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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)



**WANG ON PROPERTIES LIMITED**

宏安地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1243)

**JOINT ANNOUNCEMENT**

**CONNECTED TRANSACTION**

**CONTINUING CONNECTED  
TRANSACTION**

**IN RELATION TO  
THE TENANCY AGREEMENT**

**THE TENANCY AGREEMENT**

On 2 May 2019, Vincent Investments, an indirect wholly-owned subsidiary of WOP, entered into the Tenancy Agreement with WYT (Retail), an indirect subsidiary of WYT, in respect of the lease of the Property for a term of three years commencing from 1 May 2019 and expiring on 30 April 2022 for a monthly rental of HK\$380,000.

**LISTING RULES IMPLICATIONS**

As at the date of this joint announcement, WOG is the indirect controlling shareholder of both WOP and WYT holding 75.0% and approximately 58.08% of the entire issued share capital of WOP and WYT, respectively. Accordingly, each of WOP and WYT is an associate of WOG for the purposes of the Listing Rules, and the transactions contemplated under the Tenancy Agreement constitute a connected transaction and a continuing connected transaction for WYT and WOP respectively under Chapter 14A of the Listing Rules.

\* For identification purpose only

As one of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the annual rental payable under the Tenancy Agreement exceeds 0.1% and is below 5% for WOP, the transactions contemplated under the Tenancy Agreement constitute a continuing connected transaction for WOP and are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the total value of the right of use of the Property recognised by WYT under the Tenancy Agreement exceed 0.1% and are below 5% for WYT, the transactions contemplated under the Tenancy Agreement constitute a connected transaction for WYT and are only subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 2 May 2019, Vincent Investments, an indirect wholly-owned subsidiary of WOP, entered into the Tenancy Agreement with WYT (Retail), an indirect subsidiary of WYT, in respect of the lease of the Property for a term of three years commencing from 1 May 2019 and expiring on 30 April 2022 for a monthly rental of HK\$380,000.

## **PRINCIPAL TERMS OF THE TENANCY AGREEMENT**

Set out below is a summary of some of the key terms of the Tenancy Agreement:

### **The Tenancy Agreement**

Date : 2 May 2019

Parties : (i) Vincent Investments, as the landlord; and  
(ii) WYT (Retail), as the tenant.

Vincent Investments is an indirect wholly-owned subsidiary of WOP and is principally engaged in property development.

WYT (Retail) is an indirect subsidiary of WYT and is principally engaged in retail and sale of Chinese pharmaceutical and health food product business.

Property	:	a retail shop located at Ground Floor of Ladder Dundas, Nos. 575 and 575A Nathan Road, Kowloon having a saleable area of approximately 1,239 square feet for retail purpose
Term	:	three years from 1 May 2019 to 30 April 2022, both days inclusive
Rental	:	HK\$380,000 per month, exclusive of rates and management charge to be paid in advance without any deduction or set-off whatsoever on the first day of each calendar month.
Management charge	:	HK\$12,498 per month payable monthly in advance without any deduction or set-off whatsoever on the first day of each calendar month. The management charge payable is subject to review by the manager of the building and the percentage of adjustment shall not be higher than that of the other tenants in the same building.
Rent free period	:	1 May 2019 to 31 July 2019, both days inclusive
Deposit	:	HK\$1,177,494

## **ANNUAL CAPS**

Based on the aforementioned rental and management charge under the Tenancy Agreement, and to factor in a buffer for possible future adjustments in management charge in respect of the building, it is resolved by the WOP Board that the aggregate annual caps for the rental and management charge payable by the WYT Group to the WOP Group for the four financial years ending 31 March 2023 are HK\$3.18 million, HK\$4.73 million, HK\$4.75 million and HK\$0.4 million, respectively.

## **REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT**

The WOP Group is principally engaged in the businesses of developing residential and commercial properties for sale and investing in commercial and industrial properties for investment return and capital appreciation.

The WYT Group is principally engaged in (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of “Wai Yuen Tong” and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) the processing and retailing of western pharmaceutical and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”; and (iii) property investment.

The entering into of the Tenancy Agreement will enable the WYT Group to lease a retail space in a prime location in Hong Kong with convenient access to other districts, whereas the WOP Group will be able to generate a stable rental income from its property investment.

