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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)

DISCLOSEABLE AND CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

**Independent Financial Advisor to the Independent Board Committee
and the Independent Shareholders**



PROVISION OF REVOLVING LOAN FACILITY

On 18 December 2023, the Lender (an approximate 99.8%-owned subsidiary of the Company) and the Borrower entered into the Revolving Loan Facility Agreement, pursuant to which the Lender agreed to grant the Revolving Loan Facility not exceeding HK\$100 million to the Borrower for a term of five years at the interest rate of 10% per annum.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the issued share capital of the Company is indirectly owned as to approximately 69.19% by WOG, which is the controlling shareholder and a connected person of the Company. As the highest applicable percentage ratio in respect of the Revolving Loan Facility exceeds 5% but is less than 25%, the provision of the Revolving Loan Facility by the Lender to the Borrower therefore constitutes a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

SGM

The SGM will be held for the purpose of considering and, if thought fit, approving, among other things, the provision of the Revolving Loan Facility by the Independent Shareholders. An independent board committee comprising all of the independent non-executive Directors has been established by the Company to give recommendations to the Independent Shareholders on the terms and conditions of the Revolving Loan Facility Agreement and the transactions contemplated therein. The Independent Financial Advisor has been appointed by the Company to advise the independent board committee and the Independent Shareholders in relation to the terms and conditions of the Revolving Loan Facility Agreement and the transactions contemplated therein.

The Circular containing, among other things, (a) further details of the Revolving Loan Facility; (b) the recommendation of the independent board committee of the Company to the Independent Shareholders in relation to the Revolving Loan Facility; (c) a letter of advice of the Independent Financial Advisor to the independent board committee of the Company and the Independent Shareholders in relation to the Revolving Loan Facility; (d) a notice convening the SGM; and (e) other information as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 11 January 2024.

PROVISION OF REVOLVING LOAN FACILITY

On 18 December 2023, the Lender (an approximate 99.8%-owned subsidiary of the Company) and the Borrower entered into the Revolving Loan Facility Agreement, pursuant to which the Lender agreed to grant the Revolving Loan Facility not exceeding HK\$100 million to the Borrower for a term of five years at the interest rate of 10% per annum.

The principal terms of the Revolving Loan Facility Agreement are summarized below:

Date:	18 December 2023
Parties:	(1) Wai Yuen Tong Medicine Company Limited as the Lender; and (2) WOG as the Borrower
Available amount:	HK\$100 million
Drawdown period:	The Borrower may draw down the Loan in full in one lump sum or in amounts of HK\$1,000,000 in multiple tranche(s) during a period of 60 months immediately following the execution of the Revolving Loan Facility Agreement

- Interest:** with respect to any amount of the Loan which has been drawdown, at a rate of 10% per annum, which is payable every six months with the first interest period commencing on the date of the Revolving Loan Facility Agreement or on such other date as may be agreed by the Borrower and the Lender
- Default interest:** with respect to any unpaid sum(s) due and payable by the Borrower, at a rate of 15% per annum from the due date to the date of actual payment, to be compounded with the unpaid sum(s) on a daily basis
- Repayment:** The Borrower shall repay the full principal amount of the Loan and all outstanding monies and interest accrued thereon (if any) on the date falling five years from the date of the Revolving Loan Facility Agreement
- Early repayment:** The Borrower may repay the Loan in full or in part (in a multiple of HK\$1,000,000) at any time without premium or penalty
- The Lender may demand repayment of any part of the Loan and any unpaid sum(s) due and payable by the Borrower at any time
- Conditions precedent:** The provision of the Revolving Loan Facility is conditional upon the Independent Shareholders having passed the ordinary resolution(s) at the SGM to approve the provision of the Revolving Loan Facility
- Re-borrowing:** The Borrower may re-borrow any part of the Loan which is repaid, up to the available amount under the Loan in accordance with the terms of the Revolving Loan Facility Agreement
- Assignment:** Neither party may assign or transfer all or part of its rights or obligations under the Revolving Loan Facility Agreement without the prior written consent of the other party

The Revolving Loan Facility will be financed by the Group's internal resources.

REASONS FOR AND BENEFITS OF THE PROVISION OF REVOLVING LOAN FACILITY

The provision of the Revolving Loan Facility to WOG will provide the Group a higher return on investment on its idle cash resources. The interest rate under the Revolving Loan Facility Agreement is more favourable than the deposit rate available to the Group (excluding CAP and its subsidiaries).

The terms of the Revolving Loan Facility Agreement (including the proposed available amount and the applicable interest rates) were agreed between the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices.

