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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) PROPOSED SPECIAL DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE OF WOG SHARES AND CAP SHARES; AND (2) PROPOSED SHARE PREMIUM REDUCTION

SPECIAL DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE

The Board has recommended a special dividend to be satisfied by way of a distribution in specie of (i) 1,715,665,730 WOG Shares and (ii) 5,310,951,597 CAP Shares held by the Group to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date in proportion to their then respective shareholdings in the Company on the basis of 293 WOG Shares and 907 CAP Shares for every 200 Shares held by the Qualifying Shareholders.

The Distribution in Specie is conditional upon the Shareholders passing an ordinary resolution to approve the Distribution in Specie and the Share Premium Reduction becoming effective.

SHARE PREMIUM REDUCTION

The Board intends to put forward to the Shareholders a proposal to reduce the share premium of the Company. The Share Premium Reduction involves a reduction of the amount of HK\$950.0 million standing to the credit of the Share Premium Account as at the Effective Date and transferring the credit arising therefrom to the Contributed Surplus Account.

The Share Premium Reduction is conditional upon, among others, the Shareholders passing a special resolution to approve the Share Premium Reduction.

The Share Premium Reduction is a pre-condition for achieving the Distribution in Specie.

SGM

An SGM will be convened and held to consider and, if thought fit, pass an ordinary resolution to approve the Distribution in Specie and a special resolution to approve the Share Premium Reduction. A circular containing, among others, further details of the Distribution in Specie and Share Premium Reduction and a notice convening the SGM will be despatched to the Shareholders in due course in accordance with the Listing Rules.

SPECIAL DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE

Basis of Entitlement

The Board is pleased to announce that, on 25 January 2024, it has recommended a special dividend to be satisfied by way of a distribution in specie of:

- (i) 1,715,665,730 WOG Shares held indirectly by the Company through Hearty Limited and Suntech Investments Limited (each being an indirect wholly-owned subsidiary of the Company); and
- (ii) 5,310,951,597 CAP Shares held indirectly by the Company through Goal Success Investments Limited (being an indirect wholly-owned subsidiary of the Company)

to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date in proportion to their then respective shareholdings in the Company on the following basis:

for every 200 Shares held 293 WOG Shares and 907 CAP Shares

It is expected that in the event of the Distribution in Specie becoming unconditional, Hearty Limited and Suntech Investments Limited will transfer the Distribution WOG Shares held by them directly to the Qualifying Shareholders, and Goal Success Investments Limited will transfer the Distribution CAP Shares held by it directly to the Qualifying Shareholders.

The Distribution in Specie will be effected by applying a sufficient amount standing to the credit of the Company's contributed surplus account and/or other distributable reserve accounts equivalent to the aggregate of the carrying value of WOG and CAP in the books of account of the Company, which amounts will be ascertained immediately prior to the commencement of the Distribution in Specie. Please also refer to the section headed "SHARE PREMIUM REDUCTION" of this announcement for further details.

