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**WAI YUEN TONG MEDICINE
HOLDINGS LIMITED**
(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)



WANG ON GROUP LIMITED
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

**TOP-UP PLACING AND
TOP-UP SUBSCRIPTION
OF WYT SHARES
UNDER WYT GENERAL MANDATE**

**DISCLOSEABLE TRANSACTIONS
IN RELATION TO TOP-UP PLACING
AND TOP-UP SUBSCRIPTION
OF WYT SHARES**

Placing Agent



THE TOP-UP PLACING AND THE TOP-UP SUBSCRIPTION

On 20 August 2014 (after trading hours), the Vendor (being an indirect wholly-owned subsidiary of WOG), WYT and the Placing Agent entered into the Top-up Placing and Subscription Agreement pursuant to which (i) the Vendor has agreed to place, through the Placing Agent on a best effort basis, 586,000,000 Top-up Placing Shares to currently expected to be not less than six Placees who and whose ultimate beneficial owners will not be connected persons of WYT and its connected persons at the Top-up Placing Price of HK\$0.186 per Top-up Placing Share; and (ii) the Vendor has conditionally agreed to subscribe for 586,000,000 Top-up Subscription Shares at the Top-up Subscription Price of HK\$0.186 per Top-up Subscription Share.

The Top-up Subscription Shares represent (i) approximately 19.99% of the existing issued share capital of WYT as at the date of this joint announcement; and (ii) approximately 16.66% of the share capital of WYT as enlarged by the Top-up Subscription. The maximum aggregate nominal value of the Top-up Subscription Shares will be HK\$5,860,000.

* For identification purpose only

The Top-up Placing Price and the Top-up Subscription Price are the same at HK\$0.186 per WYT Share, which represents (i) a discount of approximately 17.70% to the closing price of HK\$0.226 per WYT Share as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement; and (ii) a discount of approximately 13.65% to the average closing price of HK\$0.2154 per WYT Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing and Subscription Agreement.

The aggregate gross and net proceeds from the Top-up Subscription will be approximately HK\$109.0 million and approximately HK\$105.5 million, respectively. WYT intends to utilise the net proceeds from the Top-up Subscription as to approximately HK\$90.0 million for construction of a factory at Yuen Long Industrial Estate for its pharmaceutical manufacturing and the remaining balance as to approximately HK\$15.5 million for general working capital of the WYT Group.

GENERAL

The Top-up Subscription Shares will be issued pursuant to the WYT General Mandate.

Application will be made by WYT to the Listing Committee of the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Top-up Subscription Shares.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to the Top-up Placing and Subscription Agreement, the Vendor will temporarily dispose of part of its shareholding interest in WYT. On the basis that (i) the applicable percentage ratios (as defined under the Listing Rules) in respect each of the Top-up Placing (the temporary disposal of the WYT Shares) and the Top-up Subscription exceed 5% and are below 25%; and (ii) the transactions contemplated under the Top-up Subscription, when aggregated with the Previous Acquisitions, would not result in a higher transaction classification under Chapter 14 of the Listing Rules, each of the Top-up Placing and the Top-up Subscription constitutes a discloseable transaction for WOG under the Listing Rules, which is subject to the reporting and announcement requirements and exempt from the shareholders' approval requirement under the Listing Rules.

THE TOP-UP PLACING AND SUBSCRIPTION AGREEMENT

Date:

20 August 2014 (after trading hours)

Parties:

- (i) The Vendor, as vendor of the Top-up Placing Shares
- (ii) WYT, as the issuer of the Top-up Subscription Shares
- (iii) Kingston Securities Limited, as the Placing Agent for the placing of the Top-up Placing Shares

The Top-up Placing:

The Placing Agent has conditionally agreed to place 586,000,000 Top-up Placing Shares to the Placees on a best efforts basis and will receive a placing commission of 2.5% on the gross proceeds of the Top-up Placing Shares being placed. Each of the directors of WOG and WYT (including the independent non-executive directors of WOG and WYT) are of the view that the placing commission is fair and reasonable, taking into account the current market condition.

To the best of the knowledge of the directors of each of WOG and WYT, the Placing Agent and its associates are third parties independent of the Vendor, WOG and WYT and their respective connected persons.

