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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
PROVISION OF FINANCIAL ASSISTANCE
AND
(2) NOTICE OF SPECIAL GENERAL MEETING****Independent Financial Advisor to the Independent Board Committee and
the Independent Shareholders**

A letter from the Board is set out on pages 4 to 9 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 10 to 11 of this circular. A letter from Merdeka Corporate Finance Limited, the Independent Financial Advisor, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 27 of this circular.

A notice convening the SGM to be held at 17th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong on Tuesday, 30 January 2024 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 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.

11 January 2024

* For identification purpose only

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DEFINITIONS

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
“Business Day”	a day (excluding any Saturday, Sunday and public holiday) on which banks are open for general business in Hong Kong
“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 and the ordinary 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. Li Ka Fai, David, Professor Sit Wing Hang and Professor Chan Wing Kwong
“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 and the transactions thereunder

DEFINITIONS

“Latest Practicable Date”	5 January 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“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
“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
“Revolving Loan Facility” or “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”	the 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 Agreement and the transactions thereunder
“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

DEFINITIONS

“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 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)
“WOP Group”	WOP and its subsidiaries
“%”	per cent.

LETTER FROM THE BOARD



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. Siu Man Ho, Simon

Mr. Li Ka Fai, David, *MH*

Professor Sit Wing Hang, *GBS, JP*

Professor Chan Wing Kwong, *MD*

*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

11 January 2024

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement dated 18 December 2023 issued by the Company in relation to, among others, the Revolving Loan Facility Agreement.

As disclosed in the announcement, on 18 December 2023, the Lender (an approximate 99.8%-owned subsidiary of the Company) and WOG 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 WOG for a term of five years at the interest rate of 10% per annum.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (a) further details of the Revolving Loan Facility; (b) the recommendation of the Independent Board Committee 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 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.

THE REVOLVING LOAN FACILITY AGREEMENT

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

LETTER FROM THE BOARD

Early repayment:	<p>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</p> <p>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</p>
Conditions precedent:	<p>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</p>
Re-borrowing:	<p>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</p>
Assignment:	<p>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</p>
Security:	<p>Unsecured</p>

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

REASONS FOR AND BENEFITS OF THE PROVISION OF REVOLVING LOAN FACILITY

Based on the interim report of WOG for the six months ended 30 September 2023, as at 30 September 2023, the WOG Group had cash and cash equivalents of approximately HK\$1,121.2 million and net assets and current assets of approximately HK\$1,741.6 million and HK\$9,250.5 million respectively. In addition, the gearing ratio of the WOG Group, being the ratio of total interest-bearing debts, net of cash and cash equivalents, restricted bank balances and pledged deposits, was approximately 57.9% as at 30 September 2023. Taking into consideration the satisfactory financial background including debt level of the WOG Group, the management of the Company considered that the granting of the Revolving Loan Facility could be made on an unsecured basis. The provision of the Revolving Loan Facility to WOG will enable the Group to utilize its idle cash resources to generate a stable revenue and cashflow stream for the Company at interest rate that 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 taking into account the prevailing market interest rates and practices. Based on the above factors, the Directors (including the independent non-executive Directors) therefore consider that the Revolving Loan Facility is 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 its Shareholders as a whole.

LETTER FROM THE BOARD

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 approximately 0.02%, 0.13% and 0.05% by Mr. Poon Chun Wing, Mr. Ho Wai Gay and Mr. Poon Shu Keung, respectively, and is 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 WOP, 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 held as to approximate 20.17% (excluding the interest held by the Group) by WOG.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the issued share capital of the Company was 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.

LETTER FROM THE BOARD

In view of the factors that (i) Mr. Tang, an executive Director is also a director of WOG and (ii) Ms. Tang Wai Man, an executive Director 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 Revolving Loan Facility Agreement and the transactions contemplated therein, and have abstained from voting on the Board resolution(s) approving the Revolving Loan Facility Agreement and the transactions thereunder.

The Shareholders who have a material interest in the Revolving Loan Facility Agreement and the transactions contemplated therein and their respective associates (as defined in the Listing Rules) are required to abstain from voting on the relevant resolution(s) at the SGM. WOG and its associates will abstain from voting on the relevant resolution(s) in relation to the Revolving Loan Facility Agreement and the transactions contemplated therein.

