

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any of the contents of this Prospectus, you should obtain independent professional advice.

If you have sold or transferred all your shares in Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司), you should at once hand the Prospectus Documents to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed "Expert and Consent" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other documents referred to above. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND/OR RIGHTS SHARES IN NIL-PAID FORM" in the "Letter from the Board" in this Prospectus.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

The securities described in this Prospectus have not been, and will not be, registered under the United States of America ("United States") Securities Act of 1933, as amended, (the "U.S. Securities Act") or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws of the United States. The Company does not intend to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

Distribution of the Prospectus Documents into jurisdictions other than Hong Kong may be prohibited or restricted by law. Persons into whose possession the Prospectus Documents come should inform themselves of and observe any such prohibitions or restrictions. Neither the Prospectus Documents nor any copy thereof may be released into or distributed directly or indirectly in the United States or any other jurisdiction where such release or distribution might be unlawful, or distributed to any United States persons.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares (in their nil-paid or fully-paid forms) or to take up any entitlements to the Rights Shares (in their nil-paid or fully-paid forms) in any jurisdiction in which such an offer or solicitation is unlawful. Neither this Prospectus nor anything in this Prospectus forms the basis of any contract or commitment whatsoever.



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)

RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE AT HK\$0.43 PER RIGHTS SHARE

Financial Adviser

 KINGSTON CORPORATE FINANCE

Underwriter of the Rights Issue

 KINGSTON SECURITIES

The Latest Time for Acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Wednesday, 21 September 2016. The procedures for subscription of the Rights Shares are set out on pages 29 to 31 of this Prospectus.

The Rights Issue is conditional upon the fulfilment of the conditions as set out in the section headed "Conditions of the Rights Issue" of the "Letter from the Board" in this Prospectus.

The Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 11 to 12 of this Prospectus. Upon the delivery of the notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other party in respect of costs, damages, compensation or otherwise (save for any antecedent breaches). If the Underwriter exercises such right, the Rights Issue will not proceed.

The Shares have been dealt on an ex-rights basis from 9:00 a.m. on Wednesday, 31 August 2016. Dealings in the Rights Shares in their nil-paid form will take place from Thursday, 8 September 2016 to Thursday, 15 September 2016 (both dates inclusive). It is expected that the conditions referred to in the section headed "Termination of the Underwriting Agreement" in this Prospectus are to be fulfilled on or before 4:00 p.m. on Tuesday, 27 September 2016. If the conditions referred to in that section are not fulfilled, the Underwriting Agreement shall be terminated and the Rights Issue will not proceed. Any person contemplating buying or selling Shares from the date of this Prospectus and up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form from Thursday, 8 September 2016 to Thursday, 15 September 2016 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional adviser.

* For identification purpose only

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DEFINITIONS

In this Prospectus, the following expressions have the following meanings, unless the context otherwise requires:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Application Forms”	collectively, the EAF(s) and the PAL(s)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Bond”	a 10.0% bond due on 28 November 2019 with an outstanding principal amount of HK\$200,000,000 issued by CAP as held by Double Leads, being the subject of the Bond Transfer Agreement
“Bond Transfer Agreement”	a conditional sale and purchase agreement dated 5 July 2016 (as amended by a supplemental agreement dated 8 July 2016) entered into between Double Leads, WOG and Winning Rich under which Winning Rich will acquire the Bond from Double Leads at a consideration of HK\$200,000,000 and WOG will provide a guarantee in favour of Winning Rich for the due and punctual performance of CAP under the Bond, details of which are set out in the Joint Announcement and the Circular
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Bye-Laws”	the bye-laws of the Company
“CAP”	China Agri-Products Exchange Limited, 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: 0149)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“Circular”	the circular of the Company dated 9 August 2016 in relation to, among other things, the Rights Issue
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Companies Act”	Companies Act 1981 of Bermuda
“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 and the Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Double Leads”	Double Leads Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of WOG
“EAF(s)”	the form(s) of application for excess Rights Shares
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whose registered addresses in the Company’s register of members as at the Record Date are in places where the Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Shareholders
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate(s)
“Group”	the Company and its subsidiaries

* For identification purpose only

DEFINITIONS

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all of the four independent non-executive Directors formed to advise the Independent Shareholder(s) on, among other things, the Rights Issue
“Independent Financial Adviser”	Beijing Securities Limited, a corporation licensed under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders on, among other things, the Rights Issue
“Independent Shareholder(s)”	Shareholders other than (i) the Directors (excluding members of the Independent Board Committee), chief executive of the Company and their respective associates; (ii) members of the WOG Concert Group; and (iii) any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Bond Transfer Agreement and/or the Whitewash Waiver
“Independent Third Party(ies)”	a person who: <ul style="list-style-type: none">(i) is not (and will not become as a result of the consummation of the Rights Issue) a connected person of the Company and is not deemed a connected person of the Company pursuant to Rules 14A.19 to 14A.21 of the Listing Rules;(ii) is not financing the subscription of the Rights Shares directly or indirectly by a connected person of the Company;(iii) is not accustomed to taking instructions from a connected person of the Company in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in its name or otherwise held by it; and

DEFINITIONS

	(iv) would not result in its aggregate holding (direct and indirect) in the total issued share capital of the Company being 10.0% or more of the Company's entire issued share capital at any time
"Joint Announcement"	the joint announcement dated 8 July 2016 issued by the Company and WOG in relation to, among others, the Rights Issue
"Last Trading Day"	Tuesday, 5 July 2016, being the last trading day for the Shares on the Stock Exchange before the release of the Joint Announcement
"Latest Practicable Date"	1 September 2016, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for the inclusion in this Prospectus
"Latest Time for Acceptance"	4:00 p.m. on Wednesday, 21 September 2016, or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
"Latest Time for Termination"	4:00 p.m. on the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time to terminate the Underwriting Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Grade"	New Grade Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
"Overseas Shareholder(s)"	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
"PAL(s)"	provisional allotment letter(s) for the Rights Issue

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this Prospectus shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prospectus”	this prospectus
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Tuesday, 6 September 2016, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholders
“Record Date”	Monday, 5 September 2016, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rich Time”	Rich Time Strategy Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of WOG
“Rights Issue”	the issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the terms as set out in the Prospectus Documents
“Rights Share(s)”	948,857,166 Shares offered pursuant to the Rights Issue to the Qualifying Shareholders for subscription on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company held at 10:00 a.m. on Friday, 26 August 2016 at which the Rights Issue (among other things) was approved by way of poll
“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 the Share(s)
“Share Option(s)”	the options issued or to be issued under the share option schemes adopted by the Shareholders at the general meetings of the Company held on 18 September 2003 and 22 August 2013
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.43 per Rights Share
“subsidiaries”	has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“SZ Acquisition”	means the acquisition by New Grade of the SZ Properties, details of which are set out in the announcements of the Company dated 20 July 2015, 20 October 2015, 30 December 2015, 24 February 2016, 27 April 2016 and 27 July 2016, respectively
“SZ Properties”	a factory building and two dormitory buildings erected on the Land Lot No. G12204-0126 located at Nanbu Village, Pingshan Town, Shenzhen, the PRC, with a gross floor area of approximately 19,475 square meters

DEFINITIONS

“SZ Removal Agreement”	an agreement dated 5 July 2016 entered into between Caffco International Ltd, The Sky High Plastic Works Limited and New Grade in respect of procurement for vacation of the SZ Properties at a consideration of HK\$9 million, details of which are set out in the Joint Announcement and the Circular
“SZ Supplemental Agreements”	five agreements, being a sewage treatment agreement, a fittings sale and purchase agreement, a fire services consultancy agreement, a laboratory design consultancy agreement and a liaison consultancy agreement, all dated 5 July 2016, entered into between The Sky High Plastic Works Limited and New Grade in relation to sale of certain existing fittings at the SZ Properties and provision of various consultation services to New Grade at an aggregate consideration of HK\$19 million, details of which are set out in the Joint Announcement and the Circular
“Takeovers Code”	The Code on Takeovers and Mergers promulgated by the SFC
“Underwriter” or “Kingston”	Kingston Securities Limited, a corporation licensed by the SFC to carry out business in type 1 regulated activity (dealing in securities) under the SFO
“Underwriting Agreement”	the underwriting agreement dated 5 July 2016 (as amended by a supplemental agreement dated 8 July 2016 and a second supplemental agreement dated 27 July 2016) entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	all the Rights Shares in excess of the aggregate of: (i) 209,492,205 Rights Shares that will be provisionally allotted to and subscribed for by Rich Time (or its associates) pursuant to the WOG Irrevocable Undertaking; and (ii) 370,000,000 Rights Shares for which Rich Time (or its associates) will subscribe by way of excess application pursuant to the WOG Irrevocable Undertaking, which are fully underwritten by the Underwriter pursuant to the terms and subject to the conditions of the Underwriting Agreement

DEFINITIONS

“Whitewash Waiver”	a waiver granted by the Executive pursuant to Note 1 on dispensation from Rule 26 of the Takeovers Code in respect of the obligation of WOG to make a general offer for all the issued Shares not already owned or agreed to be acquired by WOG and parties acting in concert with it which may otherwise arise as a result of the subscription of the Rights Shares by members of the WOG Group pursuant to the WOG Irrevocable Undertaking
“Winning Rich”	Winning Rich Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of the Company
“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)
“WOG Concert Group”	means, as at the Latest Practicable Date, WOG and persons acting in concert with it (within the meaning of the Takeovers Code), including Rich Time
“WOG Group”	WOG and its subsidiaries
“WOG Irrevocable Undertaking”	an irrevocable undertaking dated 5 July 2016 given by Rich Time in favour of the Company
“WOG SGM”	the special general meeting of WOG held on 26 August 2016 at which, among other things, the WOG Irrevocable Undertaking was approved by way of poll
“WOG Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of WOG
“WOG Shareholder(s)”	the holder(s) of the WOG Share(s)
“%”	per cent.

