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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisor.

**If you have sold or transferred** all your securities in Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司\*), you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)****(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
SALE AND PURCHASE OF TARGET COMPANIES  
HOLDING INTEREST IN PROPERTIES  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING****Independent Financial Advisor to the Independent Board Committee and  
the Independent Shareholders****ALTUS CAPITAL LIMITED**

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A letter from the Board is set out on pages 6 to 16 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 17 to 18 of this circular. A letter from Altus Capital Limited, the Independent Financial Advisor, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 34 of this circular.

A notice convening the SGM to be held at 19th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Thursday, 19 October 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you are able to attend and vote in person at the SGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

29 September 2023

\* For identification purpose only

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## DEFINITIONS

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*In this circular, unless the context otherwise specifies, the following expressions have the following meanings:*

“associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules
“Board”	the board of the Directors
“BVI”	British Virgin Islands
“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, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 149)
“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, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“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” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Siu Man Ho, Simon, Mr. Leung Wai Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David
“Independent Financial Advisor”	Altus Capital Limited, a corporation licensed to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the SFO and the independent financial advisor to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreements and the Transactions
“Independent Shareholders”	the Shareholder(s) who is/are not required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreements and the Transactions

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## DEFINITIONS

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“Latest Practicable Date”	25 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tang”	Mr. Tang Ching Ho, the chairman of the Company and an executive Director and a controlling Shareholder
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Properties”	Property I and Property II, and “each Property” or the “relevant Property” shall be construed accordingly
“Property I”	being Shop No. N77, Ground Floor, Nos. 1-11, 15-17, Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7), Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong
“Property II”	being Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong
“Purchaser”	Guidepost Investments Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement I”	the sale and purchase agreement dated 8 September 2023 entered into between Vendor I and the Purchaser in relation to Transaction I
“Sale and Purchase Agreement II”	the sale and purchase agreement dated 8 September 2023 entered into between Vendor II and the Purchaser in relation to Transaction II
“Sale and Purchase Agreements”	the Sale and Purchase Agreement I and the Sale and Purchase Agreement II, and the “relevant Sale and Purchase Agreement” or the “respective Sale and Purchase Agreement” shall be construed accordingly
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be convened and held for the purpose of, among others, approving the Sale and Purchase Agreements and the Transactions
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Target Company I and Target Company II, and “each Target Company” or the “relevant Target Company” shall be construed accordingly
“Target Company I”	Success Vision Limited (誠衛有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Vendor I as of the Latest Practicable Date, and the sole legal and beneficial owner of Property I
“Target Company II”	Nice Treasure Limited (利晴有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Vendor II as of the Latest Practicable Date, and the sole legal and beneficial owner of Property II
“Target I Consideration”	an initial sum of HK\$43.8 million, subject to adjustment as set out in the section headed “The Sale and Purchase Agreements – Target I Consideration” in this circular
“Target I NTAV”	the aggregate of all tangible assets of Target Company I which are readily convertible into cash or cash equivalents (being prepayments, deposits and other receivables, and cash at bank and, for the avoidance of doubt, excluding Property I, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Target I Shareholder’s Loan and any liability under the existing mortgage on Property I) and provisions of Target Company I as at Transaction I Completion Date
“Target I Sale Share”	one issued ordinary share of Target Company I, representing the entire issued share capital of Target Company I legally and beneficially owned by Vendor I prior to Transaction I Completion

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## DEFINITIONS

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“Target I Shareholder’s Loan”	the shareholder’s loan(s) owing by Target Company I to Vendor I as at the Transaction I Completion Date, being unsecured, interest-free shareholder’s loan(s) repayable on demand, amounting to approximately HK\$20.5 million as at the Latest Practicable Date
“Target II Consideration”	an initial sum of HK\$35.0 million, subject to adjustment as set out in the section headed “The Sale and Purchase Agreements – Target II Consideration” in this circular
“Target II NTAV”	the aggregate of all tangible assets of Target Company II which are readily convertible into cash or cash equivalents (being prepayments, deposits and other receivables, and cash at bank and, for the avoidance of doubt, excluding Property II, any intangible assets and other fixed assets and deferred tax), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Target II Shareholder’s Loan) and provisions of Target Company II as at Transaction II Completion Date
“Target II Sale Share”	one issued ordinary share of Target Company II, representing the entire issued share capital of Target Company II legally and beneficially owned by Vendor II prior to the Transaction II Completion
“Target II Shareholder’s Loan”	the shareholder’s loan(s) owing by Target Company II to Vendor II as at the Transaction II Completion Date, being unsecured, interest-free shareholder’s loan(s) repayable on demand, amounting to approximately HK\$35.7 million as at the Latest Practicable Date
“Transaction I”	the disposal and acquisition of the Target I Sale Share and the assignment of the Target I Shareholder’s Loan between Vendor I and the Purchaser pursuant to Sale and Purchase Agreement I
“Transaction I Completion”	completion of Transaction I pursuant to Sale and Purchase Agreement I
“Transaction I Completion Date”	the date of Transaction I Completion as more particularly disclosed in section headed “The Sale and Purchase Agreements – Completion of Transactions” in this circular
“Transaction II”	the disposal and acquisition of the Target II Sale Share and the assignment of the Target II Shareholder’s Loan between Vendor II and the Purchaser pursuant to Sale and Purchase Agreement II
“Transaction II Completion”	completion of Transaction II pursuant to Sale and Purchase Agreement II

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## DEFINITIONS

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“Transaction II Completion Date”	the date of Transaction II Completion as more particularly disclosed in section headed “The Sale and Purchase Agreements – Completion of Transactions” in this circular
“Transactions”	Transaction I and Transaction II, and “each Transaction”, the “relevant Transaction” or the “respective Transaction” shall be construed accordingly
“Vendor I”	Viva Action Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WOP
“Vendor II”	Shining Sun Developments Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WOP
“Vendors”	Vendor I and Vendor II, and the “relevant Vendor” shall be construed accordingly
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOG Group”	WOG and its subsidiaries
“WOP”	Wang On Properties Limited 宏安地產有限公司, 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: 1243), a 75%-owned listed subsidiary of WOG
“WOP Group”	WOP and its subsidiaries
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Tang Ching Ho, *GBS, JP*  
*(Chairman and Managing Director)*  
Ms. Tang Wai Man  
Ms. Law Man Yee, Anita

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. Leung Wai Ho, *MH*  
Mr. Siu Man Ho, Simon  
Mr. Cho Wing Mou  
Mr. Li Ka Fai, David, *MH*

*Head office and principal place of business  
in Hong Kong:*

Suite 3101, 31/F., Skyline Tower  
39 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

29 September 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
SALE AND PURCHASE OF TARGET COMPANIES  
HOLDING INTEREST IN PROPERTIES  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement dated 8 September 2023 jointly issued by the Company, WOG and WOP in relation to, among others, the sale and purchase of the Target Companies and hence the Properties.



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## LETTER FROM THE BOARD

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As disclosed in the joint announcement, on 8 September 2023, (i) Vendor I (an indirect wholly-owned subsidiary of WOP) and the Purchaser (an indirect wholly-owned subsidiary of the Company) and (ii) Vendor II (an indirect wholly-owned subsidiary of WOP) and the Purchaser respectively entered into the Sale and Purchase Agreements in relation to the sale and purchase of the Target Companies, pursuant to which:

- (i) Vendor I conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target I Sale Share (representing the entire issued share capital of Target Company I); and (b) the Target I Shareholder's Loan (being the shareholder's loan owing by Target Company I to Vendor I as at the Transaction I Completion Date), at a consideration of HK\$43.8 million (subject to adjustment); and
- (ii) Vendor II conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target II Sale Share (representing the entire issued share capital of Target Company II); and (b) the Target II Shareholder's Loan (being the shareholder's loan owing by Target Company II to Vendor II as at the Transaction II Completion Date), at a consideration of HK\$35.0 million (subject to adjustment),

on the terms and subject to the conditions of the respective Sale and Purchase Agreements.

As of the Latest Practicable Date, Target Company I holds 100% legal and beneficial ownership of Property I and Target Company II holds 100% legal and beneficial ownership of Property II.

The purpose of this circular is to provide you with, among other things, (a) further particulars of the Sale and Purchase Agreements and the Transactions; (b) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreements and the Transactions; (c) a letter of advice of the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; (d) a notice convening the SGM; and (e) other information as required by the Listing Rules.

### THE SALE AND PURCHASE AGREEMENTS

The principal terms of the Sale and Purchase Agreements are summarized as follows:

<b>Date:</b>	8 September 2023		
<b>Parties to the Sale and Purchase Agreement I:</b>	(1) Vendor I, an indirect wholly-owned subsidiary of WOP, as vendor	<b>Parties to the Sale and Purchase Agreement II:</b>	(1) Vendor II, an indirect wholly-owned subsidiary of WOP, as vendor
	(2) The Purchaser, an indirect wholly-owned subsidiary of the Company, as purchaser		(2) The Purchaser, an indirect wholly-owned subsidiary of the Company, as purchaser

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## LETTER FROM THE BOARD

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**Subject Matters:** *Sale and Purchase Agreement I*

Pursuant to the Sale and Purchase Agreement I, Vendor I has agreed to sell, and the Purchaser has agreed to purchase, the Target I Sale Share, representing the entire issued share capital of Target Company I, and the Target I Shareholder's Loan owing by Target Company I to Vendor I, both free from encumbrances.

Target Company I holds 100% legal and beneficial ownership of Property I.

Each Property is sold on an "as-is" basis free from encumbrances at completion to the relevant Transaction. Each Property is currently subject to an existing mortgage, respectively. Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor shall procure repayment of all outstanding amounts and the full release or discharge of the relevant existing mortgage on or before the date of completion of the relevant Transaction.

**Target I  
Consideration:**

The consideration for Transaction I (including the sale and purchase of the Target I Sale Share and the assignment of the Target I Shareholder's Loan) shall be HK\$43.8 million which shall be satisfied by the Purchaser in the following manner:

- (a) HK\$17.52 million shall be paid by the Purchaser as deposit to Vendor I (or a nominee as Vendor I may direct) upon the signing of the Sale and Purchase Agreement I; and
- (b) HK\$26.28 million being the remaining balance of the consideration shall be paid by the Purchaser to Vendor I (or a nominee as Vendor I may direct) on Transaction I Completion.