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 Revolving Loan Facility Agreement and the transactions contemplated therein 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 provision of the Revolving Loan Facility by the Independent Shareholders by way of poll.

The register of members of the Company will be closed from Thursday, 25 January 2024 to Tuesday, 30 January 2024 (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 resolution(s) will be proposed to the Independent Shareholders to consider and, if thought fit, approve, among other things, the provision of the Revolving Loan Facility Agreement and the transactions thereunder, is contained on pages SGM-1 to SGM-2 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 Sunday, 28 January 2024) 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.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to:

(a) the letter from the Independent Board Committee, the text of which is set out on pages 10 to 11 of this circular; and

(b) the letter from Merdeka Corporate Finance Limited, being the Independent Financial Advisor, to advise the Independent Shareholders and the Independent Board Committee with respect to the provision of the Revolving Loan Facility, the text of which is set out on pages 12 to 27 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 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. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Revolving Loan Facility Agreement and the transactions thereunder.

For the reasons set out above, the Directors (including the independent non-executive Directors) 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. Accordingly, the Directors would recommend the Independent Shareholders to vote in favour of the resolution(s) at the SGM for the Revolving Loan Facility Agreement and the transactions thereunder.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

11 January 2024

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE**

We refer to the circular of the Company dated 11 January 2024 (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 Revolving Loan Facility Agreement and the transactions thereunder. Merdeka Corporate Finance 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 12 to 27 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 appendix thereto.

Having considered the terms of the Revolving Loan Facility Agreement and the transactions thereunder and taking into account the independent advice of the Independent Financial Advisor set out in its letter on pages 12 to 27 of the Circular and the relevant information contained in the letter from the Board, we 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.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we, representing the Independent Board Committee, recommend that you vote in favour of the ordinary resolution(s) to be proposed at the SGM in relation to the Revolving Loan Facility Agreement and the transactions thereunder.

Yours faithfully,
Independent Board Committee
Li Ka Fai, David
Siu Man Ho, Simon
Professor Sit Wing Hang
Professor Chan Wing Kwong
Independent non-executive Directors

** For identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the full text of a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in respect of the Revolving Loan Facility Agreement and the transactions contemplated thereunder, for the purpose of inclusion in the Circular.



Room 1108-1110, 11/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

11 January 2024

*To the Independent Board Committee and the Independent Shareholders of
Wai Yuen Tong Medicine Holdings Limited*

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

INTRODUCTION

We refer to our appointment as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in relation to the Revolving Loan Facility Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (“the **“Board Letter”**”) in the circular issued by Wai Yuen Tong Medicine Holdings Limited (the **“Company”**), together with its subsidiaries as the **“Group”**) to the Shareholders dated 11 January 2024 (“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.

As disclosed in the announcement, on 18 December 2023, the Lender (an approximate 99.8%-owned subsidiary of the Company) and WOG 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 WOG for a term of five years at the interest rate of 10% per annum.

As of the Latest Practicable Date, the issued share capital of the Company was 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Li Ka Fai, David, Mr. Siu Man Ho, Simon, Professor Sit Wing Hang and Professor Chan Wing Kwong, has been established to consider and advise the Independent Shareholders in respect of the Revolving Loan Facility Agreement and the transactions contemplated thereunder. We have been appointed by the Company as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this respect and such an appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

We, Merdeka Corporate Finance Limited, are not connected with the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, we were not aware of any relationships or interest between the Company and us nor any other parties that could be reasonably be regarded as a hindrance to our independence to act as the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders. In the last two years, we had not been engaged by the Company for the provision of other services that would affect our independence. Apart from normal professional fees payable to us in connection with this appointment of us as the Independent Financial Advisor, no arrangement exists whereby we will receive any fees or benefits from the Company or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the provision of the Revolving Loan Facility.

Our role is to provide the Independent Board Committee and the Independent Shareholders with our independent opinion and recommendation as to (i) whether the terms of the Revolving Loan Facility Agreement are fair and reasonable; (ii) whether the entering into the Revolving Loan Facility Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to be proposed at the SGM regarding the Revolving Loan Facility Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary. These procedures and steps include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, with the relevant public information, statistics and market data, industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group (the “**Management**”). The documents reviewed include, but are not limited to, (i) the Revolving Loan Facility Agreement; (ii) the annual report of the Company for the year ended 31 March 2023 (the “**Annual Report 2023**”) and the interim report of the Company for the six months ended 30 September 2023 (the “**Interim Report 2023**”); (iii) the annual report of WOG for the year ended 31 March 2023 (the “**WOG Annual Report 2023**”) and the interim report of WOG for the six months ended 30 September 2023 (the “**WOG Interim Report 2023**”); (iv) other relevant information as set out in the Circular; and (v) other

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

relevant public information. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, the Management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of an in-depth investigation into the business and affairs or the future prospects of the Group.