Number of the Top-up Placing Shares:

586,000,000 WYT Shares held by the Vendor, representing approximately 19.99% of the existing issued share capital of WYT as at the date of this joint announcement.

Placees:

The Placing Agent agreed to place, on a best effort basis, the Top-up Placing Shares to currently expected to be not less than six Placees. The Placing Agent shall use its best endeavours to ensure that the Placees and/or their respective ultimate beneficial owners are independent of and are not parties acting in concert with the Vendor, WYT and its connected persons.

It is not expected that any individual Placee will become a substantial shareholder of WYT immediately after the Top-up Placing. If any of the Placees becomes a substantial shareholder of WYT after completion of the Top-up Placing, further announcement will be made by WYT as and when appropriate in accordance with the Listing Rules.

Top-up Placing Price:

The Top-up Placing Price of HK\$0.186:

- (i) represents a discount of approximately 17.70% to the closing price of HK\$0.226 per WYT Share as quoted on the Stock Exchange on the date of the Top-up Placing and Subscription Agreement;
- (ii) represents a discount of approximately 13.65% to the average closing price of approximately HK\$0.2154 per WYT Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Top-up Placing and Subscription Agreement; and
- (iii) equals to the Top-up Subscription Price.

The Top-up Placing Price was determined with reference to the prevailing market price of the WYT Share and was negotiated on an arm's length basis between the Vendor, WYT and the Placing Agent on the date of the Top-up Placing and Subscription Agreement.

Completion of the Top-up Placing:

The Top-up Placing is unconditional and shall be completed on or before the fourth Business Day following the date of this joint announcement or such other date as the Vendor and the Placing Agent shall agree.

Termination

The Placing Agent reserves its right to terminate the arrangements set out in the Top-up Placing and Subscription Agreement by notice in writing prior to 9:00 a.m. on completion date of the Top-up Placing, if in the absolute opinion of the Placing Agent, the success of the Top-up Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a “force majeure event” refers to:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the WYT Group; 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 Top-up Placing and Subscription Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the WYT Group as a whole or adversely prejudices the success of the placing of the Top-up Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Vendor or the Placing Agent to proceed with the Top-up Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Top-up Placing (such success being the placing of the Top-up Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Vendor or the Placing Agent to proceed with the Top-up Placing.

The Top-up Subscription:

WYT has conditionally agreed to allot and issue and the Vendor has conditionally agreed to subscribe for 586,000,000 Top-up Subscription Shares.

Number of the Top-up Subscription Shares:

586,000,000 new WYT Shares, representing (i) approximately 19.99% of the existing issued share capital of WYT as at the date of this joint announcement; and (ii) approximately 16.66% of the issued share capital of WYT as enlarged by the Top-up Subscription. The aggregate nominal value of the Top-up Subscription Shares will be HK\$5,860,000.

Top-up Subscription Price:

HK\$0.186 per Top-up Subscription Share, which is equivalent to the Top-up Placing Price. WYT shall reimburse the Vendor the aggregate amount of the expenses incurred by the Vendor in connection with the Top-up Placing and the Top-up Subscription (including commissions, fees and other related expenses).

Conditions of the Top-up Subscription:

Completion of the Top-up Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, all of the Top-up Subscription Shares; and
- (b) completion of the Top-up Placing.

Completion of the Top-up Subscription:

Pursuant to Rule 14A.92(4)(a)(ii) of the Listing Rules, the Top-up Subscription must be completed within 14 days from the date of the Top-up Placing and Subscription Agreement, that is, on or before 3 September 2014.

Completion of the Top-up Subscription will take place on or before the second Business Day after the date upon the fulfilment of all the conditions as set out above. In the event that the conditions to the Top-up Subscription are not fulfilled on or before 3 September 2014, WYT and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules, to postpone completion of the Top-up Subscription to a later date to be agreed between WYT and the Vendor.

Mandate to issue the Top-up Subscription Shares:

The Top-up Subscription Shares will be issued pursuant to the WYT General Mandate, which WYT is authorised to issue up to 586,228,593 WYT Shares. Up to the date of this joint announcement, no WYT Share has been issued under the WYT General Mandate.

Ranking of the Top-up Subscription Shares:

The Top-up Subscription Shares will rank *pari passu* in all respects among themselves and with the existing WYT Shares in issue as at the date of such allotment and issue of the Top-up Subscription Shares.

