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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)

- (1) MAJOR AND CONNECTED TRANSACTION:
ACQUISITION OF BUSINESS INTERESTS BY
A SUBSIDIARY OF WAI YUEN TONG MEDICINE
HOLDINGS LIMITED FROM A SUBSIDIARY OF
WANG ON GROUP LIMITED;
- (2) PROPOSED CAPITAL REORGANISATION;
- (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY EXISTING SHARE
HELD WITH BONUS SHARES TO BE ISSUED WITH
RIGHTS SHARES ON THE BASIS OF ONE BONUS SHARE
FOR EVERY THREE FULLY PAID RIGHTS SHARES;
- (4) AMENDMENTS TO BYE-LAWS; AND
- (5) CONTINUING CONNECTED TRANSACTION:
LEASE OF PART OF WAI YUEN TONG MEDICINE
BUILDING BY WANG ON GROUP LIMITED OR
ITS SUBSIDIARY FROM A SUBSIDIARY OF
WAI YUEN TONG MEDICINE HOLDINGS LIMITED

Financial adviser to
Wai Yuen Tong Medicine Holdings Limited



KINGSTON CORPORATE FINANCE LIMITED



Wang On Group Limited
(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

- (1) MAJOR TRANSACTION:
DISPOSAL OF BUSINESS INTERESTS
BY A SUBSIDIARY OF WANG
ON GROUP LIMITED TO
A SUBSIDIARY OF WAI YUEN TONG
MEDICINE HOLDINGS LIMITED; AND
- (2) MAJOR TRANSACTION:
SUBSCRIPTION OF RIGHTS
SHARES PROVISIONALLY
ALLOTTED TO WANG ON
GROUP LIMITED ON THE RECORD
DATE AND APPLICATION
FOR 210,000,000 EXCESS
RIGHTS SHARES

Financial adviser to
Wang On Group Limited



Kingsway Capital Limited

Underwriters to the Rights Issue



KINGSTON SECURITIES LIMITED



Kingsway Financial Services Group Limited

Independent financial adviser to the independent board committee
of Wai Yuen Tong Medicine Holdings Limited

 **Baron Capital Limited**

CONDITIONAL SALE AND PURCHASE AGREEMENT

Wang On (BVI), Source Millennium, Wang On and WYT entered into the Conditional Sale and Purchase Agreement dated as of 8 April, 2004 whereby Wang On (BVI) has agreed to sell and Source Millennium has agreed to purchase the entire issued share capital of WOD and a related shareholder's loan at an initial consideration of HK\$64,485,762 (subject to adjustment). The Conditional Sale and Purchase Agreement is conditional on, amongst other things, the completion of the Rights Issue. The consideration for the Transaction will be payable by Source Millennium to Wang On (BVI) in cash and financed by the proceeds of the Rights Issue. The terms under the Conditional Sale and Purchase Agreement were determined after arm's length negotiation and were on normal commercial terms. The principal asset of WOD is the WYT Building, which is a six-storey building situated at 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong. The Wang On Directors and the WYT Directors respectively consider that the terms under the Conditional Sale and Purchase Agreement are fair and reasonable in the current market conditions and are in the respective best interest of Wang On and its shareholders and WYT and its shareholders. Pursuant to the Conditional Sale and Purchase Agreement, upon completion of the Transaction, Wang On (or its subsidiary) would lease the Leased Property from WOD for a monthly rental based on the fair market rent of the Leased Property as at 8 April, 2004 of HK\$196,000 per month as stated in a valuation report issued by the Valuer.

PROPOSED CAPITAL REORGANISATION

The WYT Directors propose that the share capital of WYT be reorganised in the following manner:

- (1) the paid up capital and nominal value of each issued WYT Share be reduced from HK\$0.10 to HK\$0.01 by cancelling paid-up capital to the extent of HK\$0.09 on each issued WYT Share;
- (2) the authorised but unissued WYT Shares be cancelled and the authorised share capital of WYT be restored to its original amount by the creation of the requisite number of New WYT Shares; and
- (3) the credit of HK\$49,749,646.05 (based on 552,773,845 WYT Shares in issue as at the date of this announcement) or HK\$49,750,967.61 (based on 552,788,529 WYT Shares in issue assuming the exercise/conversion of the Convertible Securities before the Capital Reorganisation becoming effective) arising from the Capital Reduction will be applied to the contributed surplus of WYT, where it may be utilized by the WYT Directors in accordance with the bye-laws of WYT and all applicable laws, including to eliminate the accumulated losses in the unaudited interim accounts of WYT as at 30 September, 2003.