*Sale and Purchase Agreement II*

Pursuant to the Sale and Purchase Agreement II, Vendor II has agreed to sell, and the Purchaser has agreed to purchase, the Target II Sale Share, representing the entire issued share capital of Target Company II, and the Target II Shareholder's Loan owing by Target Company II to Vendor II, both free from encumbrances.

Target Company II holds 100% legal and beneficial ownership of Property II.

**Target II  
Consideration:**

The consideration for Transaction II (including the sale and purchase of the Target II Sale Share and the assignment of the Target II Shareholder's Loan) shall be HK\$35.0 million which shall be satisfied by the Purchaser in the following manner:

- (a) HK\$14.0 million shall be paid by the Purchaser as deposit to Vendor II (or a nominee as Vendor II may direct) upon the signing of the Sale and Purchase Agreement II; and
- (b) HK\$21.0 million being the remaining balance of the consideration shall be paid by the Purchaser to Vendor II (or a nominee as Vendor II may direct) on Transaction II Completion.

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## LETTER FROM THE BOARD

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The Target I Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to the WOP Group's investment cost in respect of Property I, the rental income of Property I as well as the market value of Property I in the amounts of HK\$43.8 million and HK\$43.9 million based on the valuations of Property I as at 31 August 2023 arranged by WOP and the Company, respectively.

The Target II Consideration was determined based on arm's length negotiations between the parties with reference to various factors including but not limited to the WOP Group's investment cost in respect of Property II, the rental income of Property II as well as the market value of Property II in the amounts of HK\$35.0 million and HK\$35.3 million based on the valuations of Property II as at 31 August 2023 arranged by WOP and the Company, respectively.

**Consideration  
Adjustment:**

Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor undertakes to deliver to the Purchaser within 30 days from the date of completion of the relevant Transaction the financial statements of the relevant Target Company for the period from the beginning of the current financial year to the date of completion. If the Target I NTAV or the Target II NTAV as shown in such relevant accounts is not zero, the following provisions shall apply:

- a) if the Target I NTAV or the Target II NTAV as shown in such accounts is more than zero, the Purchaser shall pay such amount equal to the Target I NTAV or the Target II NTAV to the relevant Vendor within five business days from the date of receipt of such relevant accounts; or
- b) if the Target I NTAV or the Target II NTAV as shown in such accounts is less than zero, the relevant Vendor shall pay the amount equal to the absolute amount of the Target I NTAV or the Target II NTAV to the Purchaser within five business days from the date of delivery of such relevant accounts.

**Conditions  
Precedent to  
Completions:**

Completion of the relevant Transaction is conditional upon the following conditions precedent being fulfilled or waived (if applicable):

- (a) the approval of the independent shareholders of each of WOG, the Company and WOP, and all other necessary corporate and regulatory consents and approvals required to be obtained on the part of WOG, the Company, WOP, the Vendors, the Purchaser and the Target Companies in respect of the relevant Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (b) any other requirements required to be fulfilled by each of WOG, the Company and WOP in respect of the transactions contemplated under the relevant Sale and Purchase Agreement under the Listing Rules having been fulfilled and complied with;
- (c) the Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the relevant Target Company and having been satisfied with the results thereof;

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## LETTER FROM THE BOARD

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- (d) the relevant Vendor shall and/or procure the relevant Target Company to give good title to and show and provide title to the relevant Property in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) respectively; and
- (e) each of the warranties given by the relevant Vendor being true and correct in all respects upon completion of the relevant Transaction.

Conditions (c) and (d) may be waived by the Purchaser at its absolute discretion. No other conditions may be waived by any party to the relevant Sale and Purchase Agreement.

If the conditions precedent set out in the relevant Sale and Purchase Agreement have not been fulfilled (or waived by the Purchaser) on or before 31 December 2023 or such other date as has been agreed in writing between the parties, the Purchaser shall be entitled to terminate the relevant Sale and Purchase Agreement. Upon such termination, the relevant Vendor shall return to the Purchaser all the deposits paid under the relevant Sale and Purchase Agreement in full within seven days from the date of such termination without compensation cost or interest.

For the avoidance of doubt, completion of any Transaction is not conditional upon completion of the other Transaction.

**Completion of Transactions:**

Completion to the relevant Transaction shall take place within five business days following the date on which all of the conditions precedent shall have been fulfilled or waived (as applicable) pursuant to the relevant Sale and Purchase Agreement.

Immediately upon completion to the relevant Transaction, each Target Company will (i) cease to be a subsidiary of WOP, (ii) become a subsidiary of the Company, and (iii) continue to be a subsidiary of WOG.

**Fees, Costs and Expenses:**

Each party shall bear its own legal and professional fees, costs and expenses, stamp duty and all other taxes in connection with or arising from the relevant Sale and Purchase Agreement and transactions contemplated thereunder.

The Purchaser intends to fund the considerations by internal resources of the Group.

### INFORMATION ON THE TARGET COMPANIES AND THE PROPERTIES

Each Target Company is incorporated in Hong Kong with limited liability for property holding purpose with no other major assets beside its direct interests in the relevant Property. Each Target Company is an indirect wholly-owned subsidiary of WOP as of the Latest Practicable Date and prior to completion of the respective Transactions.

The Properties comprises (i) Property I, being a shop at the addresses of Shop No. N77, Ground Floor, Nos. 1-11, 15-17 Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong; and (ii) Property II, being Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong.

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## LETTER FROM THE BOARD

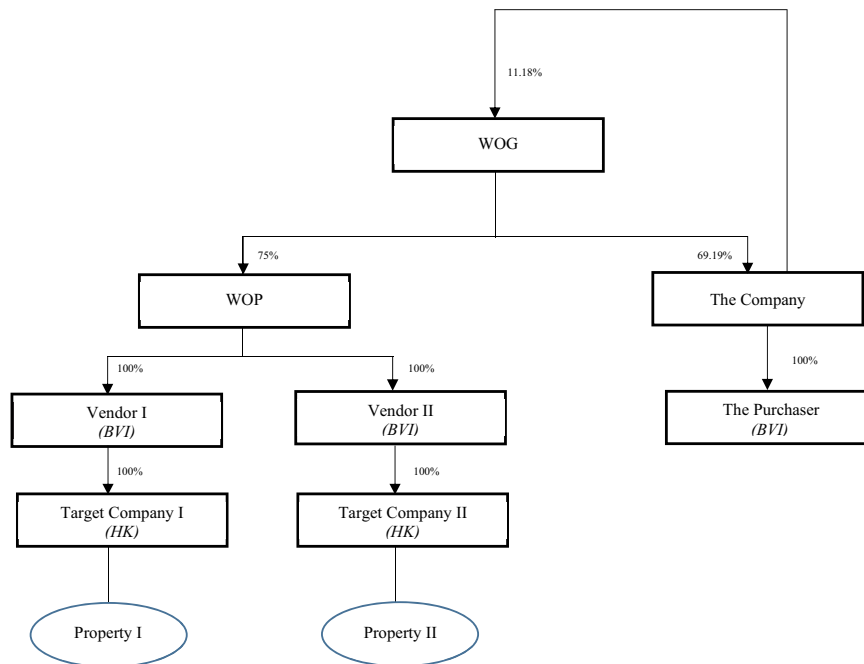
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Property I has a saleable area of 909 square feet, out of which the area of 778 square feet is currently under a lease with another subsidiary of the Company and is operated as a shop under the brand name of “Wai Yuen Tong”. The remaining area of 131 square feet is currently leased to a third party independent of each of the Company, WOG and WOP and is operating business unrelated to the businesses of the Group, the WOG Group and the WOP Group.

Property II has a saleable area of 470 square feet and is currently under a lease with a third party independent of each of the Company, WOG and WOP. Property II is operated as a franchise shop also under the brand name of “Wai Yuen Tong”.

The Properties will be delivered at completion of the respective Transactions subject to the relevant tenancy conditions.

The following diagram illustrates the simplified shareholding and ownership structure of the Company, WOG, WOP and the Target Companies as of the Latest Practicable Date:

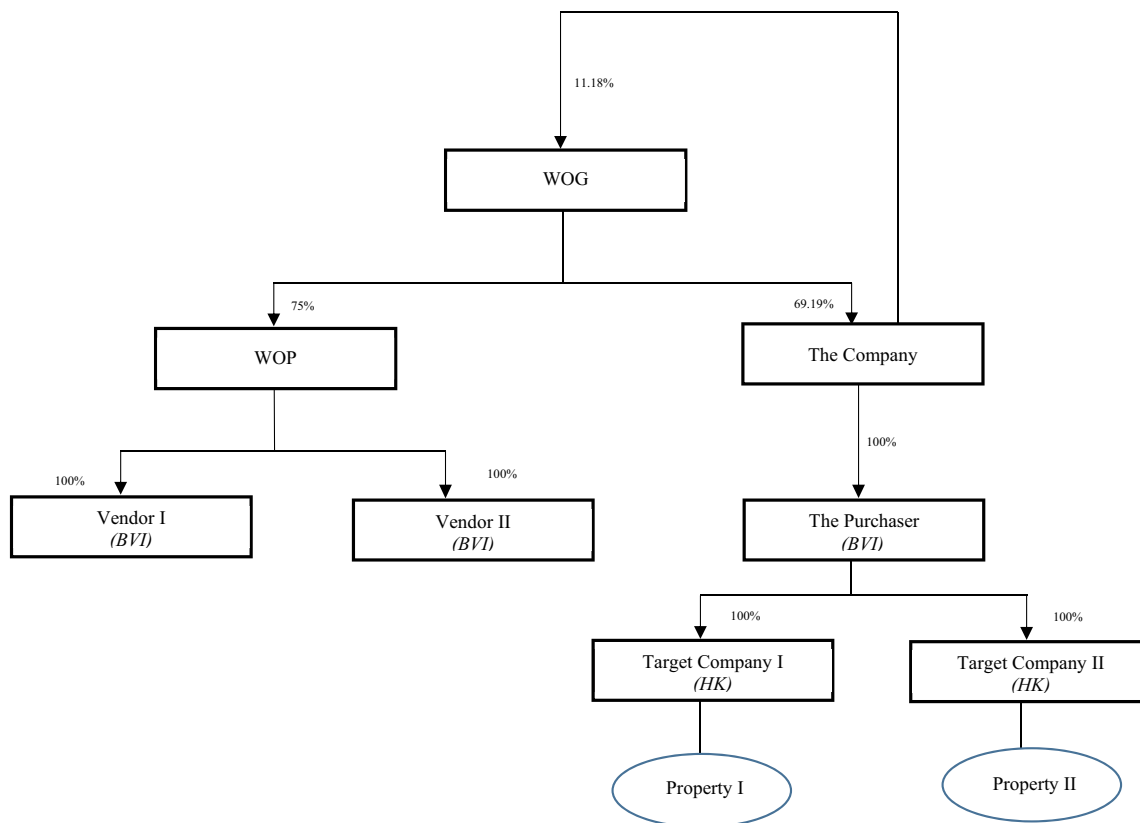


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## LETTER FROM THE BOARD

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The following diagram illustrates the simplified shareholding and ownership structure of the Company, WOG, WOP and the Target Companies immediately upon the Transaction I Completion and Transaction II Completion:



### Financial information of the Target Companies

Set out below is a summary of the financial information of Target Company I for the two years ended 31 March 2022 and 2023 and for the four months ended 31 July 2023:

#### Target Company I

	Year ended 31 March 2022 <i>HK\$('000)</i> (audited)	Year ended 31 March 2023 <i>HK\$('000)</i> (audited)	Four months ended 31 July 2023 <i>HK\$('000)</i> (unaudited)
Revenue	1,224	1,680	538
Net profit/(loss) before taxation	1,659	(305)	142
Net profit/(loss) after taxation	1,659	(305)	142

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## LETTER FROM THE BOARD

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The unaudited net assets value of the Target Company I as at 31 July 2023 was approximately HK\$1,492,000.

The acquisition cost to Vendor I of Property I was HK\$38.0 million.

Set out below is a summary of the financial information of the Target Company II for the period from 3 November 2021 (date of incorporation) to 31 March 2022 and the year ended 31 March 2023 and for the four months ended 31 July 2023:

### Target Company II

	<b>Period from 3 November 2021 (date of incorporation) to 31 March 2022</b>	<b>Year ended 31 March 2023</b>	<b>Four months ended 31 July 2023</b>
	<i>HK\$('000)</i> (audited)	<i>HK\$('000)</i> (audited)	<i>HK\$('000)</i> (unaudited)
Revenue	–	900	400
Net profit/(loss) before taxation	(2,419)	49	393
Net profit/(loss) after taxation	(2,419)	49	393

The unaudited net liabilities of Target Company II as at 31 July 2023 was approximately HK\$1,977,000.

The acquisition cost to Vendor II of Property II was HK\$33.8 million.

### REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SALE AND PURCHASE AGREEMENTS

The vast majority of Property I and the entire Property II are operated as shops under the brand name of “Wai Yuen Tong”. The Directors take the view that the acquisition of the Target Companies is consistent with the long-term business needs of the Group and presents an opportunity for the Group to further entrench and expand its business presence at desirable retail locations.

The Board (including the independent non-executive Directors) is of the view that the terms of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and its Shareholders are concerned, and thus the entering into of the Sale and Purchase Agreements is in the interests of each of the Group and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE PURCHASER, THE GROUP, THE WOG GROUP, THE VENDORS AND THE WOP GROUP

#### The Purchaser and the Group

The Purchaser is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company principally engaged in investment holding.

The Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of “Wai Yuen Tong”, mainly in the PRC and Hong Kong; (ii) the manufacturing and sale of Western pharmaceutical and health food and personal care products under the brand names of “Madame Pearls” and “Pearls”; (iii) property investment; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 53.37%-owned listed subsidiary of the Company. The Company is owned by WOG as to approximately 69.19%, which is in turn ultimately owned by Mr. Tang (together with his associates) as to approximately 50.67%.

#### The WOG Group

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, property development and asset management in Hong Kong through WOP, its 75.00%-owned listed subsidiary; (iii) manufacturing and retailing of pharmaceutical and health food products through the Company, its approximately 69.19%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 53.37%-owned listed subsidiary of the Company. WOG is ultimately owned by Mr. Tang (the chairman, an executive director and controlling shareholder of WOG) (together with his associates) as to approximately 50.67%.

#### The Vendors and the WOP Group

Each of the Vendors is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of WOP principally engaged in investment holding.

The WOP Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for investment return and capital appreciation and asset management. WOP is owned by WOG as to 75.00%, which is in turn ultimately owned by Mr. Tang (together with his associates) as to approximately 50.67%.

### LISTING RULES IMPLICATIONS

The Purchaser is a subsidiary of the Company and each of the Vendors is a subsidiary of WOP. Each of the Company and WOP is a subsidiary of WOG. Therefore the Vendors are connected persons of the Company.



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## LETTER FROM THE BOARD

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As the highest applicable percentage ratio in respect of the Transactions (on an aggregated basis) exceeds 5% but is less than 25%, the Transactions constitute a discloseable and connected transaction for the Company and are therefore subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

In view of the factors that Mr. Tang is also a director of WOG and WOP is a subsidiary of WOG. Mr. Tang and Ms. Tang Wai Man are the executive Directors and Ms. Tang Wai Man is the daughter of Mr. Tang and hence an associate of Mr. Tang. Mr. Tang and Ms. Tang Wai Man are considered to have material interest in the Sale and Purchase Agreements and the Transactions, and have abstained from voting on the Board resolution(s) approving the Sale and Purchase Agreements and the Transactions.

The Shareholders who have a material interest in the Sale and Purchase Agreements and the Transactions and their respective close associates (as defined in the Listing Rules) are required to abstain from voting on the relevant resolution(s) at the SGM. As WOP is a subsidiary of WOG, WOG and its close associates will abstain from voting on the relevant resolution(s) in relation to the Sale and Purchase Agreements and the Transactions.

As at the Latest Practicable Date, Rich Time Strategy Limited, being a wholly-owned subsidiary of WOG, held 810,322,940 Shares. Accordingly, Rich Time Strategy Limited will abstain from voting at the SGM in respect of 810,322,940 Shares, representing approximately 69.19% of the total issued Shares.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in relation to the Sale and Purchase Agreements and the Transactions and is required to abstain from voting at the SGM.

### **SPECIAL GENERAL MEETING**

The SGM will be held for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreements and the Transactions by the Independent Shareholders by way of poll.

The register of members of the Company will be closed from Monday, 16 October 2023 to Thursday, 19 October 2023 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM. No transfer of Shares will be registered during the book closure periods.

A notice convening the SGM at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve, among other things, the provision of the Sale and Purchase Agreements and the Transactions, is contained on pages SGM-1 to SGM-3 of this circular.

A form of proxy for the use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the SGM (i.e. at or before 11:00 a.m. on

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## LETTER FROM THE BOARD

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Tuesday, 17 October 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules and the bye-laws of the Company, the voting of the Shareholders at the SGM will be taken by poll. The results of the poll will be published on the websites of the Company and the Stock Exchange.

### RECOMMENDATION

Your attention is drawn to:

(a) the letter from the Independent Board Committee, the text of which is set out on pages 17 to 18 of this circular; and (b) the letter from Altus Capital Limited, being the Independent Financial Advisor, to advise the Independent Shareholders and the Independent Board Committee with respect to the provision of the Sale and Purchase Agreements and the Transactions, the text of which is set out on pages 19 to 34 of this circular.

The Independent Shareholders are advised to read the aforesaid letters before deciding how to vote at the SGM.

The Independent Board Committee, having taken into account the advice of the Independent Financial Advisor, considers that the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and the Shareholders are concerned, and thus the entering into of the Sale and Purchase Agreements and the Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Sale and Purchase Agreements and the Transactions.

For the reasons set out above, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as each of the Company and the Shareholders are concerned, and thus the entering into of the Sale and Purchase Agreements and the Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Independent Shareholders to vote in favour of the resolution(s) at the SGM for the Sale and Purchase Agreements and the Transactions.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**WAI YUEN TONG MEDICINE HOLDINGS LIMITED**  
(位元堂藥業控股有限公司\*)  
**Tang Wai Man**  
*Executive Director*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

29 September 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
SALE AND PURCHASE OF TARGET COMPANIES  
HOLDING INTEREST IN PROPERTIES**

We refer to the circular of the Company dated 29 September 2023 (the “**Circular**”) of which this letter forms part. Unless specified otherwise, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to form the Independent Board Committee to consider, and advise you on, the terms of the Sale and Purchase Agreements and the Transactions. Altus Capital Limited has been appointed as the Independent Financial Advisor to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving their advice, are set out on pages 19 to 34 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

Having considered the terms of the Sale and Purchase Agreements and the Transactions and taking into account the independent advice of the Independent Financial Advisor set out in its letter on pages 19 to 34 of the Circular and the relevant information contained in the letter from the Board, we consider that the terms of the Sale and Purchase Agreements and the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Company and the Shareholders are concerned, and thus the Sale and Purchase Agreements and the Transactions are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we, representing the Independent Board Committee, recommend that you vote in favour of the ordinary resolutions to be proposed at the SGM in relation to the Sale and Purchase Agreements and the Transactions.

Yours faithfully,  
**Independent Board Committee**  
**Siu Man Ho, Simon**  
**Leung Wai Ho**  
**Cho Wing Mou**  
**Li Ka Fai, David**  
*Independent non-executive Directors*

*\* For identification purpose only*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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*The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreements and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular.*

**ALTUS.**

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

29 September 2023

*To the Independent Board Committee and the Independent Shareholders*

**Wai Yuen Tong Medicine Holdings Limited**

Suite 3101, 31/F., Skyline Tower  
39 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
SALE AND PURCHASE OF TARGET COMPANIES  
HOLDING INTEREST IN PROPERTIES**

**INTRODUCTION**

We refer to our appointment as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreements and the Transactions. Details of the Transactions and the terms of the Sale and Purchase Agreements are set out in the “Letter from the Board” contained in the circular of the Company dated 29 September 2023 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 8 September 2023 (after trading hours of the Stock Exchange), (i) Vendor I and the Purchaser and (ii) Vendor II and the Purchaser respectively entered into the Sale and Purchase Agreements in relation to the sale and purchase of the Target Companies, pursuant to which, (i) Vendor I conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target I Sale Share; and (b) the Target I Shareholder’s Loan, at a consideration of HK\$43.8 million (subject to adjustment); and (ii) Vendor II conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, (a) the Target II Sale Share; and (b) the Target II Shareholder’s Loan, at a consideration of HK\$35.0 million (subject to adjustment).

