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WANG ON GROUP LIMITED
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)



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 TRANSACTION
NEW MASTER SALES AGREEMENT

NEW MASTER SALES AGREEMENT

On 2 September 2021, WYTM, an indirect subsidiary of WYT, entered into the New Master Sales Agreement with WOM, an indirect wholly-owned subsidiary of WOG, for the sale of the Products to WOM (for itself and on behalf of other members of the WOG Group) for a term with effect from 1 April 2021 and expiring on 31 March 2024.

IMPLICATIONS UNDER THE LISTING RULES

The WOG Group holds approximately 65.79% of the total issued share capital of WYT and is the controlling shareholder of WYT. WOM is an indirect wholly-owned subsidiary of WOG and is therefore a connected person of WYT. In addition, CAP is also a connected subsidiary (within the meaning of the Listing Rules) of WYT by reason of the indirect shareholding held by Mr. Tang Ching Ho (an executive WYT Director) in CAP of approximately 20.17% in its issued share capital. Therefore, the transactions contemplated under the New Master Sales Agreement constitute a continuing connected transaction for WYT under Chapter 14A of the Listing Rules.

The WYT Group holds approximately 10.31% of the total issued share capital of WOG and is a substantial shareholder of WOG. WYTM is an indirect subsidiary of WYT and is therefore a connected person of WOG. In addition, CAP is also a connected subsidiary (within the meaning of the Listing Rules) of WOG by reason of the indirect shareholding held by Mr. Tang Ching Ho (an executive WOG Director) in CAP of approximately 20.17% in its issued share capital. Therefore, the transactions contemplated under the New Master Sales Agreement also constitute a continuing connected transaction for WOG under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) (other than the profits ratio) in respect of the maximum annual cap under the New Master Sales Agreement exceed 0.1% and are below 5% for both WOG and WYT, the New Master Sales Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 2 September 2021, WYTM, an indirect subsidiary of WYT, entered into the New Master Sales Agreement with WOM, an indirect wholly-owned subsidiary of WOG, for the sale of the Products to WOM (for itself and on behalf of other members of the WOG Group) for a term with effect from 1 April 2021 and expiring on 31 March 2024. The aggregate transaction amount incurred between the WYT Group and the WOG Group with respect to the sale of Products from 1 April 2021 up to the date of this joint announcement is less than HK\$3 million.

NEW MASTER SALES AGREEMENT

Date: 2 September 2021

Supplier: WYTM, an indirect subsidiary of WYT, is principally engaged in manufacturing and sales of Chinese pharmaceutical, health food and personal care products.

Purchaser: WOM, an indirect wholly-owned subsidiary of WOG, is principally engaged in provision of management services for the WOG Group.

Sale of the Products

Pursuant to the New Master Sales Agreement, WYTM will supply the Products to WOM (for itself and on behalf of other members of the WOG Group) on specific terms to be agreed pursuant to separate purchase orders/quotations between WYTM and WOM. The prices of the Products supplied by the WYT Group to the WOG Group will be based on the prevailing selling prices of the Products as from time to time determined by the WYT Group and will be no less favourable to the WYT Group than those offered by WYTM or other members of the WYT Group to other customers who are independent third parties. Management of the WOG Group will also conduct spot-checks to verify that the prices of the Products purchased by the WOG Group from the WYT Group will be no less favourable to the WOG Group than those that the WOG Group can obtain from other suppliers who are independent third parties.

Payments for the Products will be made on normal commercial terms in accordance with the credit terms that the WOG Group and the WYT Group would typically obtain from its suppliers or extend to its customers, respectively. The actual amount, specification and price of the Products to be sold to WOM will be subject to individual orders placed by WOM, and acceptance by WYTM after reviewing the pricing and other commercial terms.

The unit prices of Products to be supplied by WYTM under each purchase order/quotations would be determined by reference to the master retail price list adopted by the WYT Group from time to time as applicable to the Products. The latest retail price list will be made available to the WOG Group before members of the WOG Group place an order for the Products. In addition, management of WOM and WYTM would conduct regular sample checks to verify whether the pricing and credit terms for Products supplied by WYTM to WOM adhere to the pricing principles set out in the New Master Sales Agreement as described above. WOM and WYTM are not obliged to place/accept any order in the event the terms and conditions of such are less favourable to the WOG Group or the WYT Group (as the case may be) than the terms obtainable from independent supplier or customer (as the case may be).