* For identification purpose only

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only:

Event	Timeline 2016
First day of dealings in nil-paid Rights Shares	8 September, Thursday
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on 12 September, Monday
Last day of dealings in nil-paid Rights Shares	15 September, Thursday
Latest time for acceptance of, and payment for, the Rights Shares and the applications for excess Rights Shares	4:00 p.m. on 21 September, Wednesday
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on 27 September, Tuesday
Announcement of results of the Rights Issue	28 September, Wednesday
Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares on or before	29 September, Thursday
Certificates for fully-paid Rights Shares to be despatched on or before	29 September, Thursday
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on 30 September, Friday

Note: All references to time in this Prospectus are references to Hong Kong time.

Dates or deadlines specified in this Prospectus are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The Latest Time for Acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares will not take place if:

1. a tropical cyclone warning signal number 8 or above is in force on the Latest Time for Acceptance, or

EXPECTED TIMETABLE

2. a “black” rainstorm warning signal is:
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance and application and payment for excess Rights Shares does not take place, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not of the same kind or nature with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) any change in the circumstances of the Company or any member of the Group occurs which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure occurs including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not of the same kind or nature with any of the foregoing; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (vi) any matter occurs which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive Business Days occurs, excluding any halt or suspension in connection with the clearance of the Joint Announcement, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise,

the Underwriter is entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination.

The Underwriter may also by notice in writing rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.



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)

Executive Directors:

Mr. Tang Ching Ho, *JP, Chairman*
Mr. Chan Chun Hong, *Managing Director*
Ms. Tang Mui Fun

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, *Simon*
Mr. Cho Wing Mou
Mr. Li Ka Fai, *David*

Head office and

principal place of business:
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

6 September 2016

*To the Qualifying Shareholders and, for information purposes only,
to the holder(s) of the Share Option(s) and Excluded Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE
AT HK\$0.43 PER RIGHTS SHARE**

INTRODUCTION

Reference is made to the Joint Announcement and the Circular. On 8 July 2016, the Board announced that the Company proposed to raise gross proceeds of up to approximately HK\$408.0 million, before expenses, by way of the Rights Issue to the Qualifying Shareholders at the Subscription Price of HK\$0.43 per Rights Share, on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date. The Rights Issue is not extended to the Excluded Shareholders. The SGM was held on 26 August 2016 at which the relevant resolution(s) approving, among other things, the Rights Issue was duly passed by way of poll.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with further information in relation to the Rights Issue, including procedures for the acceptance of, and payment for, the Rights Shares and certain financial information and other information in respect of the Company.

THE RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) Share held on the Record Date
Subscription Price	:	HK\$0.43 per Rights Share payable in full on acceptance
Number of Shares in issue as at the Latest Practicable Date	:	316,285,722 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue and aggregate nominal value	:	948,857,166 Rights Shares with an aggregate nominal value of HK\$9,488,571.66
Total number of issued Shares upon completion of the Rights Issue	:	1,265,142,888 Shares

The 948,857,166 Rights Shares to be issued pursuant to the Rights Issue represent 300.00% of the existing issued share capital of the Company as at the Latest Practicable Date and 75.00% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

Subscription Price

The Subscription Price is HK\$0.43 per Rights Share, payable in full on acceptance. The Subscription Price represents:

- (i) a discount of approximately 48.81% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 49.41% to the average closing price of HK\$0.85 per Share for the five consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a discount of approximately 18.87% to the theoretical ex-entitlement price of approximately HK\$0.53 per Share after the Rights Issue, based on the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 94.14% to the audited total equity attributable to the owners of the Company per Share of approximately HK\$7.34 as at 31 March 2016; and
- (v) a discount of 3.37% to the closing price of HK\$0.445 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Basis of determining the Subscription Price and subscription ratio

The Subscription Price and the subscription ratio were determined, among other things, as a result of arm's length negotiations between the Company and the Underwriter, and reflect the best commercial deal that the Company could obtain on terms commercially acceptable to it.

The determination was driven by the following factors:-

- (i) the capital needs of the Group to support the continued growth of the Group as discussed in the sections headed "Reasons for the Rights Issue" and "Use of proceeds from the Rights Issue" below in this letter;
- (ii) the financial position of the Group;
- (iii) recent market price of the Shares; and
- (iv) the prevailing market conditions.

In addition, the Board has also considered the following key aspects relating to the Rights Issue:

- (i) **the Rights Issue can strengthen the Company's capital base:** the Rights Issue, if successful, would enable the Company to raise net proceeds of approximately HK\$399.8 million. Based on the Company's total equity of approximately HK\$2,329.6 million as at 31 March 2016, the Rights Issue is expected to strengthen the Company's equity base by approximately 17.16%;
- (ii) **costs of funds raised through debt:** had the Company raised approximately HK\$399.8 million in the form of debt rather than equity, assuming the debt carries an interest of approximately 2.27% per annum (being the weighted average of the interest rate payable by the Company on its debts as of 31 March 2016), the Company would have to incur interest expenses of approximately HK\$9.1 million per year. The funds raised through the Rights Issue would not be interest-bearing and hence the Company believes it will achieve significant savings in interest expenses as compared to raising funds through debts;

LETTER FROM THE BOARD

- (iii) **capital needs of the Group:** as at 5 August 2016, the unaudited cash balance of the Group amounted to approximately HK\$282.4 million. Given the present market circumstances and in view of the Group's outstanding bank loans of approximately HK\$780.0 million as at 5 August 2016 and to support the Group's expansion, the Board considers a fundraising exercise by way of the Rights Issue to be appropriate;
- (iv) **Subscription Price at discount to prevailing market price, subscription ratio and safeguards to Shareholders:** as the Rights Shares are offered to all Qualifying Shareholders, the Directors are of the view that the current subscription ratio allows the Company to raise funds at a subscription price representing a discount to current market prices so as to encourage all Qualifying Shareholders to participate in the Rights Issue. In the event the subscription ratio were to be set at a lesser proportion (such as one Rights Share for one existing Share), the subscription price would have to be higher than the Subscription Price and the prevailing market price of the Shares in order to raise the same amount of proceeds; and

the subscription ratio and discount structure are commercial decisions of the Company which had been approved, as part of the terms of the Rights Issue, by the Independent Shareholders at the SGM. The other safeguard to the Shareholders' interests is that the Independent Shareholders had been advised, before exercising their respective voting rights, by the Independent Board Committee (comprising all independent non-executive Directors) and the Independent Financial Adviser so that they could make an informed decision as to whether to vote in favour of the resolution in respect of the Rights Issue on the terms proposed.

Given that: (i) the Rights Issue is subject to the Independent Shareholders' approval at the SGM which has been obtained as at the date of this Prospectus; (ii) the current form and structure of the Rights Issue involves a discount of the Subscription Price to the prevailing market price of the Shares (which enables the Qualifying Shareholders to subscribe for the Rights Shares below the prevailing market price) and thus encourages the Qualifying Shareholders to participate in the Rights Issue and the future development and growth of the Group; (iii) whilst there will be a dilution impact on the shareholding of those Qualifying Shareholders who do not take up in full their entitlement under the Rights Issue, they have the opportunity to dispose of and realise their nil-paid Rights Shares on the Stock Exchange, subject to the then prevailing market conditions; and (iv) the Qualifying Shareholders who wish to increase their shareholdings in the Company through the Rights Issue may, subject to availability, acquire additional nil-paid Rights Shares in the market or apply for additional Rights Shares by way of excess application, the Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Rights Issue, including the Subscription Price and the subscription ratio, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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Conditions of the Rights Issue

The Rights Issue is subject to fulfilment of the following conditions under the Underwriting Agreement:

- (i) the passing of all the necessary resolutions(s) by the Independent Shareholders at the SGM approving and confirming: (a) the Rights Issue and the transactions contemplated thereunder and authorising the Directors to allot and issue the Rights Shares (in their nil-paid and fully-paid forms); (b) the Bond Transfer Agreement and the transactions contemplated thereunder; and (c) the Whitewash Waiver, each in accordance with the Bye-laws, the Listing Rules and the Takeovers Code on or before the Record Date;
- (ii) the Executive granting to WOG the Whitewash Waiver and the satisfaction of all conditions (if any) attached thereto;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) in accordance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purposes only, on or before the Prospectus Posting Date;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (vi) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof prior to the Latest Time for Termination;
- (vii) the compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;
- (viii) the compliance with and performance of all undertakings and obligations of Rich Time, or any of its respective associates, under the WOG Irrevocable Undertaking;
- (ix) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares;

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- (x) there being no Specified Event occurring prior to the Latest Time for Termination; and
- (xi) the passing of the necessary resolution(s) by the WOG Shareholders at the WOG SGM to approve, among others, the subscription of Rights Shares (including the subscription for entitled Rights Shares and by way of excess application) under the Rights Issue pursuant to the WOG Irrevocable Undertaking and the transactions contemplated thereunder.