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR**

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### **LISTING RULES IMPLICATIONS**

The Purchaser is a subsidiary of the Company and each of the Vendors is a subsidiary of WOP. Each of the Company and WOP is a subsidiary of WOG. Therefore, the Vendors are connected persons of the Company. As the highest applicable percentage ratio in respect of the Transactions (on an aggregated basis) exceeds 5% but is less than 25%, the Transactions constitute a discloseable and connected transaction for the Company and are therefore subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Siu Man Ho, Simon, Mr. Leung Wai Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, has been established to advise the independent Shareholders as to (i) whether the terms of the Sale and Purchase Agreements and Transactions are fair and reasonable; (ii) whether the entering into of the Sale and Purchase Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolution(s) to be proposed at the SGM, taking into account the recommendation of the Independent Financial Advisor.

### **INDEPENDENT FINANCIAL ADVISOR**

As the independent financial advisor to the Independent Board Committee and the Independent Shareholders, our role is to give recommendations to the Independent Board Committee and the Independent Shareholders (i) whether the terms of the Sale and Purchase Agreements and Transactions are fair and reasonable; (ii) whether the entering into of the Sale and Purchase Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolution(s) to be proposed at the SGM.

We have not acted as independent financial advisor in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the terms of the Sale and Purchase Agreements and the Transactions is at market level and not conditional upon successful passing of the resolution(s) to be proposed at the SGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### **BASIS OF OUR OPINION**

In formulating our opinion, we have reviewed, amongst others, (i) the Sale and Purchase Agreements; (ii) annual report of the Company for the year ended 31 March 2023 (“**2023 Annual Report**”); (iii) the Property Valuation Report issued by the Independent Valuer (as defined under the paragraph headed “4.1.1 Market valuation of the Properties” below); and (iv) other information contained or referred to in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading.

We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

#### **1. Background information of the Purchaser and the Group**

The Purchaser is an indirect wholly-owned subsidiary of the Company principally engaged in investment holding.

The Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of “Wai Yuen Tong”, mainly in the PRC and Hong Kong; (ii) the manufacturing and sale of Western pharmaceutical and health food and personal care products under the brand names of “Madame Pearls” and “Pearls”; (iii) property investment; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximately 53.37%-owned listed subsidiary of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### 1.1 Financial information of the Group

Set out below is a summary of financial information of the Group extracted from the 2023 Annual Report.

*Extract of consolidated statement of profit or loss*

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue	1,286,428	1,391,411
Profit/(Loss) for the year	3,347	(87,823)
Profit/(loss) attributable to:		
Owners of the parent	(20,515)	(108,912)
Non-controlling interests	23,862	21,089

*Extract of consolidated statement of financial position*

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(audited)	(audited)
Non-current assets	4,311,445	4,709,007
Property, plant and equipment	961,159	956,400
Investment properties	3,099,676	3,562,503
Current assets	2,702,370	2,888,706
Properties held for sale	1,234,419	1,490,847
Cash and cash equivalents	525,869	510,146
Assets classified as held for sale and assets of a disposal company	96,970	–
Current liabilities	1,657,188	1,881,314
Total non-current liabilities	1,668,243	1,755,788
Net assets	3,688,384	3,960,611

*Year ended 31 March 2023 (FY2023) compared with year ended 31 March 2022 (FY2022)*

In FY2023, the Group's revenue decreased by approximately 7.5% to approximately HK\$1,286.4 million, which was mainly attributable to the decrease in sale of properties in agricultural produce exchange markets.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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During FY2023, the Group recorded a loss attributable to owners of the parent of approximately HK\$20.5 million (2022: loss attributable to owners of the parent of approximately HK\$108.9 million). Such reduction in loss was mainly attributable to the combined effect of (i) increase in gross profit generated from the production and sale of pharmaceutical and health food products; (ii) decrease in fair value losses on owned investment properties; (iii) decrease in fair value losses on financial assets; and (iv) decrease in loss on disposal/redemption of debt investments, as partially offset by the absence of compensation income from litigation judgement for FY2023.

### *31 March 2023 compared with year ended 31 March 2022*

The Group's non-current assets mainly comprise property, plant and equipment and investment properties. As at 31 March 2023, investment properties represent approximately 71.9% and 44.2% of the Group's non-current assets and total assets respectively, and are commercial and industrial properties in Hong Kong and agricultural produce exchange markets in Mainland China. The investment properties are leased to third parties under operating leases. In particular, as at 31 March 2023, the Group owned 13 properties in Hong Kong which are all retail properties or industrial building. A majority of these properties were used as the retail shops under self-operating and franchise modes. During FY2023, the Group opened 9 new "Wai Yuen Tong" stores in Hong Kong and Macau, located in Tuen Mun, Yuen Long, Tin Shui Wai, To Kwa Wan, Mong Kok, Chai Wan and New Yaohan, etc.

The Group's major current assets are properties held for sale as well as cash and cash equivalent, which accounted for approximately 65.1% and 69.3% of the Group's total current assets as at 31 March 2023 and 2022 respectively. As at 31 March 2023, the Group recorded assets classified as held for sale and assets of a disposal company amounting to approximately HK\$96.7 million. Of such balance, (i) approximately HK\$25.1 million had arisen from the Group entering into of a sale and purchase agreement in March 2023 with an independent third party to dispose of a shop unit classified as leasehold land and buildings included in the Group's property, plant and equipment at a consideration of HK\$66.8 million; and (ii) approximately HK\$71.9 million was due to the Group entering into a provisional sale and purchase agreement in February 2023 with an independent third party to dispose of the entire equity interest of a subsidiary, which holds a factory unit, at a consideration of HK\$71.0 million.

In relation to the disposals of the two properties mentioned above, the Management had taken into account, among other things, the location, surrounding facilities and redevelopment potential, and considered that the disposals provide a good opportunity for the Group to realise the value of the properties, allowing the Group to be in a better position to seize other future opportunities.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### 1.2 Outlook of the Group

The Management anticipates a rapid recovery in the economic and cross-border tourism industries as social distancing measures are lifted. It is believed that the domestic and local retail sectors will see improvements in performance compared to the previous year. It is also expected that there will be rebound in visitor arrivals which serves as a significant driver of economic growth in the upcoming year.

Furthermore, in the post-COVID era, there is an increasing focus among the general public on personal health and well-being, which is beneficial for the development of the proprietary Chinese medicines and dietary supplement industries. The Group will continue to focus on its core business operations, including one-stop integrated Chinese medicine clinics, e-commerce and the pet market. The Group targets to increase its market share by opening both self-operated and franchised retail outlets in the PRC, Hong Kong and Macau.

## 2. Background information of the Vendors and the Target Companies

Each of the Vendors is an indirect wholly-owned subsidiary of WOP principally engaged in investment holding.

Each Target Company is incorporated in Hong Kong with limited liability for property holding purpose with no other major assets beside its direct interests in the relevant Property. Each Target Company is an indirect wholly-owned subsidiary of WOP as of the Latest Practicable Date and prior to completion of the respective Transactions.

### 2.1 Target Company I

#### 2.1.1 Financial information of Target Company I

	For the year ended 31 March		For the four months ended 31 July
	2022	2023	2023
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)
Revenue	1,224	1,680	538
Net profit/(loss) before taxation	1,659	(305)	142
Net profit/(loss) after taxation	1,659	(305)	142

The recorded revenue of Target Company I was due to the leasing out of Property I. For the year ended 31 March 2023, a loss was recorded due to the fair value loss incurred on Property I. The unaudited net assets value of Target Company I as at 31 July 2023 was approximately HK\$1.5 million. The main asset of Target Company I is Property I. Set out below are the details of Property I.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### 2.1.1 Property I

Property I is a shop located at Shop No. N77, Ground Floor, Nos. 1-11, 15-17 Mount Sterling Mall and Nos. 10-16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong. It has a saleable area of 909 square feet (approximately 84.4 square meter), out of which the area of 778 square feet (approximately 72.3 square meter) is currently under a lease with the Group and is operated as a shop under the brand name of “Wai Yuen Tong”. The remaining area of 131 square feet (approximately 12.2 square meter) is currently leased to a third party independent of each of the Company, WOG and WOP and is operating business unrelated to the businesses of the Group, the WOG Group and the WOP Group.

## 2.2 Target Company II

### 2.2.1 Financial information of Target Company II

	<b>Period from 3 November 2021 (date of incorporation) to 31 March 2022</b>	<b>Year ended 31 March 2023</b>	<b>Four months ended 31 July 2023</b>
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (unaudited)
Revenue	–	900	400
Net profit/(loss) before taxation	(2,419)	49	393
Net profit/(loss) after taxation	(2,419)	49	393

The recorded revenue of Target Company II was due to the leasing out of Property II. The recorded losses during the year ended 31 March 2022 was mainly due to Property II did not derive rental income and fair value losses were incurred on the property. The audited net liabilities of Target Company II as at 31 July 2023 was approximately HK\$2.0 million. The main asset of Target Company II is Property II. Set out below are the details of Property II.

### 2.2.1 Property II

Property II is a shop located at Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong. It has a saleable area of 470 square feet (approximately 43.7 square meter) and is currently under a lease with a third party independent of each of the Company, WOG and WOP. Property II is operated as a franchise shop also under the brand name of “Wai Yuen Tong”

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### **3. Reasons for and benefits of entering into of the Sale and Purchase Agreements**

As aforementioned under the paragraphs headed “2. Background information of the Vendors and the Target Companies”, the vast majority of Property I and the entire Property II are operated as shops under the brand name of “Wai Yuen Tong”. Approximately 85% of the floor space of Property I is leased to the Group for the operation of a shop under the brand name of “Wai Yuen Tong”, while the entire Property II is leased to an independent third party for the operation of a franchise shop also under the brand name of “Wai Yuen Tong”. The Directors are of the view that the acquisition of the Properties is consistent with the long-term business needs of the Group and presents an opportunity for the Group to further entrench and expand its business presence at desirable retail locations.

Furthermore, with reference to the paragraph headed “1.1 Financial information of the Group” above, the Group owned 13 retail and industrial properties in Hong Kong of which a number of the Group’s properties are used as the retail shops under self-operating and franchise modes. In addition, as at 31 March 2023, the Group had over a hundred stores in Mainland China, Hong Kong and Macau.