PROPOSED RIGHTS ISSUE

WYT proposes to raise approximately HK\$265.3 million, before expenses, by issuing not less than 1,658,321,535 Rights Shares and not more than 1,658,365,587 Rights Shares at a price of HK\$0.16 per Rights Share by way of the Rights Issue on the basis of three Rights Shares for every WYT Share held on the Record Date. Qualifying Shareholders are entitled to apply for excess Rights Shares not taken up in excess of their respective entitlements under the Rights Issue. WYT also proposes to issue Bonus Shares on the basis of one Bonus Share for every three fully paid Rights Shares. Based on the number of the Rights Shares proposed to be issued under the Rights Issue, not less than 552,773,845 Bonus Shares and not more than 552,788,529 Bonus Shares shall be issued with the Rights Shares.

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, all transfers of WYT Shares must be lodged for registration with the Registrar by 4:00 p.m. on Friday, 28 May, 2004 and the WYT Shares must be registered with an address in Hong Kong. The register of members is expected to be closed from Monday, 31 May, 2004 to Wednesday, 2 June, 2004 (both dates inclusive) to determine the entitlements to the Rights Issue.

Pursuant to the Irrevocable Undertaking, Wang On, the substantial shareholder of WYT, has conditionally irrevocably undertaken to take up or procure to take up all its or its subsidiaries' entitlement under the Rights Issue (being 325,393,989 Rights Shares) and, in addition, to make or procure an excess application for 210,000,000 Rights Shares under the Rights Issue. Such undertaking is subject to the approval of Wang On Shareholders at the Wang On SGM. The balance of the Rights Shares not to be taken up by Wang On or its subsidiaries pursuant to the Irrevocable Undertaking, being not more than 1,122,971,598 Rights Shares, are underwritten by the Underwriters in equal proportion subject to and upon the terms and conditions of the Underwriting Agreement.

The estimated net proceeds from the Rights Issue will be approximately HK\$250 million, which is intended to be applied as to approximately HK\$15 million for repayment of bank loans; approximately HK\$64 million for redemption of the 2002 Convertible Notes, the 2004 Convertible Notes and repayment of shareholders' loan, approximately HK\$64.5 million for acquisition of the entire issued share capital of WOD, approximately HK\$25 million to open new retail shops and for the expansion and upgrading of production facilities, approximately HK\$35 million for the possible investment in new business opportunities and the remaining balance of approximately HK\$46.5 million for general working capital of WYT Group. The WYT Directors consider that the Rights Issue could strengthen the financial position of WYT Group and it will enable suitable investments to be made promptly as and when the opportunities arise. At present, WYT has been in discussion with certain independent third parties not connected with WYT or the directors, chief executive or substantial shareholders of WYT or any of its subsidiaries or any of their respective associates in relation to a possible acquisition by the WYT Group of a health food processing business with a view to enhance the WYT Group's capacity of processing bottle-packaged bird-nest products. On 31 March, 2004, the WYT Group entered into a non-binding letter of intent with such independent third parties in relation to the possible acquisition. It is the present intention of WYT and such potential sellers that, for indication purpose and subject to further negotiation and due diligence, WYT will initially acquire a 75% interest in such health food processing business at around SG\$3 million (equivalent to approximately HK\$13.86 million) and will have the right to (or depending on future profitability of the health food processing business, be required to) acquire the remaining 25% interest at a consideration to be determined based on the profitability of the health food processing business in the future. Such acquisition may or may not proceed. WYT will issue a further announcement to comply with the Listing Rules as and when appropriate.

AMENDMENTS TO THE BYE-LAWS OF WYT

In order to facilitate the Rights Issue by enabling WYT to allot and issue the Bonus Shares and to provide WYT with flexibility to raise capital from its shareholders in the future, the WYT Directors propose to amend bye-law 148 of the bye-laws of WYT to allow a distribution to WYT Shareholders on such non pro-rata basis as WYT Shareholders may approve. Such amendment requires the sanction of a special resolution passed by the WYT Shareholders at the WYT SGM, which is one of the conditions to which the Rights Issue is subject.

WARNING OF THE RISK OF DEALINGS IN WYT SHARES AND WANG ON SHARES

WYT Shareholders, Wang On Shareholders and potential investors should note that the Transaction, which is subject to a number of conditions precedent, may or may not be completed.

