top-up Placing Shares

The Top-up Placing Shares rank *pari passu* among themselves and with Shares in issue as at the date of this joint announcement.

Conditions of the Top-up Placing

The Top-up Placing is unconditional.

Completion

The Top-up Placing is expected to be completed on or before 16 May 2008.

THE TOP-UP SUBSCRIPTION

Parties involved

The Company and the Vendor

The Top-up Subscription Price

The Top-up Subscription Price is HK\$0.165 per Share. The Top-up Subscription Price is the same as the Top-up Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Top-up Placing Price of the Top-up Placing Shares.

Number of Top-up Subscription Shares

The number of Top-up Subscription Shares is equivalent to the number of Top-up Placing Shares, being 335,004,000 Shares.

Ranking of Top-up Subscription Shares

The Top-up Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of issue and allotment of the Top-up Subscription Shares.

The Top-up Subscription Shares

The Top-Up Subscription Shares are to be issued under the General Mandate. The total number of issued Shares as at the date of the AGM was 1,675,347,688 Shares. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to allot and issue are 335,069,537 Shares (up to 20% of the then issued share capital of the Company). Since the date of the AGM and up to the date of this joint announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

Conditions of the Top-up Subscription

The Top-up Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-up Subscription Shares; and
- (ii) completion of the Top-up Placing.

Completion

Under Rule 14A.31(3)(d) of the Listing Rules, the Top-up Subscription must be completed within 14 days from the date of the Top-up Placing and Subscription Agreement, that is, on or before 20 May 2008.

In the event that the conditions to the Top-up Placing and Subscription Agreement are not fulfilled by 20 May 2008, or such later date as may be agreed between the Company and the Vendor, the Company and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval), to postpone completion of the Top-up Subscription to a later date to be agreed between the Company and the Vendor.

REASON FOR THE TOP-UP PLACING AND USE OF PROCEEDS

The Directors consider various ways of raising funds and consider that the Top-up Placing and the Top-up Subscription represent an opportunity to raise capital for the Company while broadening the Shareholders' base and capital base of the Company. Accordingly, the Directors consider the Top-up Placing and Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

Being the substantial Shareholder, the directors (including the independent non-executive directors) of Wang On consider that the Top-up Placing and Top-up Subscription are entered into upon normal commercial terms following arm's length negotiations between the Company, Vendor and the Placing Agent and that the terms of the Top-up Placing and Subscription Agreement are fair and reasonable and are in the interests of Wang On and its shareholders as a whole.

The gross proceeds from the Top-up Subscription will be approximately HK\$55.3 million. The net proceeds of approximately HK\$53.3 million from the Top-up Subscription are intended to be used as to approximately HK\$10.0 million for expansion of retail network in the PRC and Hong Kong, as to approximately HK\$20.0 million for repayment of interest-bearing loans and the remaining balance for general working capital for the Group. The net proceeds raised per Share upon completion of the Top-up Subscription will be approximately HK\$0.1591 per Share.

Based on the unaudited interim report of the Company dated 30 September 2007 and upon completion of the Top-up Placing and Subscription Agreement, there will be an expected loss of approximately HK\$26.1 million by Wang On.

OTHER INFORMATION OF THE COMPANY AND WANG ON

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summaries the fund raising activities of the Company in the last 12 months immediately before the date of this joint announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this joint announcement
11 June 2007	Placing of new Shares	HK\$124.1 million	approximately HK\$70 million for expansion of retail network in the PRC and Hong Kong and approximately HK\$54.1 million for general working capital	approximately HK\$50 million, approximately HK\$180 million and approximately HK\$119.6 million have been utilised by the Company for expansion of retail network in the PRC and Hong Kong, for acquisition of new investment or business and for general working capital respectively
	Placing of convertible notes	HK\$245.5 million	approximately HK\$180 million for potential acquisition of new investment or business and approximately HK\$65.5 million for general working capital	The remaining of approximately HK\$20 million is currently being held as bank deposit and is still intended to be used for the expansion of retail network in the PRC and Hong Kong

EFFECTS ON SHAREHOLDING STRUCTURE

	As at the date of this joint announcement		Immediately after the Top-up Placing but before the Top-up Subscription		Immediately after the Top-up Subscription	
	Approximate		Approximate		Approximate	
	Shares	%	Shares	%	Shares	%
The Vendor (<i>Note 1</i>)	474,209,324	28.31%	139,205,324	8.31%	474,209,324	23.59%
Placees of the Top-up Placing (<i>Note 2</i>)	–	–	335,004,000	20.00%	335,004,000	16.66%
Other public Shareholders	<u>1,201,138,364</u>	<u>71.69%</u>	<u>1,201,138,364</u>	<u>71.69%</u>	<u>1,201,138,364</u>	<u>59.75%</u>
Total	<u><u>1,675,347,688</u></u>	<u><u>100.00%</u></u>	<u><u>1,675,347,688</u></u>	<u><u>100.00%</u></u>	<u><u>2,010,351,688</u></u>	<u><u>100.00%</u></u>

Notes

- 1) The Vendor, is wholly owned by Wang On Enterprises (BVI) Limited, which is a wholly-owned subsidiary of Wang On.
- 2) Such Shares would be allotted and issued upon completion of the Top-up Placing.