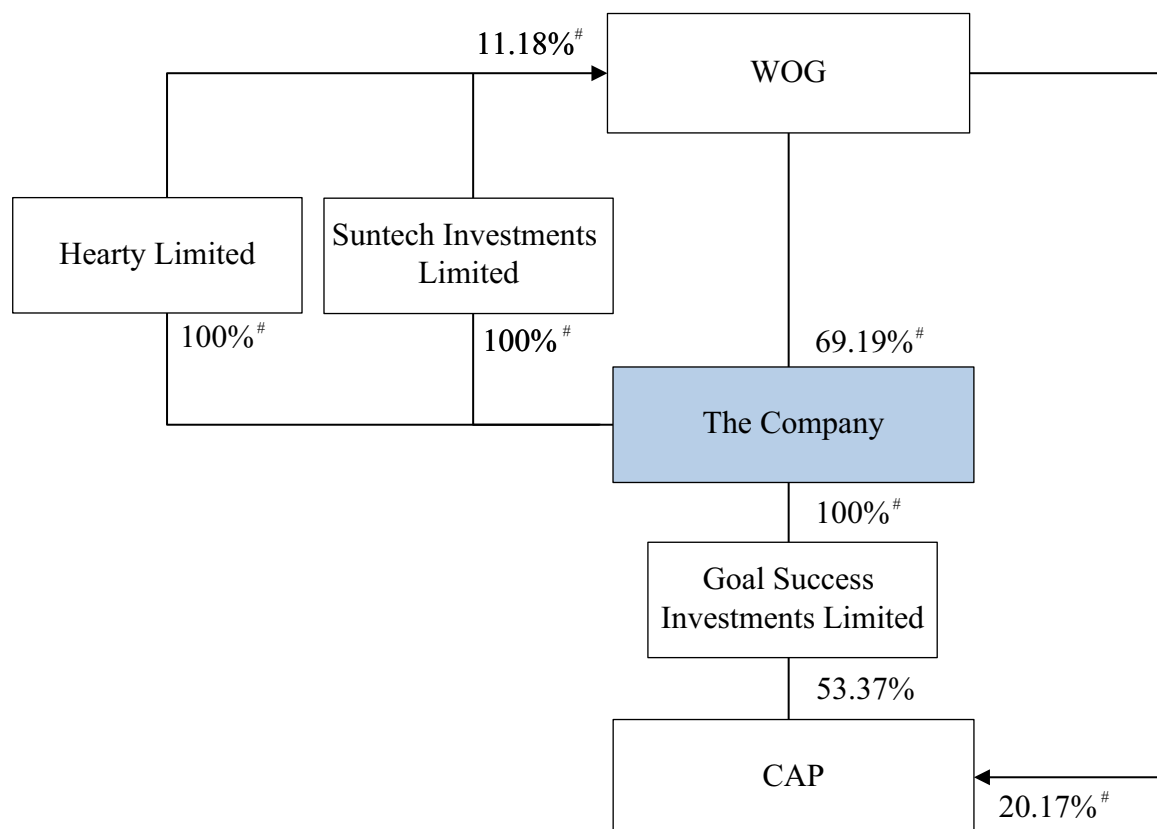
A Qualifying Shareholder holding less than an integral multiple of 200 Shares will be entitled to a pro-rata number of 293 WOG Shares and 907 CAP Shares, being rounded down to the nearest whole number of Distribution WOG Shares and Distribution CAP Shares.

No fraction of a WOG Share or a CAP Share will be distributed. Fractional entitlements to Distribution WOG Shares or Distribution CAP Shares and any Distribution WOG Shares or Distribution CAP Shares left undistributed (other than any Distribution WOG Shares or Distribution CAP Shares sold for the benefit of the Non-Qualifying Shareholders as set out in the section headed “Qualifying Shareholders and Non-Qualifying Shareholders” below) will be sold in the market and the net proceeds of such sale will be retained for the benefit of the Group. If any calculation of a Qualifying Shareholder’s entitlement to Distribution WOG Shares or Distribution CAP Shares would result in a fraction of a WOG Share or CAP Share, such entitlement will be rounded down to the nearest whole number of Distribution WOG Shares or Distribution CAP Shares, respectively.

The Company will arrange for odd lot matching services to be provided for the sale and purchase of odd lots of Distribution WOG Shares or Distribution CAP Shares, on a best effort basis, to those entitled to the Distribution in Specie who wish to acquire odd lots of Distribution WOG Shares or Distribution CAP Shares to make up a full board lot or to dispose of their odd lots of Distribution WOG Shares or Distribution CAP Shares.

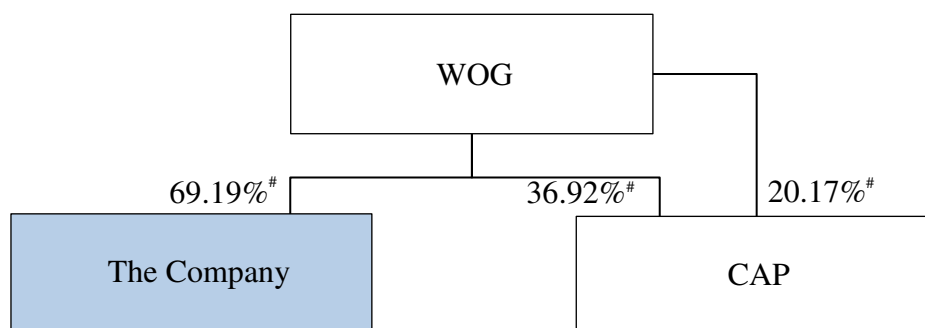
The Company sets out below a simplified shareholding structure chart of the relevant shareholding immediately before and upon completion of the Distribution in Specie.