Taking into account that (i) the acquisition of the Properties is in-line with the overall business strategy of the Group whereby it owns properties for the operation of shops under the “Wai Yuen Tong” brand; and (ii) the vast majority of the Properties are already operating as shops under the “Wai Yuen Tong” brand, we are of the view that the entering into of the Sale and Purchase Agreements is in the ordinary and usual course of business of the Group.

### **4. Principal terms of the Sale and Purchase Agreements**

Pursuant to the Sale and Purchase Agreements, the Vendors has agreed to sell, and the Purchaser has agreed to purchase, the Target I Sale Share and Target II Sale Share, representing the entire issued share capital of Target Company I and Target Company II respectively, and the Target I Shareholder’s Loan owing by Target Company I to Vendor I and the Target II Shareholder’s Loan owing by Target Company II to Vendor II, all free from encumbrances.

Each Property is sold on an “as-is” basis free from encumbrances at completion to the relevant Transaction. Each Property is currently subject to an existing mortgage, respectively. Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor shall procure repayment of all outstanding amounts and the full release or discharge of the relevant existing mortgage on or before the date of completion of the relevant Transaction.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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For details of the terms of the Sale and Purchase of the Agreements, please refer to the paragraph headed “The Sale and Purchase Agreements” in the “Letter from the Board”. Major terms of the Sale and Purchase Agreements are set out below:

<b>Date</b>	8 September 2023	
<b>Subject matter</b>	Sale and Purchase Agreement I	Sale and Purchase Agreement II
<b>Parties</b>	a. The Purchaser b. Vendor I	a. The Purchaser b. Vendor II
<b>Consideration</b>	HK\$43.8 million	HK\$35.0 million
<b>Consideration adjustment</b>	If the Target I NTAV or the Target II NTAV as shown in the relevant accounts is not zero, the following provisions shall apply:  (a) if the Target I NTAV or the Target II NTAV as shown in such accounts is more than zero, the Purchaser shall pay such amount equal to the Target I NTAV or the Target II NTAV to the relevant Vendor within five business days from the date of receipt of such relevant accounts; or  (b) if the Target I NTAV or the Target II NTAV as shown in such accounts is less than zero, the relevant Vendor shall pay the amount equal to the absolute amount of the Target I NTAV or the Target II NTAV to the Purchaser within five business days from the date of delivery of such relevant accounts.	
<b>Long stop date</b>	31 December 2023	

### **4.1 Consideration**

The considerations of the Transactions (including the sale and purchase of the entire issued share capital of the Target Companies and the assignment of the Target I Shareholder’s Loan and Target II Shareholder’s Loan), subject to adjustments, were determined based on arm’s length negotiations between the parties with reference to various factors, in particular, the market value of the Properties based on the respective valuations as at 31 August 2023.

As the consideration of the Transactions are subject to the adjustments (as further explained and assessed in under the paragraph headed “4.2. Consideration adjustment” below), the assessment of the fairness and reasonableness of the Target I Consideration and Target II Consideration shall be dependent on the market valuation of the Property I and Property II as well as the terms of the Target I Shareholder’s Loan and Target II Shareholder’s Loan.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### *4.1.1 Market valuation of the Properties*

A property valuation report (“**Property Valuation Report**”) issued by LCH (Asia-Pacific) Surveyors Limited (the “**Property Valuer**”) is set out under Appendix I to the Circular. Set out below is our analysis of the Property Valuation Report for Independent Shareholders’ information.

#### 4.1.1.1 Property Valuer’s qualification

In reassessing the competence and experience of the Property Valuer, we have reviewed the qualification and experience of the Property Valuer and noted that the principal signing of the Property Valuation Report has over 28 years of experience in conducting valuation of properties in Hong Kong and is a fellow member of The Hong Kong Institute of Surveyors (“**HKIS**”) and a valuer on the list of properties valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuation in connection with takeovers and mergers published by the HKIS. Having reviewed the scope of work of the Property Valuer, we are satisfied that the scope of work is sufficient and appropriate for the valuation of the Properties.

#### 4.1.1.2 Valuation methodologies

According to the Property Valuation Report, the Property Valuer has considered both sales comparison approach and direct capitalisation method of the income approach to arrive at the market value of the Properties with reference comparable transactions of (i) sales, listings or offerings (“**Sales Comparison Approach**”) and (ii) rental of similar properties and market yield (“**Income Approach**”). In arriving at the market value of the properties which are subject to tenancy, the Property Valuer also considered the rental income from existing tenancy agreements of the Properties and the reversionary potential of the properties interests.

We understand from the Property Valuer that considering more than one approach in valuation is common and more reliable. As the Sales Comparison Approach and Income Approach as well as a combined approach are commonly adopted methods in valuing properties, we concur with the Valuer that the valuation approach is commonly adopted for such type of properties.

We noted that the Property Valuer had adopted certain assumptions. We understand from the Property Valuer that all assumptions adopted are standard assumptions commonly adopted for property valuations and there are no specific assumptions adopted for valuing the Properties.

Taking into account that (i) the Property Valuer has sufficient qualification and experience to undertake the valuation of the Property (as defined under the Property Valuation Report); (ii) the valuation methodology adopted by the Property Valuer is commonly adopted for determining the value similar properties; and the major assumptions for the valuation are commonly adopted for similar valuation, we are of the view that the valuation of the Properties is determined on a fair and reasonable basis.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

### 4.1.1.3 Property I

Based on our review on the details comparable transactions and our discussion with the Property Valuer, we noted that the selected comparable transactions are (i) related to commercial-use properties in the same proximity as that of Property I; and (ii) the relevant recent transactions in such location. We have obtained from the Property Valuer details of the comparable transactions that it has applied to evaluate Property I as set out below:

#### Sales Comparison

No.	Location	Property type	Date of transaction	Unit rate (approximate) (HK\$'000/ square meter)	Adjustment (Note 2)	Adjusted unit rate (approximate) (HK\$'000/ square meter)
1	Mei Foo Sun Chuen – Unit 72, G/F, Ph III	Commercial unit	8 February 2023	873.2	-8.1%	802.1
2	Mei Foo Sun Chuen – Unit N3, G/F, Ph V	Commercial unit	23 September 2022	394.0	4.0%	409.7
3	Mei Foo Sun Chuen – Unit 1, G/F, Ph I	Commercial unit	17 January 2022	384.5	-12.2%	337.7
<b>Average</b>						516.5
<b>Assessed value of Property I (84.4 square meter)</b>						HK\$43.6 million

#### Income Approach

No.	Location	Property type	Date of transaction	Monthly rental unit rate (approximate) (per square meter)	Adjustment (Note 2)	Adjusted unit monthly rental rate (approximate) (per square meter)
1	Mei Foo Sun Chuen – Unit N50B, G/F, Ph VII	Commercial unit	13 March 2023	1,226.0	2.9%	1,262
2	Mei Foo Sun Chuen – Unit N11-N12, G/F, Ph V	Commercial unit	25 November 2022	1,150.0	-5.4%	1,088
<b>Average</b>						1,175
<b>Market yield (Note 1)</b>						2.7%
<b>Assessed value of Property I (84.4 square meter)</b>						HK\$44.1 million

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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*Note 1:* We understand from the Property Valuer that the adopted market yield is of 2.7% is based on information from the Rating and Valuation Department.

*Note 2:* Adjustments are made by the Property Valuer with reference to, among other things, the date, size, age, frontage, location and layout of the comparable transactions.

The average implied value of Property I from the above two valuation methods amount to approximately HK\$43.9 million; with reference to Property I's total saleable area of approximately 84.4 square meter, the implied unit rate per square meter amount to approximately HK\$520,000.

In assessing the fairness and reasonableness of the value of Property I, apart from referencing to the abovementioned comparable transactions, the Property Valuer also had taken into consideration of the passing rent from the existing tenancy agreement with the independent third party. After taking such factor into consideration, the assessed market value of the Property also amounted to approximately HK\$43.9 million.

Therefore, taking in consideration that the valuation of Property I is (i) determined on a fair and reasonable basis; and (ii) the Target I Consideration in the amount of HK\$43.8 million approximates to the fair value of Property I of HK\$43.9 million, with a slight discount of 0.2%, we are of the fair that the Target I Consideration is fair and reasonable and is determined on normal commercial terms.

#### 4.1.1.4 Property II

Based on our review on the details comparable transactions and our discussion with the Property Valuer, we noted that the selected comparable transactions are (i) related to commercial-use properties in the same proximity as that of Property II; and (ii) the relevant recent transactions in such location. We have obtained from the Property Valuer details of the comparable transactions that it has applied to evaluate Property II as set out below:



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR**

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Sales Comparison

No.	Location	Property type	Date of transaction	Unit rate (approximate) <i>(HK\$'000 / square meter)</i>	Adjustment <i>(Note 2)</i>	Adjusted unit rate (approximate) <i>(HK\$'000/ square meter)</i>
1	Shop G011, G003 on G/F – Kar Shing Building	Commercial unit	31 May 2023	1,140.8	-6.5%	1,066.6
2	Shop 2 on G/F – Hong Lok Squary	Commercial unit	23 March 2023	955.7	-16.0%	803.2
3	Shop C2B on G/F and CL/F – Sun Yue Building	Commercial unit	2 June 2021	887.1	-12.7%	774.2
<b>Average</b>						<b>881.4</b>
<b>Assessed value of Property II (43.7 square meter)</b>						<b>HK\$38.5 million</b>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

### Income Approach

No.	Location	Property type	Date of transaction	Monthly rental unit rate (approximate) <i>(per square meter)</i>	Adjustment <i>(Note 2)</i>	Adjusted unit monthly rental rate (approximate) <i>(per square meter)</i>
1	Shop 5, G/F Full Yau Court	Commercial unit	31 January 2023	1,785.0	3.9%	1,855
2	Shop 8-9, G/F Full Yau Court	Commercial unit	15 March 2023	1,335.0	-7.7%	1,232
3	Shop C, G/F Man Cheong Building	Commercial unit	20 April 2023	1,622.0	11.1%	1,802
4	Shop D, G/F Man Cheong Building	Commercial unit	20 April 2023	1,505.0	14.8%	1,728
5	Shop A-B, G/F Holly Building	Commercial unit	15 July 2022	1,564.0	-9.6%	1,415
Average						1,607
Market yield <i>(Note 1)</i>						2.7%
Assessed value of Property II (43.7 square meter)						31.1

*Note 1:* We understand from the Property Valuer that the adopted market yield of 2.7% is based on information from the Rating and Valuation Department.