The terms of the Tenancy Agreement were reached on an arm's length basis with reference to similar properties of size, terms (including rental rate), location and the prevailing market conditions in the vicinity. Having considered the foregoing, both the WOP Directors and WYT Directors, including each of their respective independent non-executive directors, consider that the entering into of the Tenancy Agreement is in the ordinary course of business of WOP and WYT, on normal commercial terms which are fair and reasonable and in the interests of WOP, WYT, the WOP Shareholders and the WYT Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this joint announcement, WOG is the indirect controlling shareholder of both WOP and WYT holding 75.0% and approximately 58.08% of the entire issued share capital of WOP and WYT, respectively. Accordingly, each of WOP and WYT is an associate of WOG for the purposes of the Listing Rules, and the transactions contemplated under the Tenancy Agreement constitute a connected transaction and a continuing connected transaction for WYT and WOP respectively under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the annual rental payable under the Tenancy Agreement exceeds 0.1% and is below 5% for WOP, the transactions contemplated under the Tenancy Agreement constitute a continuing connected transaction for WOP and are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of the total value of the right of use of the Property recognised by WYT under the Tenancy Agreement exceed 0.1% and are below 5% for WYT, the transactions contemplated under the Tenancy Agreement constitute a connected transaction for WYT and are only subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In light of Mr. Chan Chun Hong's overlapping directorship on the WOP Board and the WYT Board, he has abstained from voting on the relevant resolution(s) of the WOP Board approving the Tenancy Agreement. In addition, Mr. Tang Ho Hong has also voluntarily abstained from voting on the relevant resolution(s) of the WOP Board approving the Tenancy Agreement.

In light of Mr. Tang Ching Ho's shareholding interest in WOG (which in turn is the indirect holding company of WOP) and Mr. Chan Chun Hong's directorship in WOP, they have abstained from voting on the relevant resolution(s) of the WYT Board approving the Tenancy Agreement in view of their material interests therein.

## **DEFINITIONS**

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

“controlling shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, which for the purpose of this joint announcement, does not include Hong Kong, Taiwan and the Macau Special Administrative Region of the People's Republic of China
“Property”	a retail shop located at Ground Floor of Ladder Dundas, Nos. 575 and 575A Nathan Road, Kowloon having a saleable area of approximately 1,239 square feet for retail purpose
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Tenancy Agreement”	the tenancy agreement dated 2 May 2019 entered into between Vincent Investments and WYT (Retail) in respect of the Property

“Vincent Investments”	Vincent Investments Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of WOP, being the landlord of the Property
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOP”	Wang On Properties Limited 宏安地產有限公司, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1243) and a 75%-owned listed subsidiary of WOG
“WOP Board”	the board of the WOP Directors
“WOP Director(s)”	the director(s) of WOP
“WOP Group”	WOP and its subsidiaries
“WOP Shareholder(s)”	the holder(s) of ordinary share(s) of HK\$0.001 each in the issued share capital of WOP
“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司)*, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897) and a 58.08%-owned listed subsidiary of WOG
“WYT Board”	the board of the WYT Directors
“WYT Director(s)”	the director(s) of WYT
“WYT Group”	WYT and its subsidiaries
“WYT (Retail)”	Wai Yuen Tong (Retail) Limited, a company incorporated in Hong Kong with limited liability and an indirect subsidiary of WYT, being the tenant of the Property

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“WYT Shareholder(s)” the holder(s) of the ordinary share(s) of HK\$0.01 each in the issued share capital of WYT

“%” per cent.

By Order of the WYT Board  
**WAI YUEN TONG**  
**MEDICINE HOLDINGS LIMITED**  
(位元堂藥業控股有限公司\*)  
**Tang Ching Ho**  
*Chairman and Managing Director*

By Order of the WOP Board  
**WANG ON PROPERTIES LIMITED**  
宏安地產有限公司  
**Chan Chun Hong**  
*Chairman*

Hong Kong, 2 May 2019

*As at the date of this joint announcement, the WYT Board comprises Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun and Ms. Tang Wai Man, as executive WYT Directors; and Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, as independent non-executive WYT Directors.*

*As at the date of this joint announcement, the WOP Board comprises Mr. Wong Yiu Hung Gary and Mr. Tang Ho Hong, as executive WOP Directors; Mr. Chan Chun Hong as a non-executive WOP Director; and Mr. Li Wing Sum Steven, Mr. Sung Tze Wah and Sr Dr. Leung Tony Ka Tung, as independent non-executive WOP Directors.*

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