This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Revolving Loan Facility Agreement and the transactions contemplated thereunder. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent. Our opinion is based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In arriving at our opinion and recommendation with regard to the Revolving Loan Facility Agreement and the transactions contemplated thereunder, we have taken into account the principal factors and reasons set out below:

1. Background information of the parties involved

1.1. the Group

Information on the Group and the Lender

As set out in the Board Letter, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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 approximately 0.02%, 0.13% and 0.05% by Mr. Poon Chun Wing, Mr. Ho Wai Gay and Mr. Poon Shu Keung, respectively, and is principally engaged in the production and sale of Chinese pharmaceutical and health food products.

Historical financial performance of the Group

Set out below are the financial results of the Group for the six months ended 30 September 2022 (“**HY2022**”) and 2023 (“**HY2023**”) as extracted from the Interim Report 2023 and for years ended 31 March 2022 (“**FY2022**”) and 2023 (“**FY2023**”) as extracted from Annual Report 2023:

	For the six months ended		For the year ended	
	30 September		31 March	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Total revenue	678,804	606,127	1,286,428	1,391,411
Gross Profit	324,027	268,189	611,777	570,390
Profit/(loss) attributable to owners of the parent	3,549	(53,385)	(20,515)	(108,912)

HY2023 and HY2022

The total revenue of the Group for HY2023 increased by approximately 12.0% to approximately HK\$678.8 million, which was mainly attributable to the increase in sales performance of both Chinese pharmaceutical and health food products and Western pharmaceutical and health food products. The Group's gross profit increased by approximately 20.8% to approximately HK\$324.0 million for HY2023 as compared to approximately HK\$268.2 million for HY2022. The increase was mainly due to the improvement of gross profit margin of both Chinese and Western pharmaceutical and health food products.

During HY2023, the Group recorded a profit attributable to owners of the parent of approximately HK\$3.5 million (six months ended 30 September 2022: a loss attributable to owners of the parent of approximately HK\$53.4 million). Such turnaround from loss to profit was mainly attributable to the combined effect of (i) increase in sales and gross profit generated from the production and sale of pharmaceutical and health food products; and (ii) gain on disposal of a property as partially offset by the decrease in fair value gains on owned investment properties and the increase in impairment losses on property, plant and equipment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

FY2023 and FY2022

Total revenue of the Group decreased by approximately 7.5% to approximately HK\$1,286.4 million for FY2023, which was mainly attributable to the decrease in sale of properties in agricultural produce exchange markets. The Group's gross profit recorded approximately HK\$611.8 million for FY2023, representing an increase of approximately 7.3% as compared to that of approximately HK\$570.4 million for FY2022.

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 the FY2023.

The audited and unaudited consolidated assets and liabilities of the Group as at 31 March 2023 and 30 September 2023 as extracted from the Annual Report 2023 and the Interim Report 2023, respectively, are summarized as follows:

	As at 30 September 2023	As at 31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Total assets	6,583,962	7,013,815
Non-current assets	4,057,917	4,311,445
Current assets	2,526,045	2,702,370
Total liabilities	3,098,226	3,325,431
Current liabilities	1,615,960	1,657,188
Non-current liabilities	1,482,266	1,668,243
Net current assets	910,085	1,045,182
Net assets	3,485,736	3,688,384
Equity attributable to owners of the parent	2,225,827	2,349,191

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As at 30 September 2023, the unaudited net current assets of the Group were approximately HK\$910.1 million, representing a decrease of approximately 12.9%, as compared to approximately HK\$1,045.2 million as at 31 March 2023. The net asset of the Group was approximately HK\$3,458.7 million as at 30 September 2023, representing a decrease of approximately 5.5% as compared to approximately HK\$3,688.4 million as at 31 March 2023. In addition, the Group had cash and cash equivalents of approximately HK\$456.0 million as at 30 September 2023.