In addition, the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed "Termination of the Underwriting Agreement" below). Accordingly, the Rights Issue may or may not proceed.

WYT Shareholders, Wang On Shareholders and potential investors should therefore exercise caution when dealing in the WYT Shares and the Wang On Shares respectively, and if they are in any doubt about their position, they should consult their professional advisers.

WYT Shareholders should note that the WYT Shares will be dealt with on an ex-entitlements basis commencing from Thursday, 27 May, 2004. The Rights Shares will be dealt in their nil-paid form from Friday, 4 June, 2004 to Monday, 14 June, 2004, both days inclusive. WYT Shareholders should note that dealings in such WYT Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any WYT Shareholders or other persons dealing in such WYT Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be Wednesday, 23 June, 2004), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any WYT Shareholders or other persons contemplating selling or purchasing WYT Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

GENERAL

For WYT, the Transaction constitutes a major transaction under the Listing Rules. As Wang On (BVI) is a wholly owned subsidiary of Wang On and Wang On is a substantial shareholder of WYT, the Transaction also constitutes a connected transaction for WYT under the Listing Rules, which requires Independent WYT Shareholders' approval at the WYT SGM. In addition, the Lease constitutes a continuing connected transaction for WYT under the Listing Rules, which is subject to reporting and announcement requirements under Rule 14A.34 of the Listing Rules. Furthermore, the Rights Issue is also subject to Independent WYT Shareholders' approval at the WYT SGM.

An independent board committee of WYT will be established to advise the Independent WYT Shareholders in relation to the terms of the Conditional Sale and Purchase Agreement. The independent board committee of WYT will also advise the WYT Shareholders on the Rights Issue. Baron Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of WYT in these respects.

A circular containing, among other things, (i) further details of the Conditional Sale and Purchase Agreement and the Lease; (ii) the Valuation Report; (iii) the Capital Reorganisation; (iv) the Rights Issue; (v) the amendments to the bye-laws of WYT; (vi) the letter of advice of recommendation from the independent board committee of WYT; (vii) the letter from the independent financial adviser to the independent board committee of WYT; and (viii) a notice of the WYT SGM, will be despatched to the WYT Shareholders as soon as practicable.

For Wang On, the Transaction constitutes a major transaction under the Listing Rules, which requires Wang On Shareholders' approval at the Wang On SGM. The subscription of the Rights Shares provisionally allotted to the Wang On Group on the Record Date together with the application for 210,000,000 excess Rights Shares by the Wang On Group under the Rights Issue pursuant to the Irrevocable Undertaking also constitutes a major transaction for Wang On under the Listing Rules, which is subject to the approval of Wang On Shareholders at the Wang On SGM.

A circular containing, among other things, (i) further details of the Conditional Sale and Purchase Agreement; (ii) the Valuation Report; and (iii) further details of the subscription of the Rights Shares together with the application of 210,000,000 excess Rights Shares by the Wang On Group under the Rights Issue and (iii) a notice convening the Wang On SGM, will be despatched to the Wang On Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of WYT, trading in the WYT Shares on the Stock Exchange was suspended from 9:30 a.m. on Thursday, 8 April, 2004 pending the release of this announcement. At the request of Wang On, trading in the Wang On Shares on the Stock Exchange was suspended from 9:30 a.m. on Thursday, 8 April, 2004 pending release of this announcement. Applications have been made to the Stock Exchange for resumption of trading in the WYT Shares and the Wang On Shares with effect from 9:30 a.m. on Wednesday, 21 April, 2004.

CONDITIONAL SALE AND PURCHASE AGREEMENT

Date: As of 8 April, 2004

Parties: Wang On (BVI) (as vendor)
Source Millennium (as purchaser)
Wang On
WYT

Subject: the entire issued share capital of WOD and a related shareholder's loan

Consideration and payment terms: HK\$64,485,762 (subject to adjustment) payable by Source Millennium in cash, which is based on the book value of the shareholder's loan to WOD and the unaudited net deficit of WOD as at 31 March, 2004 as adjusted by the valuation of WYT Building of HK\$85 million as stated in the Valuation Report made by the Valuer. The consideration shall be financed by the proceeds of the Rights Issue. The terms under the Conditional Sale and Purchase Agreement were arrived at after arm's length negotiation and were on normal commercial terms. Each of the Wang On Board and the WYT Board considers that the terms under the Conditional Sale and Purchase Agreement are fair and reasonable in the current market conditions, and are in the respective best interest of Wang On and its shareholders and WYT and its shareholders.