These conditions are incapable of being waived. If any of the above conditions is not satisfied in whole by the Latest Time for Termination (or such other time and/or date specified therein) or such other time and/or date as the Company and the Underwriter may agree in writing, the Underwriting Agreement shall be terminated accordingly and the Rights Issue will not proceed. In such circumstance, no party shall have any claim against the other parties for costs, damages, compensation or otherwise save for any antecedent breaches. As at the Latest Practicable Date, conditions (i), (ii), (ix) and (xi) have been fulfilled.

Effects on the shareholding structure of the Company as a result of the Rights Issue

The expected changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming all the Rights Shares are subscribed by the Qualifying Shareholders		Immediately after completion of the Rights Issue, assuming all the Rights Shares are subscribed by the WOG Group pursuant to the WOG Irrevocable Undertaking and the Underwriter pursuant to the Underwriting Agreement (Note 1)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The WOG Group	69,830,735	22.08	279,322,940	22.08	649,322,940	51.32
The Underwriter (including subscribers procured by it) (Note 2)	1	0.00	4	0.00	369,364,962	29.20
Other public Shareholders	246,454,986	77.92	985,819,944	77.92	246,454,986	19.48
Total	316,285,722	100.00	1,265,142,888	100.00	1,265,142,888	100.00

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Notes:

1. For illustration purpose only and assuming all 370,000,000 Rights Shares applied for by Rich Time by way of excess application pursuant to the WOG Irrevocable Undertaking are allocated to it.
2. As and when any subscribers and/or sub-underwriters are procured by the Underwriter for the Underwritten Shares, the Underwriter has agreed to use its best endeavours to ensure that (i) such subscribers and/or sub-underwriters are Independent Third Parties; and (ii) such subscribers and/or sub-underwriters will not hold 10.0% or more of the equity interest in the Company upon completion of the Rights Issue. The Underwriter has agreed to use its best endeavours to ensure that the public float requirements under Rule 8.08 of the Listing Rules can be maintained upon completion of the Rights Issue. On this basis, the Company and the Underwriter are of the view that the public float requirements under Rule 8.08 of the Listing Rules can be maintained upon completion of the Rights Issue. As at the Latest Practicable Date, the Company has been informed by the Underwriter that the Underwriter has procured 2 persons who are Independent Third Parties (and who are not existing Shareholders as of the Latest Practicable Date) to take up a maximum aggregate of 80,000,000 Underwritten Shares and none of them will hold 10.0% or more of the equity interest in the Company upon completion of the Rights Issue. Of these 2 persons, one of them is an individual who has agreed to take up a maximum of 50,000,000 Underwritten Shares under the relevant sub-underwriting agreement dated 28 July 2016 ; and another one is a corporate entity which has agreed to take up a maximum of 30,000,000 Underwritten Shares under the relevant sub-underwriting agreement dated 28 July 2016. Assuming that all the Rights Shares are subscribed by the WOG Group pursuant to the WOG Irrevocable Undertaking and the Underwriter pursuant to the Underwriting Agreement, the aggregate shareholding of these two persons and the other public Shareholders upon completion of the Rights Issue will amount to approximately 25.80% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

Potential dilution effect on the shareholding interests of the Independent Shareholders

Upon completion of the Rights Issue, 948,857,166 Shares will be issued. Qualifying Shareholders who elect to accept their entitlements under the Rights Issue in full will retain their current shareholding in the Company. Qualifying Shareholders who do not elect to accept their entitlements under the Rights Issue in full will be diluted after completion of the Rights Issue by a maximum of 75.0%.

Possible adjustment to the Share Options

Save for the 51,989 Share Options outstanding as at the Latest Practicable Date which are convertible into an aggregate of 51,989 Shares, the Company has no other outstanding options, derivatives, warrants, rights over shares, convertible securities, or other similar rights which are convertible or exchangeable into Shares.

The Rights Issue may lead to adjustment to the exercise price and/or the number of Shares (as the case may be) to be issued upon exercise of the Share Options. Such adjustment will be made on the basis that the proportion of the issued share capital of the Company to which a grantee of Share Options is entitled shall remain the same before and after such adjustments in accordance with the rules of the share option scheme and the supplementary guidance issued by the Stock Exchange.

The Company will engage its auditors to provide a certificate(s) as to the adjustment required to be made to the terms of the outstanding Share Options as a result of the Rights Issue and will notify the holders of Share Options regarding adjustment to be made (if any) pursuant to the terms of the share option scheme after receiving the certificate.

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Principal terms of the Underwriting Agreement

- Date : 5 July 2016 (after trading hours of the Stock Exchange and amended by a supplemental agreement dated 8 July 2016 and a second supplemental agreement dated 27 July 2016)
- Parties : (i) the Company; and
(ii) the Underwriter.
- Total number of Underwritten Shares : Not less than 369,364,961 Underwritten Shares (if no outstanding Share Options are exercised before the Record Date) and not more than 369,520,928 Underwritten Shares (if all outstanding Share Options are exercised before the Record Date), being the total number of Rights Shares under the Rights Issue minus the maximum aggregate number of Rights Shares to be subscribed and paid for by Rich Time pursuant to the WOG Irrevocable Undertaking and on the basis that no further Share will be issued or repurchased on or before the Record Date.
- Commission : A commission of 2.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares agreed to be underwritten by the Underwriter is payable to the Underwriter.
- Conditions : Please refer to the section headed “Conditions of the Rights Issue” above.
- Latest Time for Termination : 4:00 p.m. on the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time to terminate the Underwriting Agreement.
- Termination : If, prior to the Latest Time for Termination:
(i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

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- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not of the same kind or nature with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

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- (iii) any change in the circumstances of the Company or any member of the Group occurs which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not of the same kind or nature with any of the foregoing; or
- (vi) any matter occurs which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive Business Days occurs, excluding any halt or suspension in connection with the clearance of the Joint Announcement, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise,

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the Underwriter is entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination.

The Underwriter may also by notice in writing rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

The WOG Irrevocable Undertaking

As at the Latest Practicable Date, WOG, through its indirectly wholly-owned subsidiary, Rich Time, is interested in 69,830,735 Shares, representing approximately 22.08% of the issued share capital of the Company.

On 5 July 2016 (after trading hours of the Stock Exchange), Rich Time executed the WOG Irrevocable Undertaking in favour of the Company, under which it conditionally agreed, among other things:

- (i) to subscribe, or procure its associates to subscribe, for 209,492,205 Rights Shares which comprise the full acceptance of its provisional entitlements under the Rights Issue;
- (ii) to procure that the Shares comprising its current shareholding in the Company will remain beneficially owned by it on the Record Date;
- (iii) to procure that its acceptance of the 209,492,205 Rights Shares which will be provisionally allotted to it nil-paid under the Rights Issue be lodged with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions printed on the PAL(s);
- (iv) to apply, or procure its associates to apply, by way of excess application, for 370,000,000 Rights Shares;
- (v) to procure that the EAF(s) for 370,000,000 Rights Shares to be lodged with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions printed on the EAF(s); and

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- (vi) to accept, or procure acceptance of all excess Rights Shares applied for or any lesser number of excess Rights Shares allotted to it and/or its associates (to the extent being allocated by the Company pursuant to the terms of the Underwriting Agreement where the total number of excess Rights Shares available for allocation to Rich Time and/or its associates is less than or equal to the total number of excess Rights Shares applied for by it and/or its associates).

Rich Time's obligations under the WOG Irrevocable Undertaking are conditional upon:

- (i) the passing of the necessary resolution(s) by the WOG Shareholders at the WOG SGM to approve, among others, the subscription for 209,492,205 Rights Shares comprising Rich Time's provisional entitlement under the Rights Issue and the application for an additional 370,000,000 Rights Shares by way of excess application under the Rights Issue pursuant to the WOG Irrevocable Undertaking; and
- (ii) the conditions of the Rights Issue (other than condition (viii) referred to in the section headed "Conditions of the Rights Issue" above) having been fulfilled.