As at 30 September 2023, the Group's current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.6 times, which was the same as that as at 31 March 2023. As at the same date, the Group's gearing ratio, being the ratio of total interest-bearing debts net of cash and cash equivalents and pledged deposits to equity attributable to owners of the parent, was approximately 44.6%, which was about 1.7 percentage points lower than that of approximately 46.3% as at 31 March 2023.

1.2. WOG Group

Information on the WOG Group and the Borrower

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 WOP, 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 held as to an approximate 20.17% (excluding the interest of the Group) by WOG.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Historical financial performance of the WOG Group

Set out below are the financial results of the WOG Group for the six months ended 30 September 2022 (“**HY2022**”) and 2023 (“**HY2023**”) as extracted from the WOG Interim Report 2023 and for years ended 31 March 2022 (“**FY2022**”) and 2023 (“**FY2023**”) as extracted from WOG Annual Report 2023:

	For the six months ended		For the year ended	
	30 September		31 March	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Total revenue	1,136,119	2,050,479	3,603,458	1,856,041
Gross Profit	434,692	532,160	1,059,615	805,732
Profit for the year/ period	189,714	2,623	98,754	(252,763)
Profit/(loss) attributable to owners of the parent	110,968	(23,613)	12,784	(305,226)

HY2023 and HY2022

The WOG Group’s revenue for HY2023 decreased by approximately 44.6% to approximately HK\$1,136.1 million (HY2022: approximately HK\$2,050.5 million). Decrease in revenue was mainly due to the decrease in sales contributed from the delivery of the WOG Group’s property development projects in which the WOG Group has a controlling stake during HY2023.

The WOG Group recorded gross profit and gross profit margin of approximately HK\$434.7 million and 38.3% respectively for HY2023 (HY2022: approximately HK\$532.2 million and 26.0% respectively). The decline in gross profit was mainly due to decrease in delivery of property projects during HY2023.

Profit attributable to owners of the parent for HY2023 was approximately HK\$111.0 million as compared to the loss attributable to owners of the parent for HY2022 of approximately HK\$23.6 million. This was primarily attributable to, among other things, (i) increase in share of result of joint ventures, and (ii) increase in sales and gross profit generated from the production and sale of pharmaceutical and health food products, as partially offset by (a) decrease in gross profit resulting from decrease in delivery of property projects and (b) increase in finance costs arising from interest rates increment during HY2023 as compared to those for the corresponding period in 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

FY2023 and FY2022

The WOG Group recorded a revenue of approximately HK\$3,603.5 million for FY2023, representing an increase of approximately 94.1% from approximately HK\$1,856.0 million for FY2022. Increase in revenue was mainly due to the increase in sales contributed from the delivery of the WOG Group's property development projects in which the WOG Group has a controlling stake during FY2023.

The WOG Group recorded gross profit and gross profit margin of approximately HK\$1,059.6 million and 29.4% respectively for FY2023 (FY2022: approximately HK\$805.7 million and 43.4% respectively). The decline in gross profit margin was mainly due to a higher proportion of revenue recognised from the sale of properties during FY2023 which gross profit margin was lower.

Profit attributable to owners of the parent for FY2023 was approximately HK\$12.8 million as compared to the loss attributable to owners of the parent for FY2022 of approximately HK\$305.2 million. This was primarily attributable to, among other things, (i) decrease in impairment losses of debt investments, decrease in realised losses on disposal of debt investments, and decrease in fair value losses on financial assets at fair value through profit and loss, (ii) increase in gross profit resulting from delivery of property projects owned by the WOG Group, and (iii) decrease in net fair value losses on investment properties, as partially offset by (a) decrease in share of profits from delivery of completed residential projects from joint ventures, (b) new additions of write down of properties held for sales and properties under development, (c) reduction in revenue from treasury operation, as well as (d) increase in finance costs arising from interest rates increment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The audited and unaudited consolidated assets and liabilities of the WOG Group as at 31 March 2023 and 30 September 2023 as extracted from the WOG Annual Report 2023 and the WOG Interim Report 2023, respectively, are summarized as follows:

	As at 30 September 2023	As at 31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Total assets	18,463,996	18,387,070
Non-current assets	11,649,401	11,414,567
Current assets	6,814,595	6,972,503
Total liabilities	9,213,538	9,007,704
Non-current liabilities	4,140,515	4,320,977
Current liabilities	5,073,023	4,686,727
Net current assets	1,741,572	2,285,776
Net assets	9,250,458	9,379,366
Equity attributable to owners of the parent	5,900,868	5,916,307

