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WAI YUEN TONG MEDICINE HOLDINGS LIMITED

(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

**DISCLOSEABLE TRANSACTION
IN RELATION TO DISPOSAL OF PROPERTY**

THE DISPOSAL

The Board announces that on 1 July 2021, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser and the Agent pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at the Consideration of HK\$28,400,000. Upon Completion, the Property will be delivered to the Purchaser on an “as-is” basis subject to existing tenancy at the Property, as well as certain encumbrances including documents issued by the Government or the incorporated owners of the building that affects the Property.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE DISPOSAL

The Board announces that on 1 July 2021, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser and the Agent pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at the Consideration of HK\$28,400,000. Upon Completion, the Property will be delivered to the Purchaser on an “as-is” basis subject to existing tenancy at the Property, as well as certain encumbrances including documents (including but not limited to building orders and notices) issued by the Government or the incorporated owners of the building that affects the Property.

The principal terms of the Provisional Agreement are summarized as follows:

Date	:	1 July 2021
Parties	:	(1) the Vendor (2) the Purchaser (3) the Agent
Vendor	:	City Brighter Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.
Purchaser	:	Mighty Famous Limited, a company incorporated in Hong Kong with limited liability, which is principally engaged in investment holding. Based on the information available to the Company, the Purchaser is ultimately owned by Mr. Lee Leung Fei James as to 70% and Ms. Mo Wai Tak Wanda as to 30%.
Agent	:	Midland Realty (Shops II) Ltd., the agent for both the Vendor and the Purchaser in respect of the sale and purchase of the Property.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Purchaser, the Agent and their respective ultimate beneficial owners is an Independent Third Party.

Subject Property : The Property is a shop located at Shop No. D on Ground Floor of Block D, Wing Lung Building, Nos. 220-240 & 240A Castle Peak Road, Nos. 20 & 22 Wing Lung Street, Kowloon. It has a total saleable floor area of approximately 483 square feet.

The Property was acquired by the Vendor in December 2020 and is currently leased to an Independent Third Party at a monthly rental of HK\$70,000 inclusive of Government rates and rent, and management fees with a term from 17 March 2021 to 16 March 2024 (subject to a two-month rent free period from 17 March 2021 to 16 May 2021).

The audited net loss before and after taxation attributable to the Property for the year ended 31 March 2021 was approximately HK\$226,000.

Consideration : HK\$28,400,000

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, inter alia, valuation of the Property of HK\$20,200,000 as prepared by an independent valuer as of 31 March 2021, and recent transactions of comparable properties in the vicinity of the Property.

Terms of payment : The Consideration is payable by the Purchaser in the following manner:

- (i) HK\$1,000,000 has been paid by the Purchaser as deposit upon signing of the Provisional Agreement;
- (ii) HK\$1,840,000 is payable by the Purchaser as further deposit on or before 12 July 2021; and

(iii) the balance of the Consideration of HK\$25,560,000 is payable upon Completion which is expected to be on or before 2 November 2021.

- Completion** : Completion is expected to take place on or before 2 November 2021, upon which the Property would cease to be held by the Vendor.
- Stamp Duty** : All ad valorem stamp duty in relation to the Disposal shall be borne by the Purchaser solely.
- Formal Agreement** : Pursuant to the Provisional Agreement, the Vendor and the Purchaser will enter into the Formal Agreement, which is expected to set out the details terms of the Disposal, on or before 12 July 2021.

INFORMATION ON THE VENDOR AND THE PURCHASER

The Vendor is a company incorporated in Hong Kong and is principally engaged in property holding.

The Purchaser is a company incorporated in Hong Kong and is principally engaged in investment holding.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

With reference to the Consideration, the audited carrying value of the Property of HK\$20,200,000 as at 31 March 2021, and the expenses expected to be incurred in relation to the Disposal, the Company expects to record a gain on Disposal of approximately HK\$8.1 million, subject to review and confirmation by the auditors of the Company.

The net proceeds from the Disposal, after deducting expenses, is expected to be approximately HK\$28,280,000. The Company intends to apply the net proceeds towards general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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; (ii) the processing and retailing of western pharmaceutical 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 through its subsidiary, China Agri-Products Exchange Limited (a company listed on the Stock Exchange, Stock Code: 149).

In light of the prevailing property market conditions in Hong Kong, the Directors consider that the Disposal represents a good opportunity for the Group to realise its investment in the Property for a reasonable return. The terms of the Provisional Agreement were arrived at by the Vendor and the Purchaser after arm’s length negotiations and were on normal commercial terms. Taking into account, among other things, the valuation of the Property of HK\$20,200,000 as prepared by an independent valuer as of 31 March 2021, recent market prices of comparable properties in the vicinity of the Property, the gain on Disposal that is expected to be recorded, the Directors, including the independent non-executive Directors, consider the terms of the Provisional Agreement to be fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Agent”	Midland Realty (Shops II) Ltd., the agent for both the Vendor and the Purchaser in respect of the sale and purchase of the Property
“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)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration of HK\$28,400,000 for the sale and purchase of the Property pursuant to the terms and conditions of the Provisional Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Property as contemplated under the Provisional Agreement
“Formal Agreement”	the formal agreement to be entered into between the Vendor and the Purchaser on or before 12 July 2021 in relation to the Disposal
“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 People’s Republic of China

“Independent Third Party”	a person who is independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	Shop No. D on Ground Floor of Block D, Wing Lung Building, Nos. 220-240 & 240A Castle Peak Road, Nos. 20 & 22 Wing Lung Street, Kowloon with a total saleable floor area of approximately 483 square feet
“Provisional Agreement”	the binding provisional sale and purchase agreement dated 1 July 2021 entered into between the Vendor and the Purchaser in relation to the disposal of the Property
“Purchaser”	Mighty Famous Limited, a company incorporated in Hong Kong with limited liability
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of 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)

“Vendor” City Brighter Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned 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 Ching Ho
Chairman and Managing Director

Hong Kong, 1 July 2021

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. Leung Wai Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, as independent non-executive Directors.

** For identification purpose only*