Immediately before the Distribution in Specie



through wholly-owned subsidiaries

Immediately upon completion of the Distribution in Specie (assuming the Group has ceased to hold any WOG Shares and CAP Shares)



through wholly-owned subsidiaries

The WOG Shares

As at the date of this announcement, the Group holds 1,716,749,000 WOG Shares, out of which the 1,715,665,730 Distribution WOG Shares represent approximately 99.94% of the WOG Shares held by the Group and approximately 11.17% of the total number of issued WOG Shares. The Group intends to sell the remaining 1,083,270 WOG Shares held by the Group in the market upon completion of the Distribution in Specie and the net proceeds of such sale will be retained for the benefit of the Group. The WOG Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1222).

The CAP Shares

As at the date of this announcement, the Group holds 5,312,395,685 CAP Shares, in which the 5,310,951,597 Distribution CAP Shares represent approximately 99.97% of the CAP Shares held by the Group and approximately 53.36% of the total number of issued CAP Shares. The Group intends to sell the remaining 1,444,088 CAP Shares held by the Group in the market and the net proceeds of such sale will be retained for the benefit of the Group. The CAP Shares are listed on the Main Board of the Stock Exchange (Stock Code: 149).

Qualifying Shareholders and Non-Qualifying Shareholders

The Distribution in Specie will be available to the Qualifying Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date. The Distribution WOG Shares and Distribution CAP Shares which would otherwise have been transferred to the Non-Qualifying Shareholders will be sold in the market as soon as practicable, and the proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the respective Non-Qualifying Shareholders at their own risk, except that net proceeds less than HK\$100 will be retained for the benefit of the Company.

Conditions of the Distribution in Specie

The Distribution in Specie will be conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the SGM to approve the Distribution in Specie; and
- (b) the Share Premium Reduction becoming effective.

Reasons for and Benefits of the Distribution in Specie

The Board recommends the Distribution in Specie to reward the support of the Shareholders, allow the Company to focus and strengthen its resources on its core businesses (being the manufacturing and retailing of pharmaceutical and health food products as well as personal care products), and to streamline the corporate structure of the Company and its group companies, particularly to eliminate the cross shareholding involving the Company and WOG.

The Board also considered that the Distribution in Specie will provide the Shareholders with an opportunity to participate, as shareholders of WOG and CAP, in the growth and prospects of WOG and CAP directly, instead of being through the Company, and they may determine their own level of participation in WOG and CAP at their own discretion.

Accordingly, the Directors consider that the Distribution in Specie is in the interests of the Company and the Shareholders as a whole.

Effects of the Distribution in Specie

Immediately after completion of the Distribution in Specie and taking into account the expenses (including the applicable stamp duty which will be payable by the Group) to be incurred in relation to the Distribution in Specie, the Company's assets will decrease and there will be no impact on the Company's liabilities. Upon completion of the Distribution in Specie, the Group will cease to hold the Distribution WOG Shares or Distribution CAP Shares. Accordingly, the CAP Group will cease to be subsidiaries of the Company.

SHARE PREMIUM REDUCTION

The Board intends to put forward to the Shareholders a proposal to reduce the share premium of the Company pursuant to the laws of Bermuda and the Bye-laws. The amount standing to the credit of the Share Premium Account as at 30 September 2023, based on the unaudited consolidated financial statements of the Company, was approximately HK\$2,082.7 million. It is proposed that an amount of HK\$950.0 million standing to the credit of the Share Premium Account as at the Effective Date be reduced in accordance with section 46 of the Companies Act and Bye-law 6 of the Bye-laws and that

the credit arising therefrom be transferred to the Contributed Surplus Account, subject to the conditions set out in the section headed “Conditions of the Share Premium Reduction” in this announcement.

Conditions of the Share Premium Reduction

The Share Premium Reduction will be conditional upon:

- (a) the passing of a special resolution by the Shareholders at the SGM to approve the Share Premium Reduction; and
- (b) the Directors having been satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is or after the Share Premium Reduction would be unable to pay its liabilities as they become due.

Subject to the fulfillment of the above conditions, it is expected that the Share Premium Reduction shall become effective on the date of passing of the special resolution to approve the Share Premium Reduction at the SGM.

Reasons for and Benefits of the Share Premium Reduction

The Share Premium Reduction is a pre-condition for achieving the Distribution in Specie. In order to allow the Company to have sufficient distributable reserves to permit the Distribution in Specie, the Board proposes that the Share Premium Reduction be effected.