PREVIOUS ACQUISITION OF WYT SHARES BY THE VENDOR

During the period from 19 June 2014 to 18 July 2014, the Vendor has acquired an aggregate of 135,500,000 WYT Shares on the open market at a total consideration of approximately HK\$35.2 million (before expenses) (the “**Previous Acquisitions**”). The applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of each of the Previous Acquisitions are less than 5%, and therefore the Previous Acquisitions did not constitute any notifiable transactions for WOG.

Save as disclosed herein, the Wang On Group has not conducted any other acquisition or disposal of WYT Shares in the past twelve months before the date of this joint announcement.

Pursuant to the Top-up Placing and Subscription Agreement, the Vendor will temporarily dispose of part of its shareholding interest in WYT. On the basis that (i) the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Top-up Placing (the temporary disposal of the WYT Shares) and the Top-up Subscription exceed 5% and are below 25%; and (ii) the transactions contemplated under the Top-up Subscription, when aggregated with the Previous Acquisitions, would not result in a higher transaction classification under Chapter 14 of the Listing Rules, each of the Top-up Placing and the Top-up Subscription constitutes a discloseable transaction for WOG under the Listing Rules, which is subject to the reporting and announcement requirements and exempt from the shareholders' approval requirement under the Listing Rules.

REASONS FOR THE TOP-UP SUBSCRIPTION FOR WYT AND USE OF PROCEEDS BY WYT

The directors of WYT consider the Top-up Subscription represents an opportunity for WYT to raise capital while broadening its shareholder base as well as its capital base.

The aggregate gross and net proceeds from the Top-up Subscription will be approximately HK\$109.0 million and approximately HK\$105.5 million, respectively. The net proceeds raised per WYT Share upon completion of the Top-up Subscription will be approximately HK\$0.180 per WYT Share. WYT intends to utilise the net proceeds from the Top-up Subscription as to approximately HK\$90.0 million for construction of a factory at Yuen Long Industrial Estate for its pharmaceutical manufacturing and the remaining balance as to approximately HK\$15.5 million for general working capital of the WYT Group.

REASONS FOR THE TOP-UP PLACING AND THE TOP-UP SUBSCRIPTION FOR THE WOG GROUP

The directors of WOG consider that the Top-up Placing will facilitate the raising of funds by WYT of which WOG (through the Vendor) is the substantial shareholder whereas the Top-up Subscription will enable WOG to restore its investment in WYT in terms of the number of WYT Shares held to the same level immediately prior to the Top-up Placing. The directors of WOG (including the independent non-executive directors of WOG) are of the view that the terms of the Top-up Placing and Subscription Agreement are fair and reasonable and the Top-up Placing and the Top-up Subscription are in the interests of WOG and its shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES BY WYT IN THE PAST TWELVE MONTHS

WYT has not conducted any fund raising activities in the past twelve months before the date of this joint announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The table below set out the changes to the shareholding structure of WYT as a result of completion of the Top-up Placing and the Top-up Subscription under different scenarios:

	Shareholding as at the date of this joint announcement		Shareholding immediately after completion of the Top-up Placing but before the Top-up Subscription		Shareholding immediately after completion of the Top-up Placing and the Top-up Subscription	
	Number of WYT Shares	Approximate % of shareholding	Number of WYT Shares	Approximate % of shareholding	Number of WYT Shares	Approximate % of shareholding
The Vendor (<i>Note 1</i>)	864,542,034	29.50	278,542,034	9.51	864,542,034	24.58
Placées under the Top-up Placing (<i>Note 2</i>)	—	0.00	586,000,000	19.99	586,000,000	16.66
Other public WYT Shareholders	<u>2,066,600,935</u>	<u>70.50</u>	<u>2,066,600,935</u>	<u>70.50</u>	<u>2,066,600,935</u>	<u>58.76</u>
Total	<u><u>2,931,142,969</u></u>	<u><u>100.00</u></u>	<u><u>2,931,142,969</u></u>	<u><u>100.00</u></u>	<u><u>3,517,142,969</u></u>	<u><u>100.00</u></u>

Notes:

1. The Vendor is an indirect wholly-owned subsidiary of WOG.
2. Assuming all the Top-up Placing Shares would be allotted and issued upon completion of the Top-up Placing.