The WOG Group recorded current liabilities of approximately HK\$5,073.0 million as at 30 September 2023, which represented an increase of approximately 8.2% as compared with that of approximately HK\$4,686.7 million as at 31 March 2023. Meanwhile, the WOG Group recorded a decrease of approximately 2.3% in current assets from approximately HK\$6,972.5 million as at 31 March 2023 to approximately HK\$6,814.6 million as at 30 September 2023. As a result, the WOG Group's net current assets decreased by approximately 23.8% from approximately HK\$2,285.8 million to approximately HK\$1,741.6 million. In addition, the WOG Group had cash and cash equivalents of approximately HK\$1,121.2 million as at 30 September 2023.

As at 30 September 2023, the WOG Group's gearing ratio, being the ratio of total interest-bearing debts, net of cash and cash equivalents, restricted bank balances and pledged deposits was approximately 57.9%, which was about 8.5 percentage points higher than that of approximately 49.4% as at 31 March 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

2. Reasons for and benefits of the provision of Revolving Loan Facility

As set out in the Board Letter, the provision of the Revolving Loan Facility to WOG will enable the Group to utilise its idle cash resources to generate a stable revenue and cashflow stream for the Company at interest rate that is more favourable than the deposit rate available to the Group (excluding CAP and its subsidiaries).

As referred to the Board Letter, based on the WOG's financial position as set out in the WOG Interim Report 2023, after taking into consideration the satisfactory financial background including debt level of the WOG Group, the Management considered that the granting of the Revolving Loan Facility could be made on an unsecured basis. The Revolving Loan Facility will allow the Company to generate a stable revenue and cashflow stream. 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 taking into account the prevailing market interest rates and practices. Based on the above factors, the Directors (including the independent non-executive Directors) therefore consider that the Revolving Loan Facility is 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 its Shareholders as a whole.

According to the Interim Report 2023, as at 30 September 2023, the Group had (i) current asset of approximately HK\$2,526.0 million consisting of cash and cash equivalents of approximately 456.0 million, trade receivables of approximately HK\$66.6 million, loans and interest receivables of approximately HK\$19.5 million and prepayments, deposits and other receivables of approximately HK\$255.2 million; and (ii) stable current ratio of 1.6 times, indicating that the Group has more current assets than current liabilities and therefore the Group has sufficient liquidity to cover its short-term obligations. Accordingly, we consider that the Group's financial resources on hand is sufficient to cover its current borrowings. Based on our discussion with the Management, we noted that the Group is in a healthy financial position and the Group has sufficient working capital for its daily operations. As such, the grant of the Revolving Loan Facility by the Group to WOG will not impose material impact on the working capital nor daily operations of the Group.

In addition, as advised by the Management, the interest rate as quoted by local commercial banks to the Group for time deposits normally ranges from 4.7% per annum to 5.2% per annum from time to time, which are lower than the interest rate of 10.0% per annum under the Revolving Loan Facility Agreement. We have also performed online checking on the official websites of major commercial banks in Hong Kong, namely The Hongkong and Shanghai Banking Corporation, Hang Seng Bank, The Bank of China, Standard Chartered Hong Kong, Citibank (Hong Kong), DBS Bank (Hong Kong), The Bank of East Asia, Industrial and Commercial Bank of China, China Construction Bank Corporation; and Fubon Bank, and noted that the interest rate of time deposit for each of 1-month, 3-month and 6-month period as quoted by these commercial banks as at the Latest Practicable Date are below the interest rate under the Revolving Loan Facility Agreement. Therefore, we are of the view that the Group will be benefited from receiving interest income generated from the outstanding amounts under the Revolving Loan Facility at a rate higher than the prevailing interest rate for time deposits in the Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Having considered that (i) the grant of the Revolving Loan Facility will not have material financial impact on the Group while enabling the Group to generate stable interest income; (ii) the interest rate under the Revolving Loan Facility Agreement is higher than the market rate for fixed deposit offered by commercial banks in Hong Kong; and (iii) the WOG Group has sufficient net assets to cover the Revolving Loan Facility as detailed in the historical financial performance of the WOG Group above, we concur with the Directors' view that 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.