Guarantee: Pursuant the Conditional Sale and Purchase Agreement, Wang On has guaranteed the obligations of Wang On (BVI) and WYT has guaranteed the obligations of Source Millennium.

Undertaking by WYT and Source Millennium

WYT and Source Millennium have undertaken to procure the relevant bank to release the corporate guarantee given by Wang On in favour of the relevant bank in respect of the bank loan to WOD and other entities within 3 months after completion of the Conditional Sale and Purchase Agreement. Such bank loan amounted to approximately HK\$21.24 million as at 31 March, 2004.

Completion accounts and adjustment to consideration

Wang On (BVI) and Source Millennium are required to procure the Independent Accountant to prepare completion accounts within two weeks of completion of the Conditional Sale and Purchase Agreement. The completion accounts are to be prepared in accordance with Hong Kong generally accepted accounting practices and will show the value of the WYT Building as at the date of the Conditional Sale and Purchase Agreement as determined by the Valuer.

The adjustment amount (being the initial consideration of HK\$64,485,762 less the total shareholder's equity/deficiency plus the shareholder's loans of WOD as set out in the completion accounts) must be paid by Source Millennium to Wang On (BVI) (if it is a negative amount) or by Wang On (BVI) to the Source Millennium (if it is a positive amount) within 3 Business Days after the issue of the completion accounts by the Independent Accountant, provided that if the adjustment amount is negative and exceeds 10% of the initial purchase price of HK\$64,485,762, the adjustment amount payable by Source Millennium shall be limited to HK\$6,448,576.20, being 10% of such initial purchase price. There is no such limit on the adjustment amount payable by Wang On (BVI) if the adjustment amount is positive.

The Lease

Pursuant to the Conditional Sale and Purchase Agreement, upon completion of the Transaction, Wang On (or its subsidiary) will lease the Leased Property from WOD for a monthly rental based on the fair market rent of the Leased Property as at 8 April, 2004 of HK\$196,000 per month as stated in a valuation report issued by the Valuer.

Conditions of the Conditional Sale and Purchase Agreement and date of completion

The Conditional Sale and Purchase Agreement is conditional upon, among other things,

- (i) completion of the Rights Issue;
- (ii) approval by Wang On Shareholders at the Wang On SGM for (a) the subscription by the Wang On Group of its entitlement of the Rights Shares together with the application for 210,000,000 excess Rights Shares by the Wang On Group under the Rights Issue; and (b) the Conditional Sale and Purchase Agreement in accordance with the Listing Rules; and
- (iii) approval by the Independent WYT Shareholders at the WYT SGM for the Conditional Sale and Purchase Agreement in accordance with the Listing Rules.

If the above conditions have not been fulfilled by 31 August, 2004, or such later date as the parties may agree, the Conditional Sale and Purchase Agreement shall terminate and be of no further material effect. The consideration shall be paid by Source Millennium at completion which is to occur on the Business Day after the satisfaction of the last condition precedent of the Conditional Sale and Purchase Agreement or such other dates as otherwise agreed by Wang On (BVI) and Source Millennium.

Information on WOD

WOD, an indirect wholly-owned subsidiary of Wang On, is a property holding company and its principal asset is WYT Building, which is a six-storey building situated at 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong and is used mainly for commercial and industrial uses. The gross floor area of WYT Building is approximately 10,500 sq.m.. Part of the 1st floor of WYT Building is currently used as parking area for the use of Wang On Group and WYT Group.

WOD has entered into two tenancy agreements for the lease of an aggregate of approximately 7,084 sq.m. (representing approximately 67.47% of the total floor area) of WYT Building with (i) WYT Medicine Company Limited, a 99.79% indirect owned subsidiary of WYT at a monthly rental fee of HK\$300,000 in July 2003 for a term of three years; and (ii) Luxembourg Medicine Company Limited, a 99.79% indirect owned subsidiary of WYT at a monthly rental fee of HK\$75,000 in April, 2003 for a term of three years. The tenancy agreements entered into between WOD and WYT Medicine Company Limited were disclosed in the announcement of WYT dated 25 July, 2003. Other than the aforesaid two tenancy agreements, the remaining area of approximately 3,416 sq.m. of the WYT Building is currently fully used by Wang On Group.

For the two financial years ended 31 March, 2003, WOD recorded audited net losses of approximately HK\$1,713 and HK\$4.02 million respectively. The losses were mainly attributable to administrative expenses incurred in the respective years and deficit on revaluation of investment property for the financial year 2003. There were no tax payments recorded by WOD during the two financial years of 2002 and 2003.

