

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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)**

**CONTINUING CONNECTED TRANSACTIONS**

On 14 January 2013, WYTM, an indirect subsidiary of the Company, entered into the Master Sales Agreement with WOM, an indirect wholly-owned subsidiary of Wang On, for the sales of the Group's Products to WOM (for itself and on behalf of other members of the Wang On Group) for a term with retrospective effect from 1 April 2012 and until 31 March 2015.

As at the date of this announcement, the Wang On Group is holding approximately 20.84% of the issued share capital of the Company and thus the Wang On Group is a substantial shareholder of the Company. Accordingly, the Wang On Group is a connected person of the Company for the purpose of the Listing Rules, and transactions contemplated under the Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount under the Master Sales Agreement is expected to be more than 0.1% but less than 5% of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), the transactions contemplated under the Master Sales Agreement are subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules and exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

\* *For identification purpose only*

On 14 January 2013, WYTM, an indirect subsidiary of the Company, entered into the Master Sales Agreement with WOM, an indirect wholly-owned subsidiary of Wang On, for the sales of the Group's Products to WOM (for itself and on behalf of other members of the Wang On Group) for a term with retrospective effect from 1 April 2012 and until 31 March 2015.

## **MASTER SALES AGREEMENT**

**Date:** 14 January 2013

### **Parties:**

- (1) Supplier: WYTM, an indirect subsidiary of the Company and (together with other members of the Group) principally engaged in manufacturing and sales of Chinese and western pharmaceutical, health food and personal care products, bottled birds' nest drinks and herbal essence products; and
- (2) Purchaser: WOM, an indirect wholly-owned subsidiary of Wang On and principally engaged in provision of management services for the Wang On Group.

### **Sales of the Products**

Pursuant to the Master Sales Agreement, WYTM supplies the Group's Products to WOM (for itself and on behalf of other members of the Wang On Group). The prices of the Products supplied or to be supplied by the Group to the Wang On Group will be based on the prevailing selling prices of the Products as from time to time determined by the Group and will be no less favourable to the Group than terms offered to other independent third parties customers.

Payments for the Products will be on normal commercial terms in accordance with the credit terms that the Group would typically extend to its customers. The actual amount, specification and price of the Products to be sold to WOM will be subject to individual orders placed by WOM and accepted by WYTM. WYTM shall not be obliged to accept any order from WOM for the Products on terms and conditions that are less favourable to the Group than those agreed between the Group and its other independent third parties customers.

The Master Sales Agreement has a term with retrospective effect from 1 April 2012 and until 31 March 2015.

## Annual Caps

It is resolved by the Board that the annual caps for the sales of the Group's Products for the three years ending 31 March 2015 are as below:

<b>Periods</b>	<b>Annual Cap</b> <i>HK\$'000</i>
For the financial year ending 31 March 2013	5,800
For the financial year ending 31 March 2014	7,200
For the financial year ending 31 March 2015	9,000

The annual caps are determined with reference to the historical transaction amounts, the expected appreciation of RMB and the expected demand of the Group's Products by the Wang On Group.

Set out below are the historical transaction amounts between the Group and the Wang On Group in respect of sales of the Group's Products for the last three financial years:

<b>Periods</b>	<b>Historical amount</b> <i>HK\$'000</i>
For the financial year ended 31 March 2012	4,610
For the financial year ended 31 March 2011	5,177
For the financial year ended 31 March 2010	602

## REASON FOR AND BENEFIT OF THE MASTER SALES AGREEMENT

The Group is principally engaged in (i) 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; (ii) 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 Group has been supplying the Products to the Wang On Group for long term and it is expected the Group will continue to supply the Products in the ordinary and usual course of business to the Wang On Group. The Master Sales Agreement was entered into after arm's length negotiations. The Directors (including the independent non-executive Directors) are of the view that the Master Sales Agreement was entered into under normal commercial terms and in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) are also of the view that the terms and conditions of the Master Sales Agreement, including the annual caps, are fair and reasonable, and that the entering into of the Master Sales Agreement with Wang On Group is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Wang On Group is holding approximately 20.84% of the issued share capital of the Company and thus the Wang On Group is a substantial shareholder of the Company. Accordingly, the Wang On Group is a connected person of the Company for the purpose of the Listing Rules, and transactions contemplated under the Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount under the Master Sales Agreement is expected to be more than 0.1% but less than 5% of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), the transactions contemplated under the Master Sales Agreement are subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules and exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date hereof, Mr. Tang Ching Ho, the chairman and an executive Director, is also the chairman and an executive director of Wang On. Mr. Chan Chun Hong, Thomas, the managing Director, is also the managing director of Wang On. At the Board meeting held to approve the Master Sales Agreement, Mr. Tang Ching Ho and Mr. Chan Chun Hong, Thomas, who have beneficial interests in Wang On and the Company, were considered to be interested in the transactions contemplated under the Master Sales Agreement and have abstained from voting in respect of the resolution proposed to approve the Master Sales Agreement.

## DEFINITIONS

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

“associate(s)”	has the same meaning as defined under the Listing Rules
“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 whose shares are listed and traded on the main board of the Stock Exchange (Stock Code: 897)
“connected person(s)”	has the same meaning as defined under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and 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
“Master Sales Agreement”	a master sales agreement dated 14 January 2013 entered into between WYTM and WOM relating to the sales of the Group’s Products
“PRC”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement

\* *For identification purpose only*

“Products”	the Chinese and western pharmaceutical, health food and personal care products, bottled birds’ nest drinks and herbal essence products
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wang On”	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)
“Wang On Group”	Wang On and its subsidiaries
“WOM”	Wang On Management Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of Wang On
“WYTM”	Wai Yuen Tong Medicine Company Limited, a company incorporated in Hong Kong with limited liability, which is an indirect 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\*)  
**Chan Chun Hong, Thomas**  
*Managing Director*

Hong Kong, 14 January 2013

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

\* *For identification purpose only*