ANNUAL CAPS

The annual caps for the sales of the Products under the New Master Sales Agreement for the three years ending 31 March 2024 are as below:

Periods	Annual Cap <i>HK\$million</i>
For the financial year ending 31 March 2022	9.9
For the financial year ending 31 March 2023	9.9
For the financial year ending 31 March 2024	9.9

Set out below are the historical transaction amounts between the WOG Group and the WYT Group in respect of sales of the Products for the last three financial years:

Periods	Historical amount HK\$million	Historical annual cap HK\$million
For the financial year ended 31 March 2019 (excluding CAP Group)	6.9	9.8
For the financial year ended 31 March 2020 (excluding CAP Group)	8.8	9.9
For the financial year ended 31 March 2021	4.8 (note)	9.9

Note:

Transaction amount includes the transactions between (i) the WYT Group and the WOG Group (excluding the WYT Group) during the year ended 31 March 2021 in the amount of approximately HK\$4.6 million; and (ii) the WYT Group and the CAP Group from 16 October 2020 up to 31 March 2021 in the amount of approximately HK\$0.2 million. CAP became a connected subsidiary of WOG/WYT in October 2020 when Mr. Tang Ching Ho (an executive WOG Director and executive WYT Director) acquired indirect interest of approximately 20.17% in CAP through the privatization of Easy One Financial Group Limited. WOG has cancelled an aggregate of 740 million of its shares on 17 December 2020 following its share repurchases in December 2020. The said cancellation of shares has resulted in an increase of the WYT Group's interests in WOG from approximately 9.87% to approximately 10.31%. Since then, WYT became a substantial shareholder (i.e. a connected person) of WOG. The transaction amounts regarding the sale and purchase of Products between the WYT Group and (i) the WOG Group (excluding the WYT Group) and (ii) the CAP Group during the period from 17 December 2020 up to 31 March 2021 were less than HK\$3 million in the aggregate.

The annual caps are determined with reference to the historical transaction amounts in the pre-pandemic period with respect to the sale of the Products by WYTM and the associated annual caps, and the expected demand of the Products by the WOG Group. The actual transaction amount incurred under the previous master sales agreement was approximately HK\$6.9 million for the year ended 31 March 2019 and ramped up to HK\$8.8 million for the year ended 31 March 2020 reflecting the increase of business needs for the Products arising from the expansion of the WOG Group. The amount decreased to approximately HK\$4.6 million for the year ended 31 March 2021 mainly due to the impact from COVID-19 (including but not limited to series of government's control measures regarding social gathering, such as work-from-home arrangement, reducing business meetings and compulsory quarantine requirement for travelers to Hong Kong) which in turn limited the WOG Group's business activities and staff attendance, and reduced the WOG Group's need for the Products during the year. In view of the latest development of the situation in Hong Kong (e.g. the gradual increase in vaccination rate, the resumption of local business activities and etc), it is expected that the transaction amounts for the Products would gradually recover back to the normal level before the COVID-19 and may further increase as the businesses of the WOG Group continue to develop and grow. The WOG Group also plans to source the Products from WYTM for use in connection with certain upcoming promotion events (such as

promotion activities in wet and dry markets operated by the WOG Group). The WOG Directors therefore consider that the above proposed annual caps to be fair and reasonable.

REASON FOR AND BENEFIT OF THE NEW MASTER SALES AGREEMENT

The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment and property development in Hong Kong through Wang On Properties Limited (Stock Code: 1243), its listed subsidiary; (iii) manufacturing and/or retailing of pharmaceutical and health food products through WYT; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, a listed subsidiary of WYT.

The WYT Group is principally engaged in (i) the manufacturing, processing and sale 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) the processing and sale of western pharmaceutical products and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”; (iii) property investment; and (iv) management and sale of properties in agricultural produce exchange markets through its subsidiary, CAP.

The WYT Group has been supplying the Products to the WOG Group historically in its ordinary and usual course of business and it is expected the WYT Group will continue to do so. The WOG Group has been purchasing the Products from the WYT Group historically in its ordinary and usual course of business (including deployment of own-branded Products for business development and promotion purposes, as well as benefits for selected staff on occasions, e.g. the Chinese New Year) and it is expected the WOG Group will continue to do so. The New Master Sales Agreement was entered into for business continuity following expiry of the term of the previous master sales agreement between WYTM and WOM on 31 March 2021, and was negotiated in arm’s length between WYTM and WOM taking into account (among other things) the implementation of the previous master sales agreement.

The WOG Directors (including the independent non-executive WOG Directors) are of the view that the New Master Sales Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the WOG Group, and the terms and conditions of the New Master Sales Agreement, including the annual caps, are fair and reasonable, and that the entering into of the New Master Sales Agreement by WOM is in the interests of WOG and its shareholders as a whole.