As at the Latest Practicable Date, condition (i) above has been fulfilled.

Reasons for the Rights Issue

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 products, health food and personal care products under the brand names of "Madame Pearl's" and "Pearl's"; and (iii) property investment.

The Board is optimistic about the future growth and development of the Company, in light of increasing public awareness and concern about personal health and the general trend of people consuming health and nutrition supplements. The Group continues to explore ways to further expand its provision of Chinese medicine consultation services to customers, which are currently provided at some retail stores of the Group. The Group intends to further expand its product range to broaden its customer base, while still focusing on continuous product development, added promotional and marketing efforts and broadening the sales channels of its existing "Madame Pearl's", "Pearl's" and "Pearl's Mosquitout" products.

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The Rights Issue is expected to improve the Group's financial position as part of the proceeds from the Rights Issue will be applied towards reduction of the Group's borrowings and as its general working capital. Also, according to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group upon completion of the Rights Issue set out in Appendix II to this Prospectus, assuming the Rights Issue had taken place on 31 March 2016 and 948,857,166 Rights Shares were issued at HK\$0.43 per Rights Share, the Group's consolidated net tangible assets attributable to owners of the Company would have been increased by approximately 17.3% from approximately HK\$2,306.9 million to approximately HK\$2,706.7 million, thereby improving the Group's financial position.

In light of the above and taking also into account that:-

- (i) debt financing would incur further interest burden to the Group;
- (ii) any placing of new Shares without first offering the existing Shareholders the opportunity to participate in the Company's equity raising exercise would result in dilution of shareholding of and per Share value to the existing Shareholders;
- (iii) issuance of convertible securities would not strengthen the Company's capital base until the convertible securities is converted into equity which would also result in dilution of shareholding to the Shareholders;
- (iv) the Rights Issue will enable the Company to strengthen its equity base and liquidity without incurring additional interest costs. It enables the Group to focus its resources to further develop its business in the PRC by establishing its factory in the PRC, strengthening its research and development efforts for product innovation and expansion of product range and to commit to stringent and comprehensive quality control procedures throughout all our production processes, thereby bolstering its ability to capitalise upon greater business opportunities associated with its principal business engagements; and
- (v) the Rights Issue would enable the Shareholders to maintain their proportionate interests in the Company should they wish to participate in the future growth of the Group, allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefit, the Directors consider the fundraising by way of the Rights Issue to be fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

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Use of proceeds from the Rights Issue

The Rights Issue is proposed with a view to provide further funding for the Group's business development and expansion and assisting with the Group's repayment of financial indebtedness. The net proceeds to be raised from the Rights Issue, being approximately HK\$399.8 million, are intended to be applied for the following purposes:

- (i) as to HK\$50.0 million for the payment of installation of facilities and equipment of the Group's factory in the PRC (including HK\$28.0 million to be utilised for payment under the SZ Removal Agreement and the SZ Supplemental Agreements in the fourth quarter of 2016. Based on our preliminary estimation, approximately HK\$15.0 million and HK\$7.0 million, respectively, will be utilised for the payment of renovation or other construction works, installation of facilities and equipment for the SZ Properties in the first and second quarter of 2017) for its pharmaceutical manufacturing business;
- (ii) as to HK\$200.0 million for the acquisition of the Bond under the Bond Transfer Agreement;
- (iii) as to HK\$50.0 million for the repayment of outstanding bank borrowings and interests of the Group; and
- (iv) the remaining balance of approximately HK\$99.8 million will be utilised for general working capital of the Group. More specifically, the Group intends to utilise as to approximately HK\$30.0 million for the payment of salaries, as to approximately HK\$42.0 million for the purchase of raw material and inventories, as to approximately HK\$22.0 million for the payment of rental for retail shops and as to balance of approximately HK\$5.8 million for selling and distribution expenses during the first quarter of 2017.

Announcement(s) will be made by the Company in accordance with the Listing Rules as and when necessary when there is a material change in the use of net proceeds from the Rights Issue.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not being an Excluded Shareholder on the Record Date.

The Prospectus Documents are sent to the Qualifying Shareholders.

This Prospectus (without the PAL(s) and EAF(s)) is sent to the Excluded Shareholders for information purposes only.

According to the register of members of the Company as at the Record Date, there were five Overseas Shareholders whose addresses were located in Canada, Curacao, Macau, the PRC and the United Kingdom, holding 4 Shares, 11 Shares, 6 Shares, 144 Shares and 3 Shares, respectively.

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The Directors have, in compliance with Rule 13.36(2) of the Listing Rules, made enquiries regarding the legal restrictions under the laws of Canada, Curacao, Macau, the PRC and the United Kingdom and the requirement of the regulatory bodies or stock exchanges of these places with respect to extending the Rights Shares to such Overseas Shareholders.

The Company has been advised by its legal advisers in Macau, Curacao and the PRC that the Prospectus Documents would not be required to be registered with any regulatory authorities or the stock exchanges of Macau, Curacao and the PRC. Based on such advice, the Directors decided to extend the Rights Issue to the Overseas Shareholders located in Macau, Curacao and the PRC, who are accordingly Qualifying Shareholders.

The Company has been advised by its legal advisers in Canada and the United Kingdom that the extension of the Rights Issue to Overseas Shareholders in these jurisdictions would or might, in the absence of compliance with the registration requirements or other special formalities under the relevant legislation or regulations of these jurisdictions, be unlawful or impracticable, and compliance with the registration or other special formalities in these jurisdictions could be both disproportionately costly and time-consuming, particularly in light of the fact that the Overseas Shareholders in these jurisdictions hold a very small amount of Shares. Accordingly, in view of the likely expense and time involved if compliance with the laws of Canada and the United Kingdom were to be observed and the insignificant shareholdings of the Overseas Shareholders located in these jurisdictions, the Directors believe that the costs and burden of compliance with such overseas laws would outweigh the benefits which the Company and its Shareholders as a whole would stand to receive by having these Overseas Shareholders included in the Rights Issue. Therefore, the Directors have determined that it would not be necessary or expedient to extend the Rights Issue to the Overseas Shareholders located in Canada and the United Kingdom and accordingly, such Overseas Shareholders are Excluded Shareholders.

Receipt of a copy of any Prospectus Documents does not and will not constitute an offer to the Excluded Shareholders or any other persons in any territories in which it would be unlawful to make an offer, and in such circumstances a Prospectus is sent for information only and should not be copied or redistributed.

Rights of the Excluded Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Notwithstanding any other provision in the Prospectus Documents, the Company reserves the right to permit any Shareholder or investor whose registered address is in, or who is otherwise residing in, a jurisdiction other than Hong Kong to take up the relevant Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction.

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Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of any Prospectus Document or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer nil-paid Rights Shares to any person in, into or from, any jurisdiction outside Hong Kong, unless an offer of Rights Shares and nil-paid Rights Shares into such jurisdiction could lawfully be made without compliance with any registration or other legal or regulatory requirements or where the offer is made in reliance on any exemption or where compliance with the relevant legal or regulatory requirements will not, in the Board's judgment, be unduly burdensome. If a PAL or an EAF or the crediting of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agents, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the nil-paid Rights Shares in CCASS unless the Company, in its absolute discretion, determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards any Prospectus Document in, into or from, any jurisdiction outside Hong Kong (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

It is the responsibility of any person (including, without limitation, nominees, agents and trustees) receiving a copy of any Prospectus Document outside (or on behalf of an investor who is outside) Hong Kong and wishing to take up Rights Shares under the Rights Issue to satisfy himself/herself/itself as to the full observance of the laws of the relevant territory including the obtaining of any governmental or other consents which may be required for observing any other formalities needed to be observed in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. **Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these laws and requirements have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representations and warranties. If you are in doubt as to your position, you should consult your own professional advisers.**

The Company reserves the right to treat as invalid any acceptances of or applications for, or purported acceptances of or applications for, the Rights Shares where it believes that such acceptance or application, or purported acceptance or application, would violate the applicable securities or other laws or regulations of any territory or jurisdiction or if in respect thereof the Shareholder or its agent has not given the declaration set out in the PAL and/or EAF in respect of such matters.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be retained for the benefit of the Company. Any unsold entitlement of the Excluded Shareholders to the Rights Shares, and any Rights Shares provisionally allotted but not

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accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of the nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders.

Procedures for acceptance and payment and/or transfer

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholders to subscribe for the number of Rights Shares shown therein. **If the Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares specified in the PALs, the Qualifying Shareholders must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. on Wednesday, 21 September 2016. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Wai Yuen Tong Medicine Holdings Limited — Provisional Allotment Account" and crossed "ACCOUNT PAYEE ONLY".**

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 21 September 2016, whether by the original allottee or any person in whose favour the rights have been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled, and such Rights Shares will be available for excess application by the Qualifying Shareholders under the EAF.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer all or part of their rights to more than one person, the entire original PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Monday, 12 September 2016 to the Registrar, who will cancel the original PAL and issue new PALs in the denomination required, which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PALs.