GENERAL

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 products under the brand name of “Madame Pearl’s”.

The existing authorised share capital of the Company consists of 60,000,000,000 Shares out of which 1,675,347,688 Shares are issued and fully paid up.

The following table summaries the approximate total assets and net profit (before and after taxation) of the Company attributable to the Top-up Placing Shares and Top-up Subscription Shares:

Total Assets

	<i>HK\$ million</i>
Total assets <i>(as at the date of the Company's unaudited interim report dated 30 September 2007)</i>	1,191.9
Purchase of convertible notes by the Company <i>(According to Company's announcement dated 11 March 2008)</i>	(98.5)
Adjusted total assets	1,093.4
Attributable to the Top-up Placing Shares (approximately 20%)	218.7
Attributable to the Top-up Subscription Shares (approximately 15.28%)	167.1

Net Profit

	Net profit (before tax) of the Company For the year ended 31 March 2006 <i>(HK\$ million)</i>	Net profit (after tax) of the Company For the year ended 31 March 2006 <i>(HK\$ million)</i>	Net profit (before tax) of the Company For the year ended 31 March 2007 <i>(HK\$ million)</i>	Net profit (after tax) of the Company For the year ended 31 March 2007 <i>(HK\$ million)</i>
Net profit	(107.4)	(106.2)	10.9	9.9
Attributable to the Top-up Placing Shares (approximately 20%)	(21.5)	(21.2)	2.2	2.0
Attributable to the Top-up Subscription Shares (approximately 15.28%)	(16.4)	(16.2)	1.7	1.5

The Wang On Group is principally engaged in development and management of agricultural by-products wholesaling business in the PRC and Hong Kong, property investment, property development, management and sub-licensing of wet markets in the PRC and Hong Kong, management and sub-licensing shopping centres in Hong Kong. It also has interests in the pharmaceutical business through its investments in the Company. As at the date of this joint announcement, the Vendor held 474,209,324 Shares of the Company is wholly owned by Wang On Enterprises (BVI) Limited, which is a wholly-owned subsidiary of Wang On.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Top-up Subscription Shares.

Further announcement will be made by the Company upon completion of the Top-up Placing and Subscription Agreement.

IMPLICATIONS UNDER THE LISTING RULES ON WANG ON

The Top-up Placing and the Top-up Subscription constitute discloseable transactions under Chapter 14 of the Listing Rules on the part of Wang On as the relevant percentage ratio exceeds 5% but under 25%.

A circular, containing further details of the Top-up Placing and Subscription Agreement, will be despatched to the shareholders of Wang On as soon as practicable and in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on Thursday, 8 May 2008 pending the release of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on Tuesday, 13 May 2008.

Terms and definitions

“AGM”	the annual general meeting of the Company held on 30 August 2007
“Board”	the board of Directors
“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 and the shares of which are listed on the main board of the Stock Exchange

* *For identification purpose only*

“Director(s)”	the director(s) of the Board
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under Top-up Placing and Subscription Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	The People’s Republic of China
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-up Placing”	the placing of 335,004,000 existing Shares pursuant to the terms of the Top-up Placing and Subscription Agreement
“Top-up Placing and Subscription Agreement”	the agreement dated 7 May 2008 entered into between the Vendor, the Company and the Placing Agent in relation to the Top-up Placing and the Top-up Subscription
“Top-up Placing Price”	HK\$0.165 per Top-up Placing Share

“Top-up Placing Share(s)”	a total of 335,004,000 existing Shares, beneficially owned by the Vendor and to be placed pursuant to the Top-up Placing and Subscription Agreement
“Top-up Subscription”	the subscription of 335,004,000 new Shares pursuant to the terms of the Top-up Placing and Subscription Agreement
“Top-up Subscription Price”	HK\$0.165 per Top-up Subscription Share
“Top-up Subscription Share(s)”	a total of 335,004,000 new Shares to be subscribed for by the Vendor pursuant to the Top-up Placing and Subscription Agreement
“Vendor”	Rich Time Strategy Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Wang On
“Wang On”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Wang On Group”	Wang On and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	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
Managing Director

By order of the board
Wang On Group Limited
(宏安集團有限公司)*
Tang Ching Ho
Chairman

Hong Kong, 9 May 2008

* *For identification purpose only*

As at the date of this joint announcement, the Board comprises three executive Directors, namely Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun, 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.

As at the date of this joint announcement, the board of directors of Wang On comprises three executive directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, and four independent non-executive directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.