Taken into consideration the satisfactory financial background of the Borrower and a stable revenue and cashflow stream from the interest income is expected, the Directors (excluding the independent non-executive Directors, whose views will be set out in the letter from the independent board committee to be included in the Circular) consider that the terms of the Revolving Loan Facility Agreement (including the proposed available amount and the applicable interest rates) and the provision of the Revolving Loan Facility are on normal commercial terms, and its terms are fair and reasonable and thus the provision of the Revolving Loan Facility pursuant to the Revolving Loan Facility Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP, THE LENDER, THE BORROWER AND THE WOG GROUP

The Group and the Lender

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 Pearl's" and "Pearl's"; (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 Lender is a company incorporated in Hong Kong with limited liability, a subsidiary indirectly owned as to approximately 99.8% by the Company, and principally engaged in the production and sale of Chinese pharmaceutical and health food products.

The Borrower and the WOG Group

The Borrower is WOG, an exempted company incorporated in Bermuda with limited liability, the ordinary shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222).

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 Wang On Properties Limited (Stock Code: 1243), a 75.0%-owned listed subsidiary of WOG; (iii) manufacturing and retailing of pharmaceutical and health food products through the Company, an approximate 69.19%-owned listed subsidiary of WOG; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximate 53.37%-owned listed subsidiary of the Company and an approximate 20.17%-owned listed subsidiary of WOG.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the issued share capital of the Company is indirectly owned as to approximately 69.19% by WOG, which is the controlling shareholder and a connected person of the Company. As the highest applicable percentage ratio in respect of the Revolving Loan Facility exceeds 5% but is less than 25%, the provision of the Revolving Loan Facility by the Lender to the Borrower therefore constitutes a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

SGM

The SGM will be held for the purpose of considering and, if thought fit, approving, among other things, the provision of the Revolving Loan Facility by the Independent Shareholders. Shareholders who have a material interest in the provision of the Revolving Loan Facility and their respective associates (as defined in the Listing Rules) are required to abstain from voting on the relevant resolution(s) at the SGM. As WOG has a material interest in the provision of the Revolving Loan Facility, WOG and its associates will abstain from voting on the relevant resolution(s) in relation to the provision of the Revolving Loan Facility.

An independent board committee comprising all of the independent non-executive Directors has been established by the Company to give recommendations to the Independent Shareholders on the terms and conditions of the Revolving Loan Facility Agreement and the transactions contemplated therein. The Independent Financial Advisor has been appointed by the Company to advise the independent board committee and the Independent Shareholders in relation to the terms and conditions of the Revolving Loan Facility Agreement and the transactions contemplated therein.

The Circular containing, among other things, (a) further details of the Revolving Loan Facility; (b) the recommendation of the independent board committee of the Company to the Independent Shareholders in relation to the Revolving Loan Facility; (c) a letter of advice of the Independent Financial Advisor to the independent board committee of the Company and the Independent Shareholders in relation to the Revolving Loan Facility; (d) a notice convening the SGM; and (e) other information as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 11 January 2024.

DEFINITIONS

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

“Board”	the board of the Directors
“Business Day”	a day (excluding any Saturday, Sunday and public holiday) on which banks are open for general business in Hong Kong
“CAP”	China Agri-Products Exchange Limited 中國農產品交易有限公司, an exempted company incorporated in Bermuda with limited liability and the ordinary shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 149)
“Circular”	the circular to be despatched to the Shareholders in relation to, among other things, the provision of the Revolving Loan Facility by the Lender to the Borrower
“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)
“connected person”	has the meaning given to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Financial Advisor”	Merdeka Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“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 Revolving Loan Facility Agreement
“Lender”	Wai Yuen Tong Medicine Company Limited, a subsidiary of the Company indirectly owned as to approximately 99.8% by the Company and a company incorporated in Hong Kong with limited liability which is principally engaged in the production and sale of Chinese pharmaceutical and health food products
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Revolving Loan Facility” or the “Loan”	an unsecured revolving loan facility not exceeding HK\$100 million to be provided by the Lender to the Borrower pursuant to the terms of the Revolving Loan Facility Agreement
“Revolving Loan Facility Agreement”	the revolving loan facility agreement, dated 18 December 2023, entered into between the Borrower and the Lender, pursuant to which the Lender agreed to make the Revolving Loan Facility available to the Borrower
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of, among others, approving the Revolving Loan Facility
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“WOG” or the “Borrower”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability, the ordinary shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOG Group”	WOG and its subsidiaries
“%”	per cent.

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

Hong Kong, 18 December 2023

As at the date of this announcement, the Board comprises Mr. Tang Ching Ho, Ms. Tang Wai Man and Ms. Law Man Yee, Anita as executive Directors, and Mr. Siu Man Ho, Simon, Mr. Li Ka Fai, David, Professor Sit Wing Hang and Professor Chan Wing Kwong as independent non-executive Directors.

** for identification purpose only*