The PAL contains further information regarding the procedures to be followed for Qualifying Shareholders who wish to accept the whole or part of their provisional allotment. All cheques and cashier's orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of a PAL with a cheque or a cashier's order will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and, in such event, the relevant provisional allotment and all rights and entitlements given pursuant to which will be deemed to have been declined and will be cancelled. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

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No receipt will be issued for any monies received in respect of the provisional allotments. If the Underwriting Agreement is terminated before the Latest Time for Termination, the Rights Issue will not proceed and the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 29 September 2016.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders (or the transferees to whom any Qualifying Shareholders have transferred their provisional entitlements). Application may be made by completing the EAF(s) and lodging the same with a separate remittance for the excess Rights Shares no later than the Latest Time for Acceptance. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis and on a pro-rata basis to the excess Rights Shares applied for by the Qualifying Shareholders. However, no preference will be given to topping-up odd lots to whole board lots.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

Application for excess Rights Shares may be made by lodging the EAF in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application in respect of the excess Rights Shares applied for, with the Registrar by not later than 4:00 p.m. on Wednesday, 21 September 2016. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Wai Yuen Tong Medicine Holdings Limited — Excess Application Account" and crossed "ACCOUNT PAYEE ONLY".

If no excess Rights Shares are allotted to the Qualifying Shareholders who have applied for excess Rights Shares, the amount tendered on application will be returned to such Qualifying Shareholders without interest by means of a cheque despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 29 September 2016. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application money will also be returned to such Qualifying Shareholders without interest by means of a cheque despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 29 September 2016. All cheques and cashier's orders accompanying completed EAFs will be presented for payment upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an EAF with a cheque or a cashier's order in payment for the excess Rights Shares applied for will

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constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. If the cheque or the cashier's order is dishonoured on first presentation, the application for excess Rights Shares is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable.

If the Underwriting Agreement is terminated before the Latest Time for Termination, the Rights Issue will not proceed and the monies received in respect of applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 29 September 2016.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully-paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Certificates of the Rights Shares

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the Rights Shares are expected to be sent on or before Thursday, 29 September 2016, to those entitled thereto by ordinary post at their own risks. Each applicant will receive one share certificate for all Rights Shares allotted and issued to him/her/it.

Refund cheques for the Rights Issue

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 29 September 2016, by ordinary post to the applicants at their own risk.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of the holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares (in both their nil-paid and fully-paid forms).

LETTER FROM THE BOARD

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares (in both their nil-paid and fully-paid forms) to be admitted into CCASS.

Dealings in the Rights Shares (in both their nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong. Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 5,000.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND/OR RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon the fulfilment of the conditions set out in the section headed “Conditions of the Rights Issue” above in this Prospectus. In particular, the Rights Issue is conditional, among other things, upon:

- (i) the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms by no later than the first day of their dealings, which is expected to be 9:00 a.m. on Thursday, 8 September 2016 and 9:00 a.m. on Friday, 30 September 2016, respectively; and**
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (as set out in the section headed “Principal terms of the Underwriting Agreement” above in this Prospectus).**

If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

LETTER FROM THE BOARD

Any persons contemplating buying or selling Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Thursday, 8 September 2016 and Thursday, 15 September 2016 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders and potential investors contemplating dealing in Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers.

PREVIOUS EQUITY FUND-RAISING EXERCISE IN THE PRIOR 12-MONTH PERIOD

The Company has not conducted any equity fund-raising activities in the past 12 months before the Latest Practicable Date.

Additional Information

Your attention is drawn to the additional information set out in the appendices of this Prospectus.

Yours faithfully
For and on behalf of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Tang Ching Ho
Chairman

* For identification purpose only

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 March 2014, 31 March 2015 and 31 March 2016, including the independent auditors' report thereon and the notes thereto, have been published in the annual reports of the Company referred to as follows and are incorporated by reference in to this Prospectus:

- (i) for the year ended 31 March 2014 (pages 45 to 134)
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0612/LTN20140612417.pdf>)
- (ii) for the year ended 31 March 2015 (pages 55 to 154)
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0721/LTN20150721552.pdf>)
- (iii) for the year ended 31 March 2016 (pages 65 to 177)
(<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0706/LTN20160706591.pdf>)

The above annual reports are also available at the Company's website at www.wyth.net.

Ernst & Young, the auditors of the Company, have not issued any qualified opinion on the Group's financial statements referred to above.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2016, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this Prospectus, the Group had outstanding bank loans of approximately HK\$777.9 million, of which bank loan with an aggregate amount of approximately HK\$747.9 million was secured by the Group's certain land and buildings and investment properties and certain rental income generated from them. The carrying values of the Group's land and buildings and investment properties as at 31 July 2016, which were pledged to secure the Group's bank loan, amounted to approximately HK\$157.7 million and HK\$499.8 million, respectively. In addition, the Group's unsecured bank loan with an aggregate amount of HK\$30.0 million was guaranteed by corporate guarantees provided by group companies as at 31 July 2016. The Group's secured bank loan bears contractual interest rate at one-month HIBOR plus 1.56%, whilst the Group's unsecured bank loan bears contractual interest rate at one-month HIBOR plus 1.70%.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 July 2016, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or any finance lease commitments or material contingent liabilities.

Save as disclosed above, the Directors were not aware of any material changes in the indebtedness and contingent liabilities of the Group after 31 July 2016 and up to the Latest Practicable Date.

3. WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to the Group, including internally generated funds, proceeds from the Rights Issue and available banking facilities of the Group, the Directors after due and careful enquiry are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this Prospectus, in the absence of unforeseeable circumstances.

4. NO MATERIAL CHANGE

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 March 2016, the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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, health food and personal care products under the brand names of "Madame Pearl's" and "Pearl's"; and (iii) property investment. There is no change in the Group's principal activities since 31 March 2016, being the date on which the latest published audited consolidated financial statements of the Group were made up.

The Group experienced a challenging environment during the year ended 31 March 2016 (the "Year"), resulting in a decrease in revenue and profitability. For the Year, the Group recorded a turnover of approximately HK\$825.3 million (2015: approximately HK\$831.1 million), representing a slight decrease of approximately 0.7% over last year. Besides, the Group recorded a drop in profit attributable to owners of the parent for the Year, reaching approximately HK\$25.4 million (2015: approximately HK\$121.0 million). Such decrease in results was mainly attributable to, among other things, the decrease in fair value of equity investments at fair value through profit or loss (net), the fair value losses on investment properties (net), the increases in selling and distribution expenses and administrative expenses, despite the increase in share of profits and losses of associates and the increase in gross profit and other income.

The retail sector in Hong Kong saw a decline in the value of retail sales in the first half of 2016. The Group expects the market environment in the near term to remain challenging. The uncertain macro-economic conditions around the world and the economic slowdown in Hong Kong is believed to continue to hamper the retail sector. Moreover, in April 2015, the PRC and Hong Kong governments announced the change of Shenzhen permanent residents' multiple-entry permits to one-visit-one-week permits upon renewal, which has been further exacerbating the currently declining flow of mainland tourist arrivals in Hong Kong. The relatively stronger Hong Kong dollar and depreciating yuan is also believed to have weakened the consumption sentiment of mainland visitors in Hong Kong.

In the face of the current difficult operating environment, the Group will continue to make efforts to expand its product range, broaden its customer base, strengthen quality control and enhance marketing and promotion activities to further uplift the image and competitiveness of its brands and its products. In addition, the Group will explore other sale channels, such as chain stores, key accounts, open trade, overseas, so as to widen and enrich the channel mix of its sales. Recognising the importance of the cyber world nowadays, the Group will also consider to invest more in online shopping platforms and digital marketing.

Besides, the Group will explore merger and acquisition opportunities as a means to expedite its growth as well as diversify its investment portfolio for strengthening and broadening its income base. The Group will also keep an eye on suitable retail premises for long term capital appreciation and seek to contain the impact of rental costs on its retail business. The Group will strive to enhance its efficiency and to exercise stringent cost control without compromising the quality of its products.

The inauguration of the modern manufacturing plant at Yuen Long Industrial Estate in early 2017 will greatly enhance the production and research capacity of the Group. The Group will hence have greater flexibility to meet different market demands and be able to manufacture more diverse pharmaceutical and health food products to cater for various market segments.

Looking forward, the Group sees opportunities as well as challenges in the market. The Group will tackle the upcoming challenges and seize the opportunities ahead to strive for a positive future outlook.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company on 31 March 2016 as if it had taken place on 31 March 2016.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial information of the Group had the Rights Issue been completed on 31 March 2016.

