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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)

PAST CONTINUING CONNECTED TRANSACTIONS

PAST CCT

The Board announces that for the two years ended 31 March 2019 and 31 March 2020, WYT Hong Kong, a principal subsidiary of the Company, sold a variety of its Chinese pharmaceutical and health food products to Wai Online in an aggregate amount of HK\$2,403,103.40 and HK\$1,707,818.40 respectively for cash during the Wai Online Period. For the year ended 31 March 2020, WYT Hong Kong also sold its Chinese pharmaceutical and health food products to Cheuk Lung in an aggregate amount of HK\$1,689,378.00 for cash during the Cheuk Lung Period. The entire issued share capital of Wai Online was beneficially owned by Ms. Yau, a niece of Mr. Tang (the chairman of the Company and the managing Director) and a cousin of Ms. WM Tang (the daughter of Mr. Tang and an executive Director) during the Wai Online Period, and the entire issued share capital of Cheuk Lung was owned by Wai Online during the Cheuk Lung Period. As Ms. Yau is a deemed connected person under Rule 14A.21(1)(a) of the Listing Rules by virtue of being a relative of Mr. Tang and Ms. WM Tang and she owned the entire issued share capital of Wai Online which in turn owned Cheuk Lung at the Relevant Period, each of Wai Online and Cheuk Lung was a deemed connected person of the Company under Rule 14A.21(1)(b) of the Listing Rules during the Relevant Period. To the best of the knowledge of the Directors, the Past CCT between WYT Hong Kong and Wai Online was discontinued on 16 August 2019 and the Past CCT between WYT Hong Kong and Cheuk Lung was discontinued on 10 July 2019 when the respective beneficial ownerships of Wai Online and Cheuk Lung were disposed of to third parties independent of the Company and its connected persons.

* For identification purpose only

LISTING RULES IMPLICATIONS

The transaction amount with Wai Online in each of the two years ended 31 March 2020 and with Cheuk Lung for the year ended 31 March 2020 were respectively less than HK\$3,000,000 and all the applicable percentage ratios were less than 5% and therefore on an individual basis, the Past CCT were fully exempt under Rule 14A.76(1)(c) of the Listing Rules. If the transaction amounts of the Past CCT with Wai Online and Cheuk Lung for the year ended 31 March 2020 were aggregated, the total value would be HK\$3,397,196.40 and the Past CCT would be subject to announcement and annual review requirements but exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

PAST CCT

The Board announces that for the two years ended 31 March 2019 and 31 March 2020, WYT Hong Kong, a principal subsidiary of the Company, sold a variety of its Chinese pharmaceutical and health food products to Wai Online in an aggregate amount of HK\$2,403,103.40 and HK\$1,707,818.40 respectively for cash during the Wai Online Period. For the year ended 31 March 2020, WYT Hong Kong also sold its Chinese pharmaceutical and health food products to Cheuk Lung in an aggregate amount of HK\$1,689,378.00 for cash during the Cheuk Lung Period.

The Past CCT between WYT Hong Kong and each of Wai Online and Cheuk Lung was conducted on an arm's length basis and on normal commercial terms. The management of the Company has reviewed the relevant terms on which the Past CCT were conducted and confirms that the Chinese pharmaceutical and health food products sold to Wai Online and Cheuk Lung were on normal commercial terms. The independent non-executive Directors have reviewed the terms of the Past CCT including the prices and are satisfied that the Past CCT were conducted on normal commercial terms. As at the date of this announcement, there is no outstanding payment from either Wai Online or Cheuk Lung in respect of the Past CCT.

To the best of the knowledge of the Directors, the Past CCT between WYT Hong Kong and Wai Online was discontinued on 16 August 2019 and the Past CCT between WYT Hong Kong and Cheuk Lung was discontinued on 10 July 2019 when the respective beneficial ownerships of Wai Online and Cheuk Lung were disposed of to third parties independent of the Company and its connected persons. The Company confirms that none of the Directors had any material interests in the Past CCT.

INFORMATION ON THE GROUP

The Group is principally engaged in (1) 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; (2) the processing and retailing of western pharmaceutical products and personal care products under the brand names of "Madame Pearl's" and "Pearl's"; (3) property investment; and (4)

management and operation of the agricultural produce exchange markets. WYT Hong Kong is principally engaged in the production and sale of Chinese pharmaceutical and health food products.

