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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**

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The Board would like to announce that on 30 June 2009, the Company entered into the Sub-Lease Agreement with the Wang On Group to continue the lease of the Leased Area.

The transactions contemplated under the Sub-Lease Agreement constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

#### **BACKGROUND TO AND REASONS FOR THE SUB-LEASE AGREEMENT**

The Company has been leasing out the Leased Area to the Wang On Group pursuant to the Previous Sub-Lease Agreement, details of which were announced by the Company on 28 March 2007. Since the Previous Sub-Lease Agreement will expire on 30 June 2009, on 30 June 2009, the Company entered into the Sub-Lease Agreement with the Wang On Group for a term of three years commencing from 1 July 2009 to 30 June 2012. The Directors consider that the entering into of the Sub-Lease Agreement benefits the Company by generating rental income for the Group.

#### **THE SUB-LEASE AGREEMENT**

Date : 30 June 2009

Parties : the Company, as lessor; and

Wang On Management, as tenant, which is principally engaged in provision of management services

Term	:	three years commencing from 1 July 2009 and expiring on 30 June 2012
Rental	:	HK\$140,000 per month, exclusive of all rates, taxes, assessments, duties, charges, impositions and outgoings imposed or charged from time to time on the Leased Area or upon the owner or the occupier of the Leased Area by the Hong Kong government or other competent authority, which is determined with reference to the prevailing market rental of comparable industrial properties in the locality
Payment terms	:	payable by Wang On Management to the Company in advance on the first day of each month

## **CAPS**

The caps under the Sub-Lease Agreement for the nine months ending 31 March 2010 and each of the three years ending 31 March 2013 are HK\$1,260,000, HK\$1,680,000, HK\$1,680,000 and HK\$420,000, respectively, which are based on the rental as agreed under the Sub-Lease Agreement.

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

## **HISTORICAL FIGURES**

The historical rental paid by Denox Management Limited (now known as Wang On Management Limited) to the Company under the Previous Sub-Lease Agreement for the period from the date of the Previous Sub-Lease Agreement to 31 March 2007, each of the two years ended 31 March 2009 and the period from 1 April 2009 to 30 June 2009 were approximately HK\$26,000, HK\$1,920,000, HK\$1,920,000 and HK\$480,000, respectively.

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

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 Wang On Group is principally engaged in development and management of agricultural by-products wholesaling business in Hong Kong, management and sub-licensing of wet markets in the PRC and Hong Kong, property development, property investment, management and sub-licensing shopping centres in Hong Kong. It also has interests in the pharmaceutical business through its investments in the Company.

## GENERAL

As at the date of this announcement, Wang On was interested in approximately 21.85% of the entire issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, the transactions contemplated under the Sub-Lease Agreement constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of the 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 (Stock Code: 897)
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Area”	portions of the industrial spaces on the ground floor and 5th floor of the Property with a total gross floor area of approximately 1,487 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Previous Sub-Lease Agreement”	the licence agreement dated 27 March 2007 entered into between the Company and Denox Management Limited (now known as Wang On Management) in respect of the lease of the Leased Area
“Property”	Wai Yuen Tong Medicine Building, a six-storey building situated at 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong

“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Lease Agreement”	the licence agreement dated 30 June 2009 entered into between the Company and Wang On Management in respect of the lease of the Leased Area
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“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 (Stock Code: 1222)
“Wang On Group”	Wang On together with its subsidiaries
“Wang On Management”	Wang On Management Limited (formerly known as Denox Management Limited), a wholly-owned subsidiary of Wang On as at the date of this announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“sq.m.”	square metres

By Order of the Board  
**Wai Yuen Tong Medicine Holdings Limited**  
(位元堂藥業控股有限公司\*)  
**Mak Yuen Ming, Anita**  
*Company Secretary*

Hong Kong, 2 July 2009

*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. Yuen Chi Choi, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou.*

\* *For identification purpose only*