The Unaudited Pro Forma Financial Information is prepared based on the financial information as extracted from the published audited consolidated statement of financial position of the Group as at 31 March 2016 as set out in the annual report of the Company for the year then ended, after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in the Prospectus.

	Audited consolidated net assets of the Group attributable to owners of the Company as at 31 March 2016 <i>HK\$'000</i> <i>(Note 1)</i>	Less: Goodwill and other intangible assets <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Rights Issue <i>HK\$'000</i>
Based on 948,857,166 Rights Shares at subscription price of HK\$0.43 per Rights Share	2,322,490	(15,624)	2,306,866	399,838	2,706,704
Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company as at 31 March 2016 and prior to the completion of the Rights Issue <i>(Note 4)</i>					<u>HK\$7.29</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company immediately after completion of the Rights Issue <i>(Note 5)</i>					<u>HK\$2.14</u>

**NOTES TO UNAUDITED PRO FORMA STATEMENT OF ADJUSTED
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

Notes:

1. The audited consolidated net assets of the Group attributable to owners of the Company as at 31 March 2016 of approximately HK\$2,322,490,000 is extracted from the Group's published audited consolidated statement of financial position as at 31 March 2016 as set out in the annual report of the Company for the year ended 31 March 2016.
2. Goodwill and other intangible assets represent the Group's goodwill and 99.8% of the Group's other intangible assets attributable to owners of the Company as at 31 March 2016 of approximately HK\$15,335,000 and HK\$290,000, respectively are extracted from the Group's published audited consolidated statement of financial position as at 31 March 2016 as set out in the annual report of the Company for the year ended 31 March 2016.
3. The estimated net proceeds from the Rights Issue of the Rights Shares of approximately HK\$399,838,000 are based on 948,857,166 Rights Shares to be issued at the subscription price of HK\$0.43 per Rights Share and after deduction of estimated related expenses of approximately HK\$8,171,000.
4. The number of Shares used for the calculation of the unaudited consolidated net tangible assets per Share attributable to owners of the Company prior to the completion of the Rights Issue is based on 316,285,722 Shares in issue as at 31 March 2016.

5. The number of Shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company upon completion of the Rights Issue is calculated based on 1,265,142,888 Shares in issue upon completion of the Rights Issue, which comprise the existing 316,285,722 Shares in issue as at 31 March 2016 and 948,857,166 Shares to be issued pursuant to the Rights Issue.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA STATEMENT OF ADJUSTED
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is the text of a report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the Unaudited Pro Forma Financial Information of the Group for the purpose of incorporation in this Prospectus.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

6 September 2016

To the Directors of Wai Yuen Tong Medicine Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wai Yuen Tong Medicine Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 and the related notes set out on pages II-2 to II-3 of the prospectus dated 6 September 2016 (the “**Prospectus**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page II-1 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue in the proportion of three rights shares for every one share held by qualifying shareholders on the record date (the “**Rights Issue**”) on the Group’s net tangible assets attributable to owners of the Company as at 31 March 2016 as if the Rights Issue had taken place on 31 March 2016. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the year ended 31 March 2016, on which an annual report has been published.

Directors’ responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on the Group's net tangible assets attributable to owners of the Company as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following completion of the Rights Issue are as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>60,000,000,000</u>	Shares	<u>600,000,000.00</u>
<i>Issued and fully-paid:</i>		<i>HK\$</i>
<u>316,285,722</u>	Shares in issue	<u>3,162,857.22</u>

(ii) Immediately following completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>60,000,000,000</u>	Shares	<u>600,000,000.00</u>
<i>Issued and fully-paid:</i>		<i>HK\$</i>
316,285,722	Shares in issue immediately before completion of the Rights Issue	3,162,857.22
948,857,166	Rights Shares to be allotted and issued upon completion of the Rights Issue	9,488,571.66
<u>1,265,142,888</u>	Shares in issue immediately after completion of the Rights Issue	<u>12,651,428.88</u>

All the Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, fully paid or credited as fully-paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

No Share has been issued since 31 March 2016, being the date on which the latest audited financial statements of the Company were made up. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save for the outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 51,989 Shares, as at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible or exchangeable securities in issue which confer any right to subscribe for, convert or exchange into Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in Shares:

Name of Director	Nature of interest/ capacity	Number of Shares	Approximate percentage in the Company's total issued share capital (Note 1)
Mr. Tang Ching Ho	Interest of controlled corporations (Note 2)	649,322,940	51.32%

Notes:

- The percentage represented the percentage of the Company's share capital as stated in the relevant disclosure of interests forms.
- Mr. Tang Ching Ho is taken to be interested in the interests of WOG in the Company as he is taken to be interested in 9,984,356,772 WOG Shares, representing approximately 51.76% of all the issued WOG Shares, by virtue of his own beneficial shareholding, the shareholding interests of his spouse in WOG, the shareholding interests of a company wholly and beneficially owned by him, and his deemed interests by virtue of being the founder of Tang's Family Trust. WOG is taken to be interested in the interests in Shares by Rich Time. Rich Time, an indirectly wholly-owned subsidiary of WOG, which was the beneficial owner of 69,830,735 Shares and was interested in for 209,492,205 Rights Shares comprising the full acceptance of its provisional entitlements under the Rights Issue and 370,000,000 excess Rights Shares for which application will be made by it pursuant to the WOG Irrevocable Undertaking.

Long positions in underlying Shares:

Name of Director	Date of grant	Exercise price per Share (Note 1) HK\$	Number of Share Options outstanding (Note 1)	Exercise period (Note 2)	Number of underlying Shares	Approximate percentage of underlying Shares in the Company's total issued share capital (Note 3)
Ms. Tang Mui Fun	8.1.2009	23.12	4,077	8.1.2010 – 7.1.2019	4,077	0.001%

Notes:

- The number and exercise price of the share options were adjusted immediately upon completion of (i) the rights issue of one rights share for every two existing shares at a price of HK\$0.108 per rights share (as detailed in the Company's announcements dated 26 March 2015 and 18 May 2015 and the prospectus dated 24 April 2015); and (ii) capital reorganisation for, among others, consolidation of every 20 then existing shares into one new share (as detailed in the Company's announcements dated 1 February 2016 and 15 March 2016 and the circular dated 19 February 2016).
- These shares represent such shares which may fall to be issued upon the exercise of the share options by Ms. Tang Mui Fun during the period from 8 January 2010 to 7 January 2019, which number and exercise prices thereof are subject to adjustment in accordance with the share option scheme adopted by the Company on 18 September 2003, and such share options were vested as follows:

On 1st anniversary of the date of grant:	30% vested
On 2nd anniversary of the date of grant:	Further 30% vested
On 3rd anniversary of the date of grant:	Remaining 40% vested
- The percentage represented the number of Shares underlying such Share Options over the total issued share capital of the Company as at the Latest Practicable Date comprising 316,285,722 Shares.

(b) Substantial shareholders' interest

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long Positions in Shares:

Name of Shareholder	Nature of interest/capacity	Number of Shares	Approximate percentage in the Company's total issued share capital (Note 1)
WOG (Note 2)	Interest of controlled corporations	649,322,940	51.32%
Ms. Yau Yuk Yin (Note 3)	Interest of spouse	649,322,940	51.32%
Chu Yuet Wah	Interest of a controlled corporation	369,520,929	29.20%
Active Dynamic Limited	Interest of a controlled corporation	369,520,929	29.20%
Galaxy Sky Investments Limited	Interest of a controlled corporation	369,520,929	29.20%
Kingston Capital Asia Limited	Interest of a controlled corporation	369,520,929	29.20%
Kingston Financial Group Limited	Interest of a controlled corporation	369,520,929	29.20%
Kingston Securities Limited	Others	369,520,929	29.20%

Notes:

- The percentage represented the percentage of the Company's share capital as stated in the relevant disclosure of interests forms filed by the above persons.

2. WOG is taken to be interested in the interests in Shares by Rich Time. Rich Time, an indirectly wholly-owned subsidiary of WOG, which was the beneficial owner of 69,830,735 Shares and was interested in for 209,492,205 Rights Shares comprising the full acceptance of its provisional entitlements under the Rights Issue and 370,000,000 excess Rights Shares for which application will be made by it pursuant to the WOG Irrevocable Undertaking. Mr. Tang Ching Ho is an executive director of WOG.
3. Ms. Yau Yuk Yin is taken to be interested in the Shares in which her spouse, Mr. Tang Ching Ho, is interested as stated above in the sub-paragraph headed "(a) Directors' interests" in this Appendix.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

4. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

As at the Latest Practicable Date, save for Mr. Tang Ching Ho's indirect interests in the Bond through his indirect shareholding in WOG, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 March 2016 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion and advice, which is contained in this Prospectus:

Name	Qualification
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, Ernst & Young (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 March 2016 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

8. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group was not engaged in any litigation or claims of material importance, and so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against the Group.