In accordance with the management account of WOD, the unaudited net tangible liabilities of WOD as at 31 March, 2004 (as adjusted by the valuation of WYT Building) was approximately HK\$7.52 million. The bank loans and shareholder's loan amounted to approximately HK\$21.24 million and HK\$72.02 million respectively.

Reasons for the Transaction

As stated in the paragraph headed "Information on WOD" of this announcement, WYT Building is a six-storey building and is owned by the Wang On Group via its indirect wholly owned subsidiary, WOD, and is currently used by Wang On Group and WYT Group. Presently, an aggregate of approximately 7,084 sq.m. (representing approximately 67.47% of the total floor area) is occupied by WYT Group under two leases with a total monthly rental of HK\$375,000.

Wang On Directors and WYT Directors consider that since a substantial portion of the WYT Building is used by the WYT Group, it is in the best interest of both WYT and Wang On for WYT Group to purchase the building from Wang On Group at a fair market price to be determined by the Valuer. After the Transaction, WYT will have its self-owned production premises which is important for WYT's long-term investments in production facilities and the Transaction will save rental expenses of HK\$4.5 million per annum. Pursuant to the Conditional Sale and Purchase Agreement, Wang On (or its subsidiary) will also enter into a lease with WOD for the area occupied (being 3,416 sq.m.) at a monthly rental of HK\$196,000 per month, this will bring in an annual rental income for WYT of HK\$2,352,000. Given the present low interest environment and its financial position strengthened after the Rights Issue, WYT Directors consider the Transaction to be in the best interest of WYT and the WYT Shareholders.

The initial consideration of HK\$64,485,762 was based on the book value of the shareholder's loan to WOD and the unaudited net deficit of WOD as at 31 March, 2004 as adjusted by the valuation of WYT Building of HK\$85 million as stated in the Valuation Report made by the Valuer. In accordance with the Conditional Sale and Purchase Agreement, the consideration is subject to adjustment and the calculation of such adjustment amount was stated in the paragraph headed "Completion accounts and adjustment to consideration" of this announcement. Accordingly, Wang On is not expected to make any material gain or loss as a result of the Transaction. Wang On Directors consider that the Transaction will assist to realise its investment and the proceeds of which will be applied as to approximately HK\$32.2 million for its future property developments and investments and the remaining of approximately HK\$32.2 million (subject to the adjustment amount as stated in the paragraph headed "Completion accounts and adjustment to consideration" of this announcement) for general working capital of the Wang On Group.

Listing Rules implications

For WYT, the Transaction constitutes a major transaction under the Listing Rules. Since Wang On (BVI) is a wholly-owned subsidiary of Wang On and Wang On is a substantial shareholder of WYT holding approximately a 19.62% interest in the existing issued share capital of WYT, the Transaction also constitutes a connected transaction for WYT under the Listing Rules, which requires Independent WYT Shareholders' approval at the WYT SGM. For Wang On, the Transaction constitutes a major transaction under the Listing Rules, which requires Wang On Shareholders' approval at the Wang On SGM.

In addition, the Lease constitutes a continuing connected transaction for WYT under the Listing Rules, which is subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

PROPOSED CAPITAL REORGANISATION

The WYT Directors propose that the share capital of WYT be reorganised in the following manner:

- (1) the paid up capital and nominal value of each issued WYT Share be reduced from HK\$0.10 to HK\$0.01 by cancelling paid-up capital to the extent of HK\$0.09 on each issued WYT Share;
- (2) the authorised but unissued WYT Shares be cancelled and the authorised share capital of WYT be restored to its original amount by the creation of the requisite number of New WYT Shares; and
- (3) the credit of HK\$49,749,646.05 (based on the 552,773,845 WYT Shares in issue as at the date of this announcement) or HK\$49,750,967.61 (based on 552,788,529 WYT Shares in issue assuming the exercise/conversion of the Convertible Securities before the Capital Reorganisation becoming effective) arising from the Capital Reduction will be applied to the contributed surplus of WYT, where it may be utilised by the WYT Directors in accordance with the bye-laws of WYT and all applicable laws, including to eliminate the accumulated losses in the unaudited interim accounts of WYT as at 30 September, 2003.