*Note 2:* Adjustments are made by the Property Valuer with reference to, among other things, the date, size, age, frontage, location and layout of the comparable transactions.

The average assessed market value of Property II on vacant possession basis from the above two valuation methods amounted to approximately HK\$34.8 million.

In assessing the fairness and reasonableness of the market value of Property II, apart from referencing to the abovementioned comparable transactions, as Property II is subject to tenancy with third party, the Property Valuer also had taken into consideration of the passing rent from the existing tenancy agreement with the independent third party. After taking such factor into consideration, the assessed market value of the Property amounted to approximately HK\$35.3 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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Therefore, taking in consideration that the valuation of Property II is (i) determined on a fair and reasonable basis; and (ii) the Target II Consideration in the amount of HK\$35.0 million approximates to the market value of Property II of HK\$35.3 million, with a slight discount of 0.9%, we are of the view that the Target II Consideration is fair and reasonable and is determined on normal commercial terms.

### *4.1.2 Target I Shareholder's Loan and Target II Shareholder's Loan*

As the Target I Shareholder's Loan amounting to approximately HK\$20.5 million and Target II Shareholder's Loan amounting to approximately HK\$35.7 million as at the Latest Practicable Date, which are unsecured and interest-free as well as repayable on demand, are assigned to the Purchaser with no additional terms, we are of the view that such assignment is fair and reasonable.

## **4.2 Consideration adjustment**

Pursuant to the relevant Sale and Purchase Agreement, the relevant Vendor undertakes to deliver to the Purchaser within 30 days from the date of completion of the relevant Transaction the financial statements of the relevant Target Company for the period from the beginning of the current financial year to the date of completion. If the Target I NTAV or the Target II NTAV as shown in such relevant accounts is not zero, the following provisions shall apply:

(a) if the Target I NTAV or the Target II NTAV as shown in such accounts is more than zero, the Purchaser shall pay such amount equal to the Target I NTAV or the Target II NTAV to the relevant Vendor within five business days from the date of receipt of such relevant accounts; or

(b) if the Target I NTAV or the Target II NTAV as shown in such accounts is less than zero, the relevant Vendor shall pay the amount equal to the absolute amount of the Target I NTAV or the Target II NTAV to the Purchaser within five business days from the date of delivery of such relevant accounts.

Such consideration adjustment term provides certainty and comfort to the Group in ensuring the Target Companies being acquired will not be overvalued or consist of additional liabilities. Therefore, we are of the view that such consideration adjustment mechanism in relation to the Sale and Purchase Agreements are in the interests of the Company and Shareholders as a whole.

## **4.3 Long stop date**

If the conditions as detailed under the paragraph head "Sale and Purchase Agreements" in the "Letter from the Board" have not been fulfilled (or waived by the Purchaser) on or before 31 December 2023 or such other date as has been agreed in writing between the parties, the Purchaser shall be entitled to terminate the relevant Sale and Purchase Agreement. Upon such termination, the relevant Vendor shall return to the Purchaser all the deposits paid under the relevant Sale and Purchase Agreement in full within seven days from the date of such termination without compensation cost or interest.

Taking into account that the deposits are refundable, we are of the view that such terms of Transaction I and Transaction II are in the interests of the Company and Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the terms of the Sale and Purchase Agreements are fair and reasonable; (ii) the entering into of the Sale and Purchase Agreements are in the ordinary and usual course of business of the Group, is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreements and the Transactions.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**

**Jeanny Leung**  
*Responsible Officer*

**Leo Tam**  
*Responsible Officer*

*Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Leo Tam (“Mr. Tam”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over eight years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

*The following is the valuation report prepared for the purpose of incorporation in this document received from LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, in connection with its valuations of the designated properties as at 31 August 2023.*



利駿行測量師有限公司  
**LCH (Asia-Pacific) Surveyors Limited**  
PROFESSIONAL SURVEYORS  
PLANT AND MACHINERY VALUERS  
BUSINESS & FINANCIAL ASSETS VALUERS

*The readers are reminded that the report which follows has been prepared in accordance with the reporting guidelines set by the HKIS Valuation Standards (the “**HKIS Standards**”) and published by the Hong Kong Institute of Surveyors (the “**HKIS**”). The standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers’ legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translations of terms in English or in Chinese are for reader’s identification purpose only and have no legal status or implication in this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to us at the Latest Practicable Date. If additional documents and facts are made available, we reserve the right to amend this report and its conclusion. The readers are further reminded that the value reported may not add to total due to rounding in conversion.*

17th Floor  
Champion Building  
287-291 Des Voeux Road Central  
Hong Kong

29 September 2023

The Board of Directors  
Wai Yuen Tong Medicine Holdings Limited  
Suite 3101, 31st Floor  
Skyline Tower  
39 Wang Kwong Road  
Kowloon Bay  
Kowloon, Hong Kong

Dear Sirs,

In accordance with the instructions to us by the present management of Wai Yuen Tong Medicine Holdings Limited (hereinafter referred to as the “**Instructing Party**”) to value the designated real properties (same as the word properties in this report)) in Hong Kong in which Wai Yuen Tong Medicine Holdings Limited (hereinafter referred to as the “**Company**”) or its subsidiaries (collectively, together with the Company hereinafter referred to as the “**Group**”) intends to acquire, we confirm that we have made inspections, enquiries and obtained such further information as we consider necessary to support our findings and our opinion of value of the properties as at 31 August 2023 (hereinafter referred to as the

“**Valuation Date**”). We are given to understand our work product is for the Company’s internal management reference purpose and will be included in the Company’s circular for its shareholders’ reference. This valuation report comprises the text section, summary of values and property particulars with values section.

We understand that the Instructing Party will incorporate our work product (regardless of form of presentation) as part of its business due diligence and we have not been engaged to make specific sales or purchase recommendations, or give opinion for any financing arrangement. We further understand that the use of our work product will not supplant other due diligence, which the Instructing Party should conduct, in reaching its business decisions regarding the properties valued. Our work is designed solely to provide an independent valuation that will allow the Instructing Party to make an informed decision.

### **BASIS OF VALUATION AND ASSUMPTIONS**

In this engagement, we have provided our opinion of value of the properties on market value basis. The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely.

The term “Market Value” is defined by the HKIS Standards as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Unless otherwise stated, our valuations of the properties has been made on the assumptions that, as at the Valuation Date,

1. the legally interested party in each of the properties has free and uninterrupted rights to assign its relevant properties interest for the whole of the unexpired terms as granted, and any premium payable have already been fully paid; and
2. the legally interested party in each of the properties sells its relevant properties interest in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the value of the properties interest.

Should any of the above not be the case, it will have adverse impact to the value as reported.

### **APPROACH TO VALUE**

There are three generally accepted approaches in arriving at the market value of the properties on an absolute title basis i.e. free to assign, transfer, let and mortgage, namely the Sales Comparison Approach (or known as the Market Approach), the Cost Approach and the Income Approach.

In valuing the properties, we have considered both the Sales Comparison Approach as well as direct capitalisation method of the Income Approach. Sales Comparison Approach considers the sales, listings or offering of similar or substitute properties and related market data and establishes a value of a property that a reasonable investor would have to pay for a similar property of comparable utility and with an absolute

title. The direct capitalisation method considers the value of a property by estimating its market rent and then applied a market-derived capitalisation rate. The underlying assumption of Income Approach is that an investor will pay no more for the property than he or she would have to be paid for another property with an income stream of comparable amount, duration, and certainty.

According to the HKIS Standards, any real property occupied by a company under an inter-company leasing arrangement within a group account should be valued as owner-occupied real property. In valuing the portion occupied by subsidiaries in the Group, we have disregarded the rental benefit and considered the Sales Comparison Approach on the assumption that the property was sold with the benefit of vacant possession as at the Valuation Date. In valuing the tenanted portion of properties, we have taken into account the current rents receivable from the existing tenancy agreements and the reversionary potential of the properties interests.

Unless otherwise stated, we have not carried out any valuation on redevelopment basis to the properties and the study of possible alternative development options and the related economics do not come within the scope of our work product.

#### **MATTERS THAT MIGHT AFFECT THE VALUE REPORTED**

No allowance has been made in our valuations for any charges, mortgages, outstanding premium or amounts owing on the properties valued nor any expenses or taxation which may be incurred in affecting a sale of the properties. Unless otherwise stated, it is assumed that the properties are free from all encumbrances, restrictions and outgoings of an onerous nature which could affect the value.

In our valuations, we have assumed that the properties are able to be sold and purchased in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported value significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

#### **ESTABLISHMENT OF TITLES**

In the course of valuations, we have conducted title searches on the properties in the Land Registry of Hong Kong, and we have been provided copies of tenancy agreement of the properties. However, we have not inspected the original documents to verify ownership or to verify any amendment which may not appear on the copies handed to us. We are not legal professional and we are unable to ascertain the titles and to report any encumbrances (if any) that are registered against the properties. No responsibility or liability is assumed.

In our report, we have assumed that each registered owner of the properties has free and uninterrupted rights to occupy, to transfer, to mortgage or to let its relevant properties interests (in this instance, an absolute title) for the whole of the unexpired terms as granted, free of all encumbrances, and that there would have no legal impediment (especially from the regulators) for the registered owners to continue the legal titles of the properties. Should this not be the case, it will affect our findings or conclusion of value in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

**INSPECTIONS AND INVESTIGATIONS OF THE PROPERTIES**

We have inspected the exterior, and where possible, the interior of the properties in respect of which we have been provided with such information as we have requested for the purpose of our valuations. The inspections were conducted in September 2023 by Sr Ng Hung Mui and our surveying graduate Mr. Cheuk Lok Hin Hindre. We have not inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in a reasonable condition. We cannot express an opinion about or advise upon the conditions of the properties and our work product should not be taken as making any implied representation or statement about the conditions of the properties. No building survey, structural survey, investigation or examination has been made, but in the course of our inspection, we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. We assumed all usual main services of water, electricity, telephone and drainage are provided to the properties. No tests were carried out to the services (if any) and we are unable to identify those services either covered, unexposed or inaccessible.