9. MATERIAL CONTACTS

Within the two years immediately preceding the date of this Prospectus, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group which are or may be material:

- (a) the Underwriting Agreement;
- (b) the Bond Transfer Agreement;
- (c) the SZ Removal Agreement;
- (d) the SZ Supplemental Agreements;
- (e) the provisional sale and purchase agreement dated 16 July 2015 entered into between New Grade and The Sky High Plastic Works Limited in relation to the SZ Acquisition at a consideration of HK\$81.25 million, as supplemented by supplemental agreements dated 16 October 2015, 29 December 2015, 24 February 2016, 27 April 2016 and 27 July 2016;

- (f) a provisional sale and purchase agreement dated 25 November 2015 entered into between an individual who is an Independent Third Party and Smart First Investment Limited, an indirectly wholly-owned subsidiary of the Company, in relation to the disposal of a property located at Ground Floor, First Floor, Second Floor and Rooftop of No.68 San Hong Street, Sheung Shui, New Territories, Hong Kong for a total consideration of HK\$88.0 million, the details of which were set out in the announcement issued by the Company on 26 November 2015;
- (g) a conditional sale and purchase agreement dated 13 November 2015 entered into between Guidepost Investments Limited (“**Guidepost**”), an indirectly wholly-owned subsidiary of the Company as purchaser, and East Run Investments Limited, a then indirectly wholly-owned subsidiary of WOG as vendor, in relation to the acquisition by Guidepost of Sunbo Investment Limited and Good Excellent Limited, which hold properties located at Shop B on Ground Floor, including the Cockloft, Yan Oi House, No. 237 Sha Tsui Road, Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories and all that Shop on Ground Floor, with the Cockloft, 60A Yen Chow Street, Kowloon, respectively, for an aggregate consideration of HK\$70.0 million (subject to adjustment as stipulated in the agreement), the details of which were set out in the announcement and circular issued by the Company on 13 November 2015 and 4 December 2015, respectively;
- (h) an acknowledgement deed dated 16 July 2015 entered into by Hearty Limited (“**Hearty**”) and Suntech Investments Limited (“**Suntech**”), indirectly wholly-owned subsidiaries of the Company, in favour of PNG Resources Holdings Limited (“**PNG**”, which is now known as Easy One Financial Group Limited) confirming the revised subscription price of HK\$0.105 per rights share under the PNG 2015 Rights Issue (as defined below) and agreeing that the terms of the WYT Irrevocable Undertaking (as defined below) remain unchanged save for the change to the latest time for acceptance in respect of the PNG 2015 Rights Issue (as defined below) and the resulting change to the maximum aggregate amount payable by Hearty and Suntech to subscribe in full for their respective provisional entitlements, and by Hearty to subscribe in full for the 380,000,000 rights shares for which it will have made an excess application under the PNG 2015 Rights Issue pursuant to the WYT Irrevocable Undertaking (as defined below). Further details of the said acknowledgement deed are set out in the joint announcement issued by the Company and PNG dated 16 July 2015;

- (i) an irrevocable undertaking (the “**WYT Irrevocable Undertaking**”) dated 28 May 2015 granted by Hearty and Suntech in favour of PNG under which Hearty and Suntech agreed to subscribe for, respectively, 665,958,750 rights shares and 8,460,000 rights shares, which comprise the full acceptance of their respective provisional entitlements, and Hearty further agreed to apply, by way of excess application, for 380,000,000 rights shares, under PNG’s rights issue (the “**PNG 2015 Rights Issue**”) at HK\$0.168 per rights share of PNG, the details of which were set out in the joint announcement issued by the Company and PNG dated 4 June 2015;
- (j) a provisional sale and purchase agreement dated 24 April 2015 entered into between Dvorak Limited, the Company and Guidepost, in relation to the disposal by Guidepost of Smart Star Investments Limited, which held a property located at Shops A and B on Ground Floor, No. 296 Electric Road, North Point, Hong Kong for a consideration of HK\$45.0 million, the details of which were set out in the announcement issued by the Company on 27 April 2015;
- (k) an underwriting agreement dated 25 March 2015 entered into between the Company and Kingston in relation to the rights issue by the Company on the basis of one rights share for every two then existing shares at a subscription price of HK\$0.108 per rights share, as detailed in the Company’s announcements dated 26 March 2015 and 18 May 2015, respectively, and the prospectus dated 24 April 2015;
- (l) an underwriting agreement dated 23 December 2014 (as varied on 8 January 2015 and 28 January 2015) entered into between CAP, the Company, Jade Range Limited (an indirectly wholly-owned subsidiary of the Company) and Kingston in relation to, among others, the underwriting of 660 million rights shares in CAP contemplated under the rights issue of CAP, the details of which were set out in the announcements jointly issued by the Company, CAP, PNG and WOG dated 8 January 2015 and 29 January 2015 and the circular of the Company dated 13 March 2015, respectively;
- (m) a facility letter dated 28 November 2014 entered into between Winning Rich and CAP pursuant to which Winning Rich has agreed to extend the repayment of the accrued interests of HK\$18,950,685 from 28 November 2014 to 31 May 2015;

- (n) a placing agreement dated 20 November 2014 entered into between the Company and Kingston pursuant to which the Company has agreed to place, through Kingston, 700 million new shares to not fewer than six independent third parties at a placing price of HK\$0.133 per share for an aggregate net proceeds of approximately HK\$90.5 million, which was completed on 4 December 2014, details of which were set out in the announcement of the Company dated 20 November 2014;
- (o) a subscription agreement dated 4 October 2014 (as amended by a supplemental agreement dated 28 November 2014) entered into between (i) CAP, as the issuer; (ii) Double Leads, Peony Finance Limited and Winning Rich, collectively as the subscribers; and (iii) CCB International Capital Limited, as the placing agent, in relation to, inter alia, the subscription for the unsecured five-year 10.0% coupon bonds issued by CAP on 28 November 2014 to Winning Rich ("**2019 CAP Bonds**") for an aggregate sum of HK\$720 million, details of which were set out in the announcements of the Company dated 4 October 2014 and 28 November 2014, respectively, and the circular of the Company dated 24 October 2014;
- (p) a supplemental agreement dated 30 September 2014 to the loan agreement dated 10 March 2011 (as amended by an amendment deed dated 6 September 2012 and further amended by an assignment dated 25 June 2013) entered into between Winning Rich, as the lender, and CAP, as the borrower, for the extension of the repayment date from 30 September 2014 to 30 November 2014 in consideration that CAP will use the net proceed from the issue of the 2019 CAP Bonds to repay such unsecured loan facility of a sum of HK\$15.0 million, the details of which were set out in the announcement of the Company dated 4 October 2014; and
- (q) a supplemental agreement dated 30 September 2014 to the loan agreement dated 11 January 2011 (as amended by an amendment deed dated 6 September 2012 and further amended by an assignment dated 25 June 2013) entered into between Winning Rich, as the lender, and CAP, as the borrower, for the extension of the repayment date from 30 September 2014 to 30 November 2014 in consideration that CAP will use the net proceed from the issue of the 2019 CAP Bonds to repay such unsecured loan facility of a sum of HK\$60.0 million, the details of which were set out in the announcement of the Company dated 4 October 2014.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$8.2 million, which are payable by the Company.

11. CORPORATE INFORMATION

Board of Directors	Address
Executive Directors	
Mr. Tang Ching Ho, <i>JP Chairman</i>	Winners Lodge Nos. 9-15 Ma Yeung Path Kau To Shan, Shatin New Territories
Mr. Chan Chun Hong, <i>Managing Director</i>	Flat F, 5/F., Block 3 Whampoa Garden Site 4 Hung Hom, Kowloon Hong Kong
Ms. Tang Mui Fun	Flat A, 19/F., Block 9, Ocean Shores O King Road Tseung Kwan O New Territories Hong Kong
Independent Non-executive Directors	
Mr. Siu Man Ho, Simon	Flat A, 11/F., Tower 5 One Beacon Hill 1 Beacon Hill Road Kowloon Tong Kowloon Hong Kong
Mr. Leung Wai Ho, <i>MH</i>	Tower 5, 10 A/F Regency Park 3 Wah King Hill Road Kowloon Hong Kong

Mr. Cho Wing Mou

16/F., Block 25
Celestial Heights Phase 2
80 Sheung Shing Street
Ho Man Tin
Kowloon
Hong Kong

Mr. Li Ka Fai, David

Flat C, 2/F.,
Pinewood Garden
39 Perkins Road
Hong Kong

Audit Committee

Mr. Li Ka Fai, David, *Chairman*
Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, Simon
Mr. Cho Wing Mou

Company Secretary

Ms. Mak Yuen Ming

Remuneration Committee

Mr. Siu Man Ho, Simon, *Chairman*
Mr. Leung Wai Ho, *MH*
Mr. Cho Wing Mou
Mr. Tang Ching Ho, *JP*
Mr. Chan Chun Hong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Nomination Committee