FINANCIAL EFFECTS OF THE TOP-UP PLACING AND THE TOP-UP SUBSCRIPTION ON THE WANG ON GROUP

Based on the adjusted net asset value of WYT as at 31 March 2014 as disclosed in the annual report of WOG for the year ended 31 March 2014, upon completion of the Top-up Placing and the Top-up Subscription, WOG is expected to incur a deemed loss of approximately HK\$77.1 million. It should be noted that the actual deemed loss in relation thereto to be recorded by WOG will depend on the adjusted fair value of identifiable assets and liabilities of WYT as at the date of completion of the Top-up Placing and the Top-up Subscription.

GENERAL

The WYT 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 WOG Group is principally engaged in property investment and development in Hong Kong, management and sub-licensing of Chinese wet markets in the PRC and Hong Kong. It also has interests in the pharmaceutical business through its investments in WYT.

Based on the 2014 final results of WYT as at 31 March 2014, WYT had audited consolidated equity attributable to owners of the parent of approximately HK\$1,833.5 million, audited consolidated total assets of approximately HK\$2,348.9 million and audited consolidated total liabilities of approximately HK\$508.0 million. The following information is extracted respectively from the final results of WYT for the two financial years ended 31 March 2014:

	For the year ended 31 March	
	2014	2013
	<i>HK\$' million</i>	<i>HK\$' million</i>
	(audited)	(audited)
Revenue	882.1	808.5
Profit before taxation	166.7	148.9
Net profit after taxation attributable to equity holders of WYT	163.4	148.4

Application will be made by WYT to the Listing Committee of the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Top-up Subscription Shares.

DEFINITIONS

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

“associate”	has the same meaning ascribed to it under the Listing Rules
“Business Day”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates (including the Placing Agent itself) procured by the Placing Agent to purchase any of the Top-up Placing Shares pursuant to the Placing Agent’s obligations under the Top-up Placing and Subscription Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Top-up Placing”	the placing of 586,000,000 existing WYT Shares held by the Vendor pursuant to the terms of the Top-up Placing and Subscription Agreement
“Top-up Placing and Subscription Agreement”	the placing and subscription agreement dated 20 August 2014 entered into between the Vendor, WYT and the Placing Agent in relation to the Top-up Placing and the Top-up Subscription
“Top-up Placing Price”	the price of HK\$0.186 per Top-up Placing Share
“Top-up Placing Share(s)”	586,000,000 WYT Shares held by the Vendor and to be placed pursuant to the Top-up Placing and Subscription Agreement
“Top-up Subscription”	the subscription of 586,000,000 Top-up Subscription Shares by the Vendor pursuant to the terms of the Top-up Placing and Subscription Agreement
“Top-up Subscription Price”	the price of HK\$0.186 per Top-up Subscription Share
“Top-up Subscription Share(s)”	586,000,000 new WYT Shares to be subscribed for by the Vendor pursuant to the Top-up Placing and Subscription Agreement
“Vendor”	Rich Time Strategy Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WOG
“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)
“Wang On Group”	WOG and its subsidiaries
“WYT”	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 WYT Shares are listed and traded on the main board of the Stock Exchange (Stock Code: 897)
“WYT General Mandate”	the mandate granted to the directors of WYT by the WYT Shareholders at the annual general meeting of WYT held on 16 July 2014 to allot, issue and deal with up to 20% of the then issued share capital of WYT as at the date of such annual general meeting
“WYT Group”	WYT and its subsidiaries

* For identification purpose only

“WYT Shareholder(s)”	the holder(s) of the WYT Shares
“WYT Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of WYT
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By Order of the board of directors of
Wai Yuen Tong Medicine Holdings Limited
 (位元堂藥業控股有限公司*)
Chan Chun Hong, Thomas
Managing Director

By Order of the board of directors of
Wang On Group Limited
 (宏安集團有限公司)*
Tang Ching Ho
Chairman

Hong Kong, 20 August 2014

As at the date of this joint announcement, the executive directors of WYT are Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun, and the independent non-executive directors of WYT are Mr. Leung Wai Ho, Mr. Yuen Chi Choi, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou.

As at the date of this joint announcement, the executive directors of WOG are Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, and the independent non-executive directors of WOG are Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.

* *For identification purpose only*