The WYT Directors (including the independent non-executive WYT Directors) are of the view that the New Master Sales Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the WYT Group, and the terms and conditions of the New Master Sales Agreement, including the annual caps, are fair and reasonable, and that the entering into of the New Master Sales Agreement by WYTM is in the interests of WYT and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

WOG (through its wholly-owned subsidiaries) holds approximately 65.79% of the total issued share capital of WYT and is the controlling shareholder of WYT. WOM is an indirect wholly-owned subsidiary of WOG and is therefore a connected person of WYT. In addition, CAP is also a connected subsidiary (within the meaning of the Listing Rules) of WYT by reason of the indirect shareholding held by Mr. Tang Ching Ho (an executive WYT Director) in CAP of approximately 20.17% in its issued share capital. Therefore, the transactions contemplated under the New Master Sales Agreement constitute a continuing connected transaction for WYT under Chapter 14A of the Listing Rules.

The WYT Group holds approximately 10.31% of the total issued share capital of WOG and is a substantial shareholder of WOG. WYTM is an indirect subsidiary of WYT and is therefore a connected person of WOG. In addition, CAP is also a connected subsidiary (within the meaning of the Listing Rules) of WOG by reason of the indirect shareholding held by Mr. Tang Ching Ho (an executive WOG Director) in CAP of approximately 20.17% in its issued share capital. Therefore, the transactions contemplated under the New Master Sales Agreement also constitute a continuing connected transaction for WOG under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) (other than the profits ratio) in respect of the maximum annual cap under the New Master Sales Agreement exceed 0.1% and are below 5% for both WOG and WYT, the New Master Sales Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Tang Ching Ho is the chairman of the WOG Board and the chairman and managing director of the WYT Board. He is also the controlling shareholder of WOG and the spouse of Ms. Yau Yuk Yin (an executive WOG Director) and the father of Ms. Tang Wai Man, an executive WYT Director (a sister-in-law of Ms. Stephanie, an executive WOG Director). Accordingly, each of Mr. Tang Ching Ho, Ms. Yau Yuk Yin, Ms. Stephanie and Ms. Tang Wai Man has abstained from being counted towards the quorum for and voting on the respective WOG Board resolution(s) and WYT Board resolution(s) approving the New Master Sales Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the WOG Directors and the WYT Directors has a material interest in the New Master Sales Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“CAP”	China Agri-Products Exchange Limited 中國農產品交易有限公司, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 149)
“CAP Group”	CAP and its subsidiaries
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“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
“New Master Sales Agreement”	a new master sales agreement dated 2 September 2021 entered into between WYTM and WOM relating to the sale of the Products by WYTM or other members of the WYT Group to WOM or other members of the WOG Group

“PRC”	the People’s Republic of China, for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Products”	Chinese and western pharmaceutical, health food and personal care products manufactured and/or sold by the WYT Group from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“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)
“substantial shareholder”	has the meaning as ascribed thereto under the Listing Rules
“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)
“WOG Board”	the board of the WOG Directors
“WOG Director(s)”	the director(s) of WOG
“WOG Group”	WOG and its subsidiaries which, for the purpose of sale and purchase of Products under the New Master Sales Agreement, excludes the WYT Group but includes the CAP Group
“WOM”	Wang On Management Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of WOG
“WYT”	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)

“WYT Board”	the board of the WYT Directors
“WYT Director(s)”	the director(s) of WYT
“WYT Group”	WYT together with its subsidiaries
“WYTM”	Wai Yuen Tong Medicine Company Limited, a company incorporated in Hong Kong with limited liability, which is an indirect subsidiary of WYT held as to approximately 99.8% by WYT Group and the remaining approximately 0.2% by Poon Chun Wing, Ho Wai Gay and Poon Shu Keung in aggregate
“%”	per cent.

By order of the board of directors of
WANG ON GROUP LIMITED
 (宏安集團有限公司)*
Tang Ching Ho
Chairman and Executive Director

By order of the board of directors of
WAI YUEN TONG MEDICINE
HOLDINGS LIMITED
 (位元堂藥業控股有限公司)*
Tang Wai Man
Executive Director

Hong Kong, 2 September 2021

As at the date of this joint announcement, the directors of WOG comprises Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Ms. Stephanie as executive directors, and Mr. Wong Chun, Justein, Mr. Siu Kam Chau and Mr. Chan Yung as independent non-executive directors.

As at the date of this joint announcement, the directors of WYT comprises Mr. Tang Ching Ho, Ms. Tang Wai Man and Ms. Law Man Yee, Anita as executive directors, and Mr. Siu Man Ho, Simon, Mr. Leung Wai Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David as independent non-executive directors.

** for identification only*