Mr. Cho Wing Mou, *Chairman*
Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, Simon
Mr. Tang Ching Ho, *JP*
Mr. Chan Chun Hong

**Head Office and Principal Place
of Business in Hong Kong**

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Executive Committee

Mr. Tang Ching Ho, *JP, Chairman*
Mr. Chan Chun Hong
Ms. Tang Mui Fun

**Branch Share Registrar and
Transfer Office in Hong Kong**

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Bank of China (Hong Kong)
Limited
Bank of China Tower
1 Garden Road
Central
Hong Kong

The Bank of East Asia, Limited
10 Des Voeux Road Central
Hong Kong

China Construction Bank (Asia)
Corporation Limited
28/F., CCB Tower
3 Connaught Road Central
Central
Hong Kong

DBS Bank (Hong Kong) Limited
11/F., The Center
99 Queen's Road Central
Hong Kong

The Hongkong and Shanghai
Banking Corporation Limited
1 Queen's Road Central
Hong Kong

United Overseas Bank Limited
23/F., 3 Garden Road
Central
Hong Kong

**Principal Share Registrar and
Transfer Agent in Bermuda**

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Auditors

Ernst & Young
Certified Public Accountants
22/F., CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Authorised Representatives

Mr. Tang Ching Ho, *JP*
Mr. Chan Chun Hong

Homepage

www.wyth.net

Stock Code

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12. PARTIES INVOLVED IN THE RIGHTS ISSUE

Name and Address of WOG	Wang On Group Limited 5/F., Wai Yuen Tong Medicine Building 9 Wang Kwong Road Kowloon Bay Kowloon Hong Kong
Name of Directors of WOG	<i>Executive Directors</i> Mr. Tang Ching Ho, JP Ms. Yau Yuk Yin Mr. Chan Chun Hong <i>Independent Non-executive Directors</i> Dr. Lee Peng Fei, Allen, CBE, BS, FHKIE, JP Mr. Wong Chun, Justein, BBS, MBE, JP Mr. Siu Yim Kwan, Sidney, S.B.St.J. Mr. Siu Kam Chau
Financial Adviser to the Company	Kingston Corporate Finance Limited Suite 2801, 28/F. One International Finance Centre 1 Harbour View Street Central Hong Kong
Underwriter	Kingston Securities Limited Suite 2801, 28/F. One International Finance Centre 1 Harbour View Street Central Hong Kong
Legal Adviser to the Company	<i>Hong Kong Law</i> Reed Smith Richards Butler 20/F., Alexandra House 18 Chater Road Central Hong Kong
Reporting Accountants	Ernst & Young Certified Public Accountants 22/F., CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Branch Share Registrar and Transfer Office in Hong Kong	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the section headed “Expert and Consent” in this Appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

15. PROFILES OF DIRECTORS**Executive Directors**

Mr. Tang Ching Ho, *JP*, aged 54, was appointed as the chairman of the Company in August 2001. He is also an authorised representative and a member of the remuneration committee, the nomination committee and the executive committee of the Company. He is responsible for the strategic planning, policy making and business development of the Group. He has extensive experience in corporate management. He is also the chairman of WOG. Mr. Tang is the committee member of the 12th National Committee of the Chinese People’s Political Consultative Conference (“CPPCC”) and is also appointed as a committee member and convener of the tenth and the eleventh plenary sessions of the CPPCC Guangxi Zhuang Autonomous Region Committee and the Life Chairman and the Chairman of Social Affairs of Federation of Hong Kong Guangxi Community Organisations Limited. He is the brother of Ms. Tang Mui Fun, an executive Director.

Mr. Chan Chun Hong, aged 52, was appointed as the managing Director in August 2001. He is also an authorised representative and a member of the remuneration committee, the nomination committee and the executive committee of the Company. He is responsible for managing the corporate matters and overall management and supervision of the Group. He is also the managing director of WOG, the non-executive chairman of Wang On Properties Limited (stock code: 1243), the chairman and managing director of Easy One Financial Group Limited (stock code: 221), the chairman and chief executive officer of CAP, all companies are listed on the Main Board of the Stock Exchange. Mr. Chan resigned as an independent non-executive director of Shanghai Prime Machinery Company Limited with effect from 27 June 2014. He graduated from the Hong Kong Polytechnic University with a degree in Accountancy and is a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Ms. Tang Mui Fun, aged 45, joined the Group in 2003 and was appointed as the executive Director in September 2007. Ms. Tang is a member of the executive committee of the Company and acts as directors of certain subsidiaries of the Group. She is responsible for the overall strategic planning and development and policy making for the core business of the Group. She graduated from the University of Hull (England) with a bachelor degree in accounting. Prior to joining the Group, she had over two years of experience in the accounting and auditing fields and five years of experience in general management. She is a sister of Mr. Tang Ching Ho, the chairman of the Company.

Independent Non-executive Directors

Mr. Leung Wai Ho, *MH*, aged 66, was re-designated as an independent non-executive Director in April 2006 from a non-executive Director and he joined the Group in 1994. Mr. Leung is a member of the audit committee, the remuneration committee and the nomination committee of the Company. He has extensive experience in the watch industry. He is a member of the 11th plenary session of the National Committee of the CPPCC, a Standing Committee Member of The Chinese General Chamber of Commerce, a Committee Member of The Chinese Manufacturers' Association of Hong Kong, the Honorary President of the Hong Kong Chamber of Commerce in China – Guangdong and the Chartered President of the Dongguan City Association of Enterprises with Foreign Investment.

Mr. Siu Man Ho, *Simon*, aged 42, joined the Company as an independent non-executive Director in August 2001. He is a member of the audit committee and the nomination committee of the Company and the chairman of the remuneration committee of the Company. Mr. Siu is a practising solicitor of the High Court of Hong Kong. He obtained a bachelor of Laws degree from the University of Hong Kong in 1996 and is a partner of a law firm, namely Sit, Fung, Kwong & Shum, and a China-Appointed Attesting Officer. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu is also an independent non-executive director of each of Brilliant Circle Holdings International Limited (stock code: 1008) and Weiye Holdings Limited (stock code: 1570), both of which are listed on the Main Board of the Stock Exchange. Mr. Siu was appointed as the independent non-executive director of Jiashili Group Limited (stock code: 1285) with effect from 12 June 2015 and resigned from the position on 1 December 2015.

Mr. Cho Wing Mou, aged 75, joined the Company as an independent non-executive Director in September 2001. He is a member of the audit committee and the remuneration committee of the Company and the chairman of the nomination committee of the Company. Mr. Cho was formerly a director and deputy general manager of Hua Chiao Commercial Bank Limited and a deputy general manager of The China State Bank Limited. He was a committee member of the 8th Political Consultative Conference Guangxi and is also a committee member of the 4th plenary session of the Guangxi Yulin Committee of the CPPCC, Life Chairman of Hong Kong Guangxi Yulin Friendship Association and Life Chairman of Gee Tuck General Association Hong Kong Limited.

Mr. Li Ka Fai, David, aged 61, joined the Company as an independent non-executive Director on 17 March 2015. He is the chairman of the audit committee of the Company. Mr. Li is currently the deputy managing partner of Li, Tang, Chen & Co. CPA (Practising). He is a fellow member of the Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, U.K., The Institute of Chartered Secretaries and Administrators, U.K., as well as The Institute of Chartered Accountants in England and Wales. Mr. Li is an independent non-executive director and the chairman of the audit committee of Shanghai Industrial Urban Development Group Limited (stock code: 563). Mr. Li is also an independent non-executive director, the chairman of the audit committee, member of the nomination committee and member of the remuneration committee of China-Hongkong Photo Products Holdings Limited (stock code: 1123), Cosmopolitan International Holdings Limited (stock code: 120) and Goldlion Holdings Limited (stock code: 533), an independent non-executive director, member of the audit committee, member of the nomination committee and the chairman of the remuneration committee of China Merchants Port Holdings Company Limited (formerly known as China Merchants Holdings (International) Company Limited) (stock code: 144), and an independent non-executive director, member of the audit committee and member of the remuneration committee of AVIC International Holding (HK) Limited (stock code: 232), all of such companies are being listed in Hong Kong.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (Saturdays and public holidays excepted) at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong from the date of this Prospectus up to and including the date which is 14 days from the date of this Prospectus;

- (a) the memorandum of association and bye-laws of the Company and WOG;
- (b) the report prepared by Ernst & Young in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;

- (c) the annual reports of the Company for the three financial years ended 31 March 2014, 2015 and 2016;
- (d) the material contracts as referred to in the section headed “Material Contracts” in this Appendix;
- (e) the written consent referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (f) the Circular; and
- (g) this Prospectus.

17. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Mak Yuen Ming. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The English text of this Prospectus shall prevail over the Chinese text in the case of inconsistency.