INFORMATION OF WAI ONLINE AND CHEUK LUNG

Wai Online is a company incorporated in Hong Kong with limited liability which was principally engaged in trading business. The entire issued share capital of Wai Online was beneficially owned by Ms. Yau, a relative of Mr. Tang and Ms. WM Tang, during the Wai Online Period when the Past CCT between WYT Hong Kong and Wai Online was conducted.

Cheuk Lung is a company incorporated in Hong Kong with limited liability which was principally engaged in trading business. The entire issued share capital of Cheuk Lung was beneficially owned by Wai Online during the Cheuk Lung Period when the Past CCT between WYT Hong Kong and Cheuk Lung was conducted.

As Ms. Yau is a deemed connected person under Rule 14A.21(1)(a) of the Listing Rules by virtue of being a relative of Mr. Tang and Ms. WM Tang and she owned the entire issued share capital of Wai Online which in turn owned Cheuk Lung at the Relevant Period, each of Wai Online and Cheuk Lung was a deemed connected person of the Company under Rule 14A.21(1)(b) of the Listing Rules during the Relevant Period.

REASONS FOR AND BENEFITS OF THE PAST CCT

In order to widen its sales network and thereby enhancing sales of its Chinese pharmaceutical and health food products for the Group, WYT Hong Kong entered into the Past CCT.

The terms of the Past CCT were arrived at by WYT Hong Kong and each of Wai Online and Cheuk Lung after arm's length negotiations. The Directors (except for Tangs who abstained from approving, confirming and ratifying the Past CCT due to their respective interests therein) including the independent non-executive Directors, consider that the Past CCT was on normal commercial terms, its terms were fair and reasonable and the Past CCT was conducted in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The transaction amount with Wai Online in each of the two years ended 31 March 2020 and with Cheuk Lung for the year ended 31 March 2020 were respectively less than HK\$3,000,000 and all the applicable percentage ratios were less than 5% and therefore on an individual basis, the Past CCT were fully exempt under Rule 14A.76(1)(c) of the Listing Rules. If the transaction amounts of the Past CCT with Wai Online and Cheuk Lung for the year ended 31 March 2020 were aggregated, the total value would be HK\$3,397,196.40 and the Past CCT would be subject to announcement and annual review requirements but exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Cheuk Lung”	Cheuk Lung (Hong Kong) Company Limited 綽隆(香港)有限公司, a company incorporated in Hong Kong with limited liability, the entire issued share capital of which was beneficially owned by Wai Online during the Cheuk Lung Period
“Cheuk Lung Period”	the period from 14 June 2019 to 9 July 2019, during which Wai Online was the sole shareholder of Cheuk Lung
“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”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, 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
“Mr. Tang”	Mr. Tang Ching Ho, the chairman of the Company and the managing Director
“Ms. MF Tang”	Ms. Tang Mui Fun, an executive Director and a sister of Mr. Tang
“Ms. WM Tang”	Ms. Tang Wai Man, an executive Director and the daughter of Mr. Tang
“Ms. Yau”	Ms. Yau Pui Shan, a niece of Mr. Tang and a cousin of Ms. WM Tang, being a relative of Mr. Tang and Ms. WM Tang and a deemed connected person of the Company under Rule 14A.21(1)(a) of the Listing Rules

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“Past CCT”	the sales of a variety of Chinese pharmaceutical and health food products (1) between WYT Hong Kong and Wai Online during the Wai Online Period; and (2) between WYT Hong Kong and Cheuk Lung during the Cheuk Lung Period, collectively or individually, as the case may be
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Relevant Period”	collectively, the Cheuk Lung Period and the Wai Online Period
“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 ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Tangs”	Mr. Tang, Ms. MF Tang and Ms. WM Tang
“Wai Online”	Wai Online (Hong Kong) Limited 位易購(香港)有限公司, a company incorporated in Hong Kong with limited liability, the entire issued share capital of which was beneficially owned by Ms. Yau during the Wai Online Period
“Wai Online Period”	the period from 19 October 2018 to 15 August 2019 during which Ms. Yau was the sole shareholder of Wai Online
“WYT Hong Kong”	Wai Yuen Tong Medicine Company Limited 位元堂藥廠有限公司, a company incorporated in Hong Kong with limited liability, being a principal 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*)
Chan Chun Hong, Thomas
Executive Director

Hong Kong, 8 July 2020

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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.