Our valuations have been made on the assumption that no unauthorised alteration, extension or addition has been made in the properties, and that the use of the attached property particulars should not be used as the building surveys of the properties. If the Instructing Party or any party interested in the properties wants to satisfy themselves for the condition of the properties, they should obtain a surveyor's detailed inspection and report of their own.

We have not carried out on-site measurements to verify the correctness of the floor areas of the properties, but have assumed that the floor areas shown on the documents and official floor plans handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement did not include land survey to verify the legal boundaries and the exact locations of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries and locations of the properties. No responsibility is assumed in this regard.

**SOURCES OF INFORMATION AND ITS VERIFICATION**

We have relied solely on the information provided by the Instructing Party or appointed personnel of the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

When we adopted the work products from other professions, external data providers and/or the Instructing Party or appointed personnel of the Company in our valuations, the assumptions and caveats adopted by them in arriving at their opinion also applied in our valuations. The procedures we have taken do not require us to examine all the evidences, like an auditor, in reaching at our opinion. As we have not performed an audit, we are not expressing an audit opinion in our valuations.

As at the Latest Practicable Date, we are unable to identify any adverse news against the properties which may affect the reported value in this report. Thus, we are not in the position to report and comment on its impact (if any) to the properties. However, should it be established subsequently that such news did exist at the Valuation Date, we reserve the right to adjust the value reported herein.



We are unable to accept any responsibility for the information that has not been supplied to us by the Instructing Party or appointed personnel of the Company. Also, we have sought and received confirmation from the Instructing Party or appointed personnel of the Company that no material factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the Instructing Party of material and latent facts that may affect the valuations.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no warranty is made nor liability assumed for the accuracy of any data, opinion, or estimates identified as being furnished by others which have been used in formulating this report.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party or appointed personnel of the Company. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars (“HK\$”).

#### **OPINION OF VALUE**

Based on the above information and assumptions, we are of the opinion that the Market Value of the properties for the Company’s internal management reference purpose as at the Valuation Date in their existing states and assuming free of all encumbrances, was in the order of **HONG KONG DOLLARS SEVENTY NINE MILLION AND TWO HUNDRED THOUSAND ONLY (HK\$79,200,000)**.

#### **LIMITING CONDITIONS**

Our opinion of value of the properties in this report is valid only for the stated purpose as at the Valuation Date and for the sole use of the Instructing Party or the Group. No responsibility is taken for changes in market conditions and no obligation is assumed to revise the report to reflect events or conditions which occur subsequent to the date hereof.

The report is prepared in line with the requirement contained in Chapter 5 of the Listing Rules as well as the reporting guidelines contained in the HKIS Standards. The valuations have been undertaken by us, acting as external valuer, qualified for the purpose of the valuations.

Neither we nor any individuals signing or associated with this engagement shall be required by reason of this engagement to give further consultation, testimony, or appear in court or other legal proceedings, unless prior specific arrangements have been made.

Our maximum liability relating to the services rendered under this report (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Instructing Party and the Company are required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our work product except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

Neither the whole nor any part of the report or any reference made hereto may be included in any published document, circular or statement, or be published in any way, without our written approval of the form and context in which it may appear. Nevertheless, we consent to the publication of this report in this document to the Company's shareholders' reference.

We retain a copy of this report together with the data from which it was prepared, and these data and documents will, according to the laws of Hong Kong, be kept for a period of 6 years from the date it provided to us and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Instructing Party's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of value and we have no significant interest in the properties, the Group or the value reported.

Yours faithfully,  
For and on behalf of  
**LCH (Asia-Pacific) Surveyors Limited**

**Ng Hung Mui, Elsa**  
*B.Sc. M.Sc. RPS*  
**Executive Director**

Contributing Valuer  
**Hindre Cheuk B.Sc.**

*Note:*

*Sr Elsa Ng Hung Mui has been conducting valuation of real properties in Hong Kong, Macau and mainland China since 1994. She is a Fellow of The HKIS and a valuer on the List of Properties Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuation in Connection with Takeovers and Mergers published by The HKIS.*

## SUMMARY OF VALUES

## Properties to be acquired by the Group in Hong Kong

No.	Property	Amount of valuation in its existing state as at 31 August 2023 HK\$	Interest to be attributable to the Group	Amount of valuation in its existing state attributable to the Group as at 31 August 2023 HK\$
1	Shop No. N77 on Ground Floor Nos. 1-11, 15-17 Mount Sterling Mall Nos.10-16 Lai Wan Road Mei Foo Sun Chuen Kowloon Hong Kong	43,900,000	100%	43,900,000
2.	Shop F on Ground Floor Kam Bo Building No. 2 Tung Lok Street Yuen Long New Territories Hong Kong	35,300,000	100%	35,300,000
			<b>Total:</b>	<b><u>HK\$79,200,000</u></b>

## PROPERTY PARTICULARS WITH VALUE

## Properties to be acquired by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Amount of valuation in its existing state as at 31 August 2023
1.	Shop No. N77 on Ground Floor Nos.1-11, 15-17 Mount Sterling Mall Nos.10-16 Lai Wan Road Mei Foo Sun Chuen Kowloon Hong Kong  1/860th shares of and in the New Kowloon Inland Lot No. 5086  (The "Lot")	<p>The property comprises a shop unit on the Ground Floor of Mount Sterling Mall of Phase 7 of Mei Foo Sun Chuen and was completed in about 1976.</p> <p>According to information available to us, the property has a saleable area of approximately 909 square feet (approximately 84.4 square meters).</p> <p>Mei Foo Sun Chuen is a mass residential development which comprises of 8 phases with a total of 99 residential blocks.</p> <p>The Phase 7 is situated north of Kwai Chung Road and east of Lai Wan Road. The surrounding area is mainly dominated by residential buildings and shops.</p> <p>Accessibility to the property is good. Public transport facilities such as buses, mini-bus and taxi are available in the vicinity. It takes about 5-minute walking distance to the Mei Foo MTR station.</p> <p>The Lot is held under a Conditions of Exchange No. UB9081 for a term of 99 years commencing from 1 July 1898.</p> <p>By virtue of section 6 of the New Territories Leases (Extension) Ordinance, Cap. 150, the Lease was extended to 30 June 2047 without additional premium payment.</p> <p>The current annual rent payable for the Lot is equal to 3% of the rateable value per annum.</p>	<p>As inspected and confirmed by the appointed personnel of the Company, as at the Valuation Date, the property was partly occupied by connected party and partly tenanted for retail purpose.</p> <p><i>(See Note 6 below)</i></p>	<p>HK\$43,900,000  (100 per cent. interest)</p>

*Notes:*

1. The registered owner of the property is Success Vision Limited vide an Assignment dated 11 May 2021 and registered in the Land Registry by Memorial No. 21060301320035 on 3 June 2021.
2. The property is subject to a Supplemental Deed of Covenant dated 26 April 1982 and registered in the Urban Land Registry by Memorial No. UB2432292 on 8 July 1983.
3. The property is subject to a Notice No. "UMB/5OD151/1601-506/0001" under s.30b(3) of the Buildings Ordinance by the Building Authority re Common Part(s) dated 31 August 2017 and registered in the Land Registry by Memorial No. 21032501770094 on 25 March 2021.
4. The property is subject to a Notice No. "UMW/5OD151/1601-506/0001" under s.30c(3) of the Buildings Ordinance by the Building Authority re Common Part(s) dated 31 August 2017 and registered in the Land Registry by Memorial No. 21032501770109 on 25 March 2021.
5. The property is subject to a Mortgage in favour of Hang Seng Bank Limited to secure all moneys in respect of general banking facilities dated 2 August 2021 and registered in the Land Registry by Memorial No. 21081902530179 on 19 August 2021.
6. According to information provided by the Company, portion of the property having an area of approximately 778 square feet is subject to a lease with a subsidiary of the Company and the remaining portion of the property having an area of 131 square feet is subject to tenancy with an independent third party for a term of 3 years commencing from 16 July 2023 to 15 July 2026 at a monthly rental of HK\$30,000 inclusive of rates and government rent for retail purpose.

No.	Property	Description and tenure	Particulars of occupancy	Amount of valuation in its existing state as at 31 August 2023
2.	<p>Shop F on Ground Floor Kam Bo Building No. 2 Tung Lok Street Yuen Long New Territories Hong Kong</p> <p>1/41st shares of and in the Remaining Portion of Lot No. 3825 in D.D. 120</p> <p>(The "Lot")</p>	<p>The property comprises a shop unit on the Ground Floor of Kam Bo Building which was completed in about 1976.</p> <p>According to information available to us, the property has a saleable area of approximately 470 square feet (approximately 43.7 square meters).</p> <p>The property is situated along Tung Lok Street. The surrounding area is mainly dominated by residential buildings, shopping arcades and shops.</p> <p>Accessibility to the property is good. Public transport facilities such as buses, mini-bus and taxi are available in the vicinity. It takes about 5-minute walking distance to the Long Ping MTR station.</p> <p>The Lot is held under a New Grant No. YL1069 for a term of 99 years commencing from 1 July 1898.</p> <p>By virtue of section 6 of the New Territories Leases (Extension) Ordinance, Cap. 150, the Lease was extended to 30 June 2047 without additional premium payment.</p> <p>The current annual rent payable for the Lot is equal to 3% of the rateable value per annum.</p>	<p>As inspected and confirmed by the appointed personnel of the Company, as at the Valuation Date, the property was tenanted.</p> <p>The property was subject to a tenancy with independent third party for a term of 3 years commencing from 1 May 2022 to 30 April 2025 at a monthly rental of HK\$100,000 exclusive of rates and government rent for retail purpose.</p>	<p>HK\$35,300,000</p> <p>(100 per cent. interest)</p>