3. The Revolving Loan Facility Agreement

The table below summarises the major terms of the Revolving Loan Facility Agreement, details of which are set out in the Board Letter:

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Early repayment:	<p>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</p> <p>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</p>
Conditions precedent:	<p>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</p>
Re-borrowing:	<p>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</p>
Assignment:	<p>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</p>
Security:	<p>Unsecured</p>

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

Analysis on the Revolving Loan Facility Agreement

In assessing the fairness and reasonableness of the terms of the Revolving Loan Facility Agreement, in view that the Revolving Loan Facility is provided by the Company to WOG, we therefore have reviewed similar transactions involving the provision of loan or financial assistance to a connected person with a fixed interest rate announced by companies listed in Hong Kong during the period from 1 August 2023 to and up to 18 December 2023, being the date of the announcement of the Company in respect of the Revolving Loan Facility Agreement (the "**Review Period**"), being approximately an five-month period prior to the date of the Revolving Loan Facility Agreement. On a best effort basis and to the best of our knowledge, a total of 14 comparable transactions was found which meet according to the aforementioned criteria. According to an announcement of Jiumaojiu International Holdings Limited (Stock Code: 9922) ("**Jiumaojiu**") dated 6 October 2023, we noted that Jiumaojiu granted a loan its connected person on 5 January 2023, which is out of the Review Period, therefore, Jiumaojiu was excluded from our analysis. Accordingly, a total of 13 comparable transactions (the "**Market Comparables**") have been found on the website of the Stock Exchange and they are exhaustive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Independent Shareholders should note that (i) the principal businesses, operations, size of assets, market capitalisation and prospects of WOG and the Company may not be exactly the same as the Market Comparables; (ii) 1 out of 13 Market Comparables was subject to the shareholders' approval; and (iii) the credit risk of the underlying borrower(s) of the Market Comparables might not be same as that of WOG. Notwithstanding the above, after considering that (i) all the Market Comparables are similar in the nature compared with the Revolving Loan Facility, namely provision of loan/financial assistance to connected person by a listed issuer of the Stock Exchange; (ii) all of underlying transactions of the Market Comparables were taken place within a five-month period from the date of the Revolving Loan Facility Agreement, which reflects the recent and latest market practice in respect of the interest rate and other terms charged to connected person, thus having a better reference value in respect of timeliness; (iii) the list of Market Comparables provides a comprehensive range of terms of the latest financial assistance provided by the listed issuer in Hong Kong to connected person(s) for our general reference in similar type of transaction; and (iv) to the best of our knowledge, such list of the Market Comparables are exhaustive based on the above criteria, we consider that the Revolving Loan Facility is comparable to the Market Comparables and our assessment on the Market Comparables serves a general reference to the recent market practice in respect of the transactions with connected persons regarding provision of loan or financial assistance under the current market condition and sentiment so as to assess the fairness and reasonableness of the Revolving Loan Facility. Set out below are the details of the Market Comparables:

No.	Company name (Stock Code)	Role of issuer in the respective financial assistance	Date of announcement	Market capitalisation as at the Latest Practicable Date (HK\$ million)	Total asset value (HK\$ million) <i>(note 3)</i>	Loan size (HK\$ million)	Interest rate per annum	Term to maturity (month)	Collateral/ Guarantee	Shareholders' approval (Y/N)	Revolving loan (Y/N)
1	Tianjin Capital Environmental Protection Group Company Limited (1065.HK)	lender	15-Dec-23	916.60	25,883.3 <i>(note 1)</i>	21.8 <i>(note 1)</i>	5.0%	12 months	N/A	N	N
2	ZTO Express (Cayman) Inc. (2057.HK)	lender	1-Dec-23	97,082.67	89,439.5 <i>(note 1)</i>	545.0 <i>(note 1)</i>	5.0%	36 months	Personal Guarantee	N	N
3	China Taiping Insurance Holdings Company Limited (966.HK)	lender	6-Nov-23	23,217.36	1,422,988.8	250.0	5.8%	60 months	N/A	N	N
4	China Taiping Insurance Holdings Company Limited (966.HK)	lender	6-Nov-23	23,217.36	1,422,988.8	700.0	5.8%	60 months	N/A	N	N
5	China Taiping Insurance Holdings Company Limited (966.HK)	lender	6-Nov-23	23,217.36	1,422,988.8	300.0	5.8%	60 months	N/A	N	N
6	Uni-Bio Science Group Limited (690.HK)	lender	18-Sep-23	502.82	311.3	7.8 <i>(note 1)</i>	3.65%	24 months	The loan was secured by two invention patents.	N	N
7	Wisdomcome Group Holdings Limited (8079.HK)	lender	29-Aug-23	112.02	189.5	7.2	10.0%	21 months	The loan was secured by a vehicle.	N	N
8	GBA Holdings Limited (261.HK)	lender	21-Aug-23	147.46	766.0	70	7.0%	2 years	N/A	Y	N
9	Readboy Education Holding Company Limited (2385.HK)	lender	18-Aug-23	2,495.68	822.8 <i>(note 1)</i>	2.2 <i>(note 1)</i>	3.95%	approximate 5.51 months <i>(note 2)</i>	N/A	N	N
10	Readboy Education Holding Company Limited (2385.HK)	lender	18-Aug-23	2,495.68	822.8 <i>(note 1)</i>	8.7 <i>(note 1)</i>	3.95%	approximate 2.79 months <i>(note 2)</i>	N/A	N	N
11	Readboy Education Holding Company Limited (2385.HK)	lender	18-Aug-23	2,495.68	822.8 <i>(note 1)</i>	5.5 <i>(note 1)</i>	3.95%	approximate 6.45 months <i>(note 2)</i>	N/A	N	N
12	Rare Earth Magnesium Technology Group Holdings Limited (601.HK)	lender	16-Aug-23	39.11	1,715.6	10	5.0%	1 year or 12 months	N/A	N	N
13	Joy Spreader Group Inc. (6988.HK)	lender	7-Aug-23	640.42	2,443.7	85.8 <i>(note 1)</i>	3.0%	3 years or 36 months	N/A	N	N

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No.	Company name (Stock Code)	Role of issuer in the respective financial assistance	Date of announcement	Market capitalisation as at the Latest Practicable Date (HK\$ million)	Total asset value (HK\$ million)	Loan size (HK\$ million)	Interest rate per annum	Term to maturity (month)	Collateral/ Guarantee	Shareholders' approval (Y/N)	Revolving loan (Y/N)
					(note 3)						
					Maximum	700.0	10.0%	60.0			
					Minimum	2.2	3.0%	2.7			
					Average	154.9	5.2%	29.0			
	The Company	lender	18-Dec-23	456.73	6,584.0	100.0	10.0%	5 years (or 60 months)	N/A	Y	Y

Source: website of the Stock Exchange

Notes:

- For the purpose of illustration only, amounts denominated in RMB have been translated into HK dollar at the rate of RMB1 = HK\$1.09; amounts denominated in USD have been translated into HKD at the rate of USD1 = HK\$7.80.
- The terms of Readboy Education Holding Company Limited (stock code: 2385) comparable transactions are (a) from 15 January 2023 to 30 June 2023, equivalent to approximately 5.5 months; (b) from 9 March 2023 to 31 May 2023, equivalent to approximately 2.7 months; and (c) from 17 May 2023 to 31 December 2023, equivalent to approximately 6.5 months.
- The total asset value of the Market Comparables was referred to the latest published interim report/annual report of the respective Market Comparable.

As illustrated by the above table, the loan size of the Market Comparables ranges from approximately HK\$2.2 million to approximately HK\$700 million with an average of approximately HK\$154.9 million. We noted the loan size of up to HK\$100 million under the Revolving Loan Facility Agreement falls within the range of and is below the average of the loan size of the Market Comparables.

In addition, the interest rate of all the Market Comparables ranges from 3.0% per annum to 10.0% per annum, with an average of approximately 5.2% per annum, and the interest rate of 10.0% under the Revolving Facility Loan Agreement is higher than the average of the interest rate and equivalent to the high end of the Market Comparables. As the Revolving Loan Facility is unsecured, we also compared the interest rate of 10.0% per annum under the Revolving Loan Facility Agreement with the interest rate of the 10 unsecured Market Comparables (the “**Unsecured Interest Comparables**”) ranging from 3.0% per annum to 7.0% per annum with an average of approximately 4.9% per annum, and noted the interest rate of the Revolving Loan Facility is higher than the upper value and the average of the Unsecured Interest Comparables. Given the aforesaid, we consider the size and interest rate of the Revolving Loan Facility are justifiable.