Pursuant to the Companies Act and the Bye-laws, subject to the Solvency Test, the Company may pay dividends or make distributions to its members out of the Contributed Surplus Account. The Share Premium Reduction and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will therefore increase the distributable reserves of the Company, thereby allowing the Company to make the Distribution in Specie to the Shareholders, as well as giving the Company greater flexibility in its dividend policy and making distributions to the Shareholders in the future.

Accordingly, the Directors consider that the Share Premium Reduction is in the interests of the Company and the Shareholders as a whole.

Effects of the Share Premium Reduction

The Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares.

Save for the expenses to be incurred in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, in itself, have a material adverse effect on the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the underlying assets of the Company.

The Directors are of the view that there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction becoming effective would be, unable to pay its liabilities as they become due.

SGM

An SGM will be convened and held to consider and, if thought fit, pass an ordinary resolution to approve the Distribution in Specie and a special resolution to approve the Share Premium Reduction.

As no Shareholder has an interest in the Distribution in Specie and Share Premium Reduction which is different from other Shareholders, at the SGM, no Shareholder is required to abstain from voting on the ordinary resolution to consider and approve the Distribution in Specie and the special resolution to consider and approve the Share Premium Reduction.

A circular containing, among others, further details of the Distribution in Specie and Share Premium Reduction and a notice convening the SGM will be despatched to the Shareholders in due course in accordance with the Listing Rules.

INFORMATION ON THE GROUP

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.

INFORMATION ON THE WOG GROUP

The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment, property development and asset management in Hong Kong through Wang On Properties Limited (Stock Code: 1243), a 75.0%-owned listed subsidiary of WOG; (iii) manufacturing and retailing of pharmaceutical and health food products through the Company, an approximate 69.19%-owned listed subsidiary of WOG; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, an approximate 73.54%-owned listed subsidiary of WOG, amongst which approximately 53.37% is owned by the Group.

INFORMATION ON THE CAP GROUP

The CAP Group is principally engaged in the business of management and sale of properties in agricultural produce exchange markets in the PRC.

DEFINITIONS

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

“Board”	the board of the Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“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)
“CAP Group”	CAP and its subsidiaries
“CAP Shares”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of CAP
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“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)
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Director(s)”	the director(s) of the Company

“Distribution in Specie”	the proposed distribution of a special dividend by the Company in the form of a distribution in specie of 1,715,665,730 WOG Shares and 5,310,951,597 CAP Shares held by the Group to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date in proportion to their then respective shareholdings in the Company
“Distribution CAP Shares”	all or any of the 5,310,951,597 CAP Shares held by the Group as of this date of this announcement which are subject to the Distribution in Specie
“Distribution WOG Shares”	all or any of the 1,715,665,730 WOG Shares held by the Group as of the date of this announcement which are subject to the Distribution in Specie
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the date of the SGM at which the relevant special resolution approving the Share Premium Reduction will be considered and, if appropriate, passed by the Shareholders, subject to the fulfillment of certain conditions
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with Growth Enterprise Market of the Stock Exchange
“Non-Qualifying Shareholder(s)”	the Shareholder(s) whose respective address as shown on the register of members of the Company on the Record Date is in a place outside Hong Kong and to whom the Directors considered that, in the absence of a registration statement or other special formalities, the Distribution in Specie would or might be unlawful or impracticable

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	a date to be fixed for determining entitlements of the Shareholders to the Distribution in Specie
“SGM”	the special general meeting of the Company to be convened and held for the purpose of, among others, approving the Distribution in Specie and Share Premium Reduction
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of the Company
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the amount of HK\$950.0 million standing to the credit of the Share Premium Account as at the Effective Date with the credit arising therefrom to be transferred to the Contributed Surplus Account and be applied in such manner as permitted under the laws of Bermuda and the Bye-laws
“Shareholder(s)”	the holder(s) of the Share(s)
“Solvency Test”	(a) the Company is, or would after the payment of dividend be, able to pay its liabilities as they become due; and (b) the realisable value of the Company’s assets would not thereby be less than its liabilities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability, the ordinary shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOG Group”	WOG and its subsidiaries
“WOG Shares”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of WOG

“%”

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 Wai Man
Executive Director

Hong Kong, 25 January 2024

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

* *for identification purpose only*