*Notes:*

1. The registered owner of the property is Nice Treasure Limited vide an Assignment dated 1 March 2022 and registered in the Land Registry by Memorial No. 22031101810470 on 11 March 2022.
2. The property is subject to a Deed of Mutual Covenant dated 19 January 1973 and registered in the Yuen Long Land Registry by Memorial No. YL173963 on 15 February 1973.
3. The property is subject to an Order No. "DR00265/NT/17" by The Building Authority under s. 28(3) of the Buildings Ordinance re Common Part(s) only dated 23 June 2017 and registered in the Land Registry by Memorial No. 17071401610022 on 14 July 2017.
4. The property is subject to a Mortgage in favour of United Overseas Bank Limited to secure all moneys in respect of general banking facilities dated 3 May 2022 and registered in the Land Registry by Memorial No. 22051302420151 on 13 May 2022.
5. The property is subject to a Rental Assignment dated 3 May 2022 and registered in the Land Registry by Memorial No. 22051302420168 on 13 May 2022.
6. The property is subject to a Fire Safety Compliance Order Under s.6(1) of Fire Safety (Buildings) Ordinance (Chapter 572) by the Magistrate dated 10 March 2023 and registered in the Land Registry by Memorial Nos. 23061500440115, and 23061500440128 on 15 June 2023.
7. The property is subject to a Fire Safety Compliance Order Under s.6(1) of Fire Safety (Buildings) Ordinance (Chapter 572) by the Magistrate re Common Areas dated 10 March 2023 and registered in the Land Registry by Memorial No. 23061500440218 on 15 June 2023.
8. The property is subject to a Fire Safety Compliance Order Under s.6(1) of Fire Safety (Buildings) Ordinance (Chapter 572) by the Magistrate re Common Areas dated 10 March 2023 and registered in the Land Registry by Memorial No. 23061500440221 on 15 June 2023.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code under the Listing Rules, were as follows:

#### *Long positions in the Shares:*

Name of Director	Number of Shares held, capacity and nature of interest				Total	Approximate percentage of the Company's total issued share capital (Note a) %
	Personal interest	Family interest	Corporate interest	Other interest		
Mr. Tang	-	-	810,322,940 (Note b)	-	810,322,940	69.19

#### *Notes:*

- (a) The percentage was disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.
- (b) 810,322,940 Shares were held by Rich Time Strategy Limited (“**Rich Time**”), a wholly-owned subsidiary of Wang On Enterprises (BVI) Limited (“**WOE**”), which is in turn directly wholly-owned by WOG in which Mr. Tang together with his associates were taken to have approximately 50.67% interest.



*Interest in the shares and underlying shares of associated corporations of the Company:*

Name of Director	Name of associated corporation	Nature of interest	Total number of shares involved	Approximate percentage of associated corporation's total issued share capital % (Note a)
Mr. Tang	WOG	Personal interest	28,026,339	0.18
		Family interest (interests of spouse) (Note b)	28,026,300	0.18
		Interest of controlled corporation (Note c)	2,734,664,306	17.81
		Other interest (Note d)	4,989,928,827	32.50
		Total	7,780,645,772	50.67
		Interest of controlled corporation	7,320,095,747 (Note e)	73.54
	WOP	Interest of controlled corporation (Note f)	11,400,000,000	75.00

*Notes:*

- (a) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.
- (b) Mr. Tang was taken to be interested in 28,026,300 shares of WOG in which his spouse, Ms. Yau Yuk Yin, was interested.
- (c) 486,915,306 shares of WOG were held by Caister Limited (a company wholly-owned by Mr. Tang), 531,000,000 shares of WOG were held by Billion Trader Investments Limited (a direct wholly-owned subsidiary of Loyal Fame International Limited (“**Loyal Fame**”), which is a direct wholly-owned subsidiary of Easy One Financial Group Limited (“**Easy One**”), which is directly wholly-owned by Caister Limited, which is in turn wholly-owned by Mr. Tang), and 432,475,200 and 1,284,273,800 shares of WOG were held by Suntech Investments Limited (“**Suntech Investments**”) and Hearty Limited respectively (both direct wholly-owned subsidiaries of Total Smart Investments Limited (“**Total Smart**”), which is directly wholly-owned by the Company, which is owned as to approximately 69.19% by Rich Time, which is in turn wholly-owned by WOE, which is in turn directly wholly-owned by WOG in which Mr. Tang together with his associates were taken to have approximately 50.67% interest).

- (d) Mr. Tang was taken to be interested in 4,989,928,827 shares of WOG by virtue of being the founder of a discretionary trust, namely Tang's Family Trust.
- (e) Pursuant to the disclosure of interests form published on the website of the Stock Exchange, of the 7,320,095,747 shares of CAP, 2,007,700,062 shares of CAP were held by Onger Investments Limited ("**Onger Investments**") and 5,312,395,685 shares of CAP were held by Goal Success Investments Limited ("**Goal Success**"). As of the Latest Practicable Date, Onger Investments is directly wholly-owned by Loyal Fame, a direct wholly-owned subsidiary of Easy One, which is directly wholly-owned by Caister Limited, which is in turn wholly-owned by Mr. Tang. Pursuant to a sale and purchase agreement entered into between WOE, Loyal Fame and Mr. Tang on 6 September 2023, Loyal Fame has conditionally agreed to sell, and WOE has conditionally agreed to acquire, the entire issued share capital of Onger Investments. Therefore, Mr. Tang continues to be interested in such CAP shares held by Onger Investments. Goal Success is directly wholly-owned by Biomore Investments Limited, a direct wholly-owned subsidiary of Total Smart, which is directly wholly-owned by the Company. The Company is owned as to approximately 69.19% by Rich Time which is wholly-owned by WOE, which is in turn directly wholly-owned by WOG in which Mr. Tang together with his associates were taken to have approximately 50.67% interest.
- (f) 11,400,000,000 shares of WOP were held by Earnest Spot Limited, a direct wholly-owned subsidiary of WOE, which is in turn directly wholly-owned by WOG in which Mr. Tang together with his associates were taken to have approximately 50.67% interest.

**(b) Persons who have interests or short positions in the Shares or underlying Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO**

Save as disclosed in this Appendix II, as at the Latest Practicable Date, no person had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

*Long positions in the Shares*

Name of Shareholders (Note a)	Capacity	Number of Shares	Approximate percentage of the Company's total issued share capital (Note b) %
Rich Time (Note c)	Interest of controlled corporation	810,322,940	69.19
WOE (Note c)	Interest of controlled corporation	810,322,940	69.19
WOG (Note c and d)	Interest of controlled corporation	810,322,940	69.19
Ms. Yau Yuk Yin (Note e)	Family interest (interest of spouse)	810,322,940	69.19

*Notes:*

- (a) For details of Mr. Tang's interests, please refer to the section headed "Disclosure of Interests – Interests of Directors" in this Appendix II.

- (b) The percentages were disclosed pursuant to the relevant disclosure forms filed under the SFO as at the Latest Practicable Date.
- (c) Mr. Tang was interested in 810,322,940 shares of the Company held by Rich Time, a wholly-owned subsidiary of WOE, which is in turn directly wholly-owned by WOG in which Mr. Tang together with his associates were taken to have approximately 50.67% interest. Therefore such Shares held by Rich Time are the same Shares as disclosed under other interest of Mr. Tang in paragraph 2(a) above in this Appendix II.
- (d) Mr. Tang is the chairman and an executive director of WOG.
- (e) Ms. Yau Yuk Yin is taken to be interested in the shares in which her spouse, Mr. Tang is interested.

### **3. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES**

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

### **4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS**

Save for WOG Group's acquisition of approximately 20.17% of the issued share capital of CAP from Loyal Fame (which is indirectly wholly-owned by Mr. Tang) for a cash consideration of HK\$200 million as disclosed in WOG's announcement dated 6 September 2023, as at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 March 2023, being the date on which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**7. EXPERT AND CONSENT**

The following is the qualification of the experts who have given opinion and advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Altus Capital Limited	a corporation licensed to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the SFO
LCH (Asia-Pacific) Surveyors Limited	an independent professional valuer

As at the Latest Practicable Date, each of the experts referred to above (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 March 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion or report and the reference to its name included herein in the form and context in which it appears.

**8. GENERAL**

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Suite 3101, 31/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Mr. Cheung Chin Wa Angus. He is a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

**9. DOCUMENTS ON DISPLAY**

Copies of the Sale and Purchase Agreements are available on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.wyth.net](http://www.wyth.net) from the date of this circular up to and including 19 October 2023 (the date of the SGM).

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## NOTICE OF THE SGM

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of Wai Yuen Tong Medicine Holdings Limited (the “**Company**”) will be held at 19th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong on Thursday, 19 October 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

(1) “**THAT:**

- (a) the Sale and Purchase Agreement I (as defined in the circular of the Company dated 29 September 2023 of which this notice forms part (the “**Circular**”)) (a copy of which has been produced in this meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (b) the entering into of the Sale and Purchase Agreement I (as defined in the Circular) be approved, confirmed and ratified and any one director of the Company (the “**Director**”) be and is hereby authorised to do all such acts and things as the Director in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Sale and Purchase Agreement I (as defined in the Circular) and the transactions contemplated thereunder.”

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## NOTICE OF THE SGM

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(2) “**THAT:**

- (a) the Sale and Purchase Agreement II (as defined in the Circular) (a copy of which has been produced in this meeting and marked “B” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (b) the entering into of the Sale and Purchase Agreement II (as defined in the Circular) be approved, confirmed and ratified and any one Director be and is hereby authorised to do all such acts and things as the Director in his/her sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Sale and Purchase Agreement II (as defined in the Circular) and the transactions contemplated thereunder.”

By Order of the Board  
**WAI YUEN TONG MEDICINE HOLDINGS LIMITED**  
(位元堂藥業控股有限公司\*)  
**Cheung Chin Wa Angus**  
*Company Secretary*

Hong Kong, 29 September 2023

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of business in Hong Kong:*  
Suite 3101, 31/F., Skyline Tower  
39 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

*Notes:*

1. A form of proxy for use at the SGM is enclosed.
2. The register of members of the Company will be closed from Monday, 16 October 2023 to Thursday, 19 October 2023 (both days inclusive) during which period no transfer of share(s) will be effected. In order to determine the eligibility to attend and vote at the SGM or any adjourned meeting thereof (as the case may be), all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m., on Friday, 13 October 2023.
3. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one proxy or, if such member is a holder of more than one share of the Company, more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.

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## NOTICE OF THE SGM

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4. In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).
5. Completion and delivery of the form of proxy will not preclude members from attending and voting at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any shares of the Company, any one of such holders may vote at the SGM either personally or by proxy in respect of such shares as if he/she was solely entitled thereto provided that if more than one of such joint holders be present at the SGM whether personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holder.
7. The above resolutions will be voted by way of a poll at the SGM.

*\* For identification purpose only*