As further illustrated by the above table, the term of maturity of the Market Comparables ranges from approximately 2.7 months to 60 months. The duration of the Revolving Loan Facility of five years (or equivalent to 60 months) is in line with the aforesaid range of Market Comparables. As such, we consider the term of maturity under the Revolving Loan Facility Agreement being fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Moreover, we understood the Revolving Loan Facility to WOG is unsecured, and thereby made reference to the Market Comparables regarding whether this arrangement is in the market norm. As illustrated by the above table, 10 out of 13 Market Comparables were not secured by collateral or guarantee. As such, we consider it is not uncommon in the market for provision of a loan by a listed issuer in Hong Kong to a connected person without collateral or guarantee.

On the other hand, based on our analysis on the financial information of WOG Group as mentioned above in this letter, we understood that the net current assets and net assets of the WOG Group amounted to approximately HK\$1,741.6 million and HK\$9,250.5 million as at 30 September 2023, respectively, which would be sufficient to cover the Revolving Loan Facility of HK\$100 million. As further confirmed by the Management, WOG has never defaulted on the repayments of any of its facilities since its establishment to their best knowledge and understanding. Besides, according to the confirmation provided by the Management, they do not realise that WOG has any default history on the repayments of any of its facilities since its establishment to their best knowledge and understanding. Given the aforesaid, we consider the default risk of WOG under the Revolving Loan Facility Agreement would be low.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Our view

Having considered (i) the reasons for and benefits of the provision of the Revolving Loan Facility as set out above; (ii) the higher interest rate under the Revolving Loan Facility in comparison to deposit interest rates for time deposit quoted by local commercial banks; (iii) the stable return attributable to the Shareholders by the provision of the Revolving Loan Facility; (iv) the sufficiency of net assets of the WOG Group and its good credibility record as mentioned above; and (v) the interest rate of 10.0% per annum under the Revolving Loan Facility Agreement is equivalent to the high end of the Market Comparables and falls above the range of the Unsecured Interest Comparables, we are of the view that the terms of the Revolving Loan Facility Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned and thus the grant 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.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we consider that although the grant of the Revolving Loan Facility and the entering into the Revolving Loan Facility Agreement are not in the ordinary and usual course of business of the Company, they are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, 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. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve, among other things, the Revolving Loan Facility Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Managing Director

Mr. Wallace So is a Responsible Officer of Merdeka Corporate Finance Limited under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.

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	Personal interest	Number of Shares held, capacity and nature of interest			Total	Approximate percentage of the Company's total issued share capital (Note a) %
		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 was 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
	CAP	Interest of controlled corporation (Note e)	7,320,095,747	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 was a direct wholly-owned subsidiary of Easy One Financial Group Limited (“**Easy One**”), which was 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 was directly 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. Goal Success was 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 was owned as to approximately 69.19% by Rich Time which was wholly-owned by WOE, which was 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 was 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 I, 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 I.
- (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 held by Rich Time as disclosed under other interest of Mr. Tang in paragraph 2(a) above in this Appendix I.
- (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 the Group's acquisition of the entire issued share capital and the shareholder's loans of two property-holding companies from two subsidiaries of WOP (a 75%-owned subsidiary of WOG which was indirectly owned as to 50.67% by Mr. Tang together with his associates) for a total adjusted cash consideration of HK\$78.4 million (details of the acquisition were disclosed in the Company's announcements dated 8 September 2023 and 19 October 2023 and the circular dated 29 September 2023, respectively), as at the Latest Practicable Date, none of the Directors 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 expert who has given opinion and advice, which is contained in this circular:

Name	Qualification
Merdeka Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the expert 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

Copy of the Revolving Loan Facility Agreement is available on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.wyth.net from the date of this circular up to and including 30 January 2024 (the date of the SGM).

NOTICE OF THE SGM



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 17th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong on Tuesday, 30 January 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

(1) “**THAT:**

- (a) the revolving loan facility agreement dated 18 December 2023 entered into between Wang On Group Limited and Wai Yuen Tong Medicine Company Limited (the “**Revolving Loan Facility Agreement**”) (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) 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 Revolving Loan Facility Agreement 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, 11 January 2024

NOTICE OF THE SGM

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 Thursday, 25 January 2024 to Tuesday, 30 January 2024 (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 Wednesday, 24 January 2024.
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.
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 resolution will be voted by way of a poll at the SGM.

** For identification purpose only*