

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Wang On Group Limited

(incorporated in Bermuda with limited liability)

**Discloseable transaction and
Price and volume fluctuations**



Wai Yuen Tong Medicine Holdings Limited

(incorporated in Bermuda with limited liability)

Price and volume fluctuations

**Completion of placement of
Convertible Notes due on 19th August 2006
(the “Placing Convertible Notes”)**

issued by

**Wai Yuen Tong Medicine Holdings Limited (“WYT Holdings”)
held by Wang On Group Limited (“Wang On”) with options**

Placing Agent



Kingsway SW Securities Limited

Reference is made to the announcement (“Announcement”) dated 1st September, 2003 jointly made by Wang On and WYT Holdings.

THE AGREEMENT

The Placing Agent has successfully placed the entire amount of the Placing Convertible Notes for an aggregate consideration of HK\$39,600,000 to 12 Places. Completion of the Placing took place on 3rd September, 2003.

PUBLIC FLOAT OF WYT HOLDINGS

Based on the amount of the Placing Convertible Notes subscribed by the Placees, the directors of Wang On are aware that there is a possibility that the public float of WYT Holdings may fall below 25% as a result of the issue of the WYT Holdings Shares which fall to be issued upon the exercise of the conversion rights attached to the Option Notes by such Placee(s).

The Stock Exchange has stated that, if less than 25% of the issued WYT Holdings Shares are in public hands following completion of the Placing and the issue of WYT Holdings Shares as a result of the exercise of the conversion rights attached to the Placing Convertible Notes and the Option Notes, or if the Stock Exchange believes that a false market exists or may exist in the trading of WYT Holdings Shares or there are insufficient WYT Holdings Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in WYT Holdings Shares.

PRICE AND VOLUME FLUCTUATIONS

The respective board of directors of Wang On and WYT Holdings has noted the recent increases in the trading price and volume of the shares of Wang On and WYT Holdings Shares respectively and wishes to state that it is not aware of any reasons for such increases save for the Announcement and the completion of the Placing.

The respective directors of Wang On and WYT Holdings also confirm that save for the above, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the respective board of directors of Wang On and WYT Holdings aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

Reference is made to the Announcement in respect of, among other things, the Placing and the grant of Options. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

THE AGREEMENT

The board of directors of Wang On wishes to announce that the Placing Agent has successfully placed the entire amount of the Placing Convertible Notes for an aggregate consideration of HK\$39,600,000 to 12 Placees. Completion of the Placing took place on 3rd September, 2003.

SHAREHOLDING STRUCTURE OF WYT HOLDINGS

The shareholding structure of WYT Holdings as at the date of the Announcement and immediately after completion of the Placing and the conversions of the Placing Convertible Notes and the Option Notes both at the initial conversion price of HK\$0.01 per WYT Holdings Share, was/will be as follows:

	A		B		C	
	WYT Holdings Shares	%	WYT Holdings Shares	%	WYT Holdings Shares	%
Rich Time	10,846,466,305	49.84%	10,846,466,305	43.28%	10,846,466,305	31.02%
Town Health Group	4,711,944,395	21.65%	4,711,944,395	18.80%	4,711,944,395	13.48%
Other shareholders	5,703,973,864	26.21%	5,703,973,864	22.76%	5,703,973,864	16.31%
Top Placee (<i>Note</i>)	500,000,000	2.30%	2,150,000,000	8.58%	7,100,000,000	20.31%
Other Placees	—	—	1,650,000,000	6.58%	6,600,000,000	18.88%
Total	<u>21,762,384,564</u>	<u>100.00%</u>	<u>25,062,384,564</u>	<u>100.0%</u>	<u>34,962,384,564</u>	<u>100.00%</u>

- A. The shareholding structure of WYT Holdings as at the date of the Announcement
- B. After completion of the Placing and the conversion of the Placing Convertible Notes
- C. After B above and the full conversion of the Option Notes

Note: Based on the information provided by the Placing Agent to Wang On, the top Placee held 500,000,000 WYT Holdings Shares at the time of subscription of the Placing Convertible Notes. After B above, the top Placee will be interested in approximately 8.58% of the issued share capital of WYT Holdings and will continue to be a public shareholder of WYT Holdings. After C above, the top Placee will become a substantial shareholder of WYT Holdings interested in approximately 20.31% of the issued share capital of WYT Holdings and will therefore not be counted as a public shareholder of WYT Holdings.

Based on the amount of the Placing Convertible Notes subscribed by the Placees, the directors of Wang On are aware that there is a possibility that the public float of WYT Holdings may fall below 25% as a result of the issue of the WYT Holdings Shares which fall to be issued upon the exercise of the conversion rights attached to the Option Notes by such Placee(s).

The Stock Exchange has stated that, if less than 25% of the issued WYT Holdings Shares are in public hands following completion of the Placing and the issue of WYT Holdings Shares as a result of the exercise of the conversion rights attached to the Placing Convertible Notes and the Option Notes, or if the Stock Exchange believes that a false market exists or may exist in the trading of WYT Holdings Shares or there are insufficient WYT Holdings Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in WYT Holdings Shares.

PRICE AND VOLUME FLUCTUATIONS

The respective board of directors of Wang On and WYT Holdings has noted the recent increases in the trading price and volume of the shares of Wang On and WYT Holdings Shares respectively and wishes to state that it is not aware of any reasons for such increases save for the Announcement and the completion of the Placing.

The respective directors of Wang On and WYT Holdings also confirm that save for the above, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the respective board of directors of Wang On and WYT Holdings aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

The above statement (other than those information relating to WYT Holdings) is made by the order of the board of directors of Wang On, the directors of which individually and jointly accept responsibility for the accuracy of the statement (other than those information relating to WYT Holdings). The above statement (other than those information relating to Wang On) is made by the order of the board of directors of WYT Holdings, the directors of which

individually and jointly accept responsibility for the accuracy of the statement (other than those information relating to Wang On).

By Order of the Board
Wang On Group Limited

Tang Ching Ho
Chairman and Managing Director

By Order of the Board
**Wai Yuen Tong Medicine
Holdings Limited**
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 3rd September, 2003

Please also refer to the published version of this announcement in The Standard.