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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)

CONTINUING CONNECTED TRANSACTIONS
NEW MASTER SALES AGREEMENT

On 30 November 2018, WYTM, an indirect subsidiary of the Company, entered into the New Master Sales Agreement with WOM, an indirect wholly-owned subsidiary of WOG, for the sales of the Products to WOM (for itself and on behalf of other members of the WOG Group) for a term with retrospective effect from 1 April 2018 and expiring on 31 March 2021.

IMPLICATIONS UNDER THE LISTING RULES

WOG (through its wholly-owned subsidiary) holds approximately 58.08% of the total issued share capital of the Company and is the controlling shareholder of the Company. WOM is an indirect wholly-owned subsidiary of WOG and is therefore a connected person of the Company, and transactions contemplated under the New Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount under the New Master Sales Agreement is expected to be more than HK\$3.0 million and some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual transaction amount under the New Master Sales Agreement exceed 0.1% and are below 5%, the New Master Sales Agreement will be subject to the reporting, announcement and annual review requirements and exempt from the independent shareholders' approval requirement under the Listing Rules.

* For identification purpose only

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NEW MASTER SALES AGREEMENT

Date: 30 November 2018

Supplier: WYTM, an indirect subsidiary of the Company (together with other members of the Group) and is principally engaged in manufacturing and sales of Chinese and western pharmaceutical, health food or personal care products; and

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

Sales of the Products

Pursuant to the New Master Sales Agreement, WYTM supplies the Products to WOM (for itself and on behalf of other members of the WOG Group). The prices of the Products supplied or to be supplied by the Group to the WOG Group will be based on the prevailing selling prices of the Products as from time to time determined by the Group and will be no less favourable to the Group than terms offered to other independent third parties customers.

Payments for the Products will be on normal commercial terms in accordance with the credit terms that the Group would typically extend to its customers. The actual amount, specification and price of the Products to be sold to WOM will be subject to individual orders placed by WOM and accepted by WYTM. WYTM shall not be obliged to accept any order from WOM for the Products on terms and conditions that are less favourable to the Group than those agreed between the Group and its other independent third parties customers.

The New Master Sales Agreement has a term with retrospective effect from 1 April 2018 and expiring on 31 March 2021.

ANNUAL CAPS

It is resolved by the Board that the annual caps for the sales of the Products for the three years ending 31 March 2021 are as below:

Periods	Annual Cap <i>HK\$ million</i>
For the financial year ending 31 March 2019	9.8
For the financial year ending 31 March 2020	9.9
For the financial year ending 31 March 2021	9.9

The annual caps are determined with reference to the historical transaction amounts, the historical annual caps, the expected appreciation of RMB and the expected demand of the Products by the WOG Group.

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

Periods	Historical amount <i>HK\$ million</i>	Historical annual cap <i>HK\$ million</i>
For the period ended 31 October 2018	2.8	—
For the financial year ended 31 March 2018	9.4	9.8
For the financial year ended 31 March 2017	7.7	9.0
For the financial year ended 31 March 2016	6.8	8.0

REASON FOR AND BENEFIT OF THE NEW MASTER SALES AGREEMENT

The 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; and (ii) the processing and retailing of western pharmaceutical products and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”; and (iii) property investment.

The Group has been supplying the Products to the WOG Group for long term and it is expected the Group will continue to supply the Products in the ordinary and usual course of business to the WOG Group. The New Master Sales Agreement was entered into after arm’s length negotiations. The Directors (including the independent non-executive Directors) are of the view that the New Master Sales Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) are also of the view that

the terms and conditions of the New Master Sales Agreement, including the annual caps, are fair and reasonable, and that the entering into of the New Master Sales Agreement with the WOG Group is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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Mr. Tang Ching Ho (being the controlling shareholder, chairman and director of each of the Company and WOG) and Mr. Chan Chun Hong, Thomas (also the director of the Company, WOG and WOP) did abstain from voting on the relevant Board resolution(s) in view of their respective beneficial and/or material interests in the Company, WOG and the New Master Sales Agreement.

DEFINITIONS

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

“Board”	the board of the Directors
“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 whose Shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

* *For identification purpose only*

“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Master Sales Agreement”	a new master sales agreement dated 30 November 2018 entered into between WYTM and WOM relating to the sales of the Products
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Products”	the Chinese and western pharmaceutical, health food and personal care products manufacturing and/or retailing by the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)

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“WOG Group”	WOG, its subsidiaries and the WOP Group
“WOM”	Wang On Management Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of WOG
“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
“WYTM”	Wai Yuen Tong Medicine Company Limited, a company incorporated in Hong Kong with limited liability, which is an indirect subsidiary of the Company
“%”	per cent.

By Order of the Board
WAI YUEN TONG MEDICINE HOLDINGS LIMITED
 (位元堂藥業控股有限公司*)
Tang Mui Fun
Director

Hong Kong, 30 November 2018

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

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