Based on the number of WYT Shares in issue as at the date of this announcement, the issued share capital of WYT will be reduced from HK\$55,277,384.50 consisting of 552,773,845 WYT Shares to HK\$5,527,738.45 consisting of 552,773,845 New WYT Shares. As a result, an amount of HK\$49,749,646.05 (based on the 552,773,845 WYT Shares in issue) standing to the credit of the share capital account of WYT will be cancelled and credited to eliminate the accumulated losses of WYT as at 30 September, 2003.

As at the date of this announcement, the authorised share capital of WYT was HK\$600,000,000 divided into 6,000,000,000 WYT Shares of HK\$0.10 each, of which 5,447,226,155 WYT Shares were unissued. Immediately upon the Capital Reorganisation having become effective, the authorised share capital of WYT would be HK\$600,000,000 but divided into 60,000,000,000 New WYT Shares, of which 59,447,226,155 New WYT Shares will be unissued.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the New WYT Shares.

Reasons for and effect of the Capital Reorganisation

With the implementation of the Capital Reorganisation, the credit of HK\$49,749,646.05 (based on the 552,773,845 WYT Shares in issue as at the date of this announcement) or HK\$49,750,967.61 (based on 552,788,529 WYT Shares in issue assuming the exercise/conversion of the Convertible Securities before the Capital Reorganisation becoming effective) can be applied for eliminating the accumulated losses of WYT as at 30 September, 2003. The balance shall be credited to the contributed surplus account of WYT.

The Capital Reorganisation will have no material effect on the consolidated net assets of the WYT Group. Other than the expenses to be incurred by WYT in relation to the Capital Reorganisation, the implementation thereof will not, by itself, materially alter the underlying assets, business operations, management or financial position of the WYT Group or the interests of WYT Shareholders as a whole.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon, among other things,:

- (a) the passing of the special resolution to approve the Capital Reorganisation by the WYT Shareholders at the WYT SGM;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the New WYT Shares; and
- (c) the publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and a certificate being signed by a WYT Director confirming that on the date as from which the Capital Reduction is to have effect, there should be no reasonable ground for believing that WYT is, and after the Capital Reduction would be, unable to pay its liabilities as they become due.

The Capital Reorganisation is not conditional upon the implementation of the Rights Issue.

Free exchange for New WYT Shares and trading arrangements

Upon the Capital Reorganisation becoming effective, WYT Shareholders may on or after Thursday, 3 June, 2004 until Friday, 2 July, 2004 submit certificates of the existing WYT Shares to the Registrar for exchange, at the expense of WYT, for certificates of the New WYT Shares in issue. Thereafter, certificates for the existing WYT Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new certificate issued for the New WYT Shares. Nevertheless, certificates for the existing WYT Shares will continue to be good evidence of legal title and will continue to be valid for trading, settlement and registration purposes.

PROPOSED RIGHTS ISSUE

Issue statistics:

Basis of the Rights Issue	:	Three Rights Shares for every one WYT Share held on the Record Date with one Bonus Share for every three Rights Shares taken up
Subscription Price	:	HK\$0.16 per Rights Share

Number of WYT Shares in issue as at the date of this announcement	:	552,773,845 WYT Shares
Number of Rights Shares	:	Not less than 1,658,321,535 Rights Shares and not more than 1,658,365,587 Rights Shares
Number of Bonus Shares	:	Not less than 552,773,845 Bonus Shares and not more than 552,788,529 Bonus Shares
Number of Rights Shares undertaken to be taken up by the Wang On Group	:	Pursuant to the Irrevocable Undertaking, Wang On, the substantial shareholder of WYT, has conditionally irrevocably undertaken to take up or procure to take up all its or its subsidiaries' entitlement under the Rights Issue (being 325,393,989 Rights Shares) and, in addition, to make or procure an excess application for 210,000,000 Rights Shares under the Rights Issue. Such undertaking is subject to the approval of Wang On Shareholders in the Wang On SGM.
Number of Rights Shares underwritten by the Underwriters	:	Not more than 1,122,971,598 Rights Shares, of which not more than 561,485,799 Rights Shares are fully underwritten by Kingston and not more than 561,485,799 Rights Shares are fully underwritten by Kingsway on a several basis pursuant to the Underwriting Agreement
Number of New WYT Shares in issue upon completion of the Rights Issue	:	Not less than 2,763,869,225 New WYT Shares and not more than 2,763,942,645 New WYT Shares

As at the date of this announcement, the Wang On Group was the holder of the 2002 Convertible Notes and 2004 Convertible Notes entitling it to subscribe for an aggregate of 65,071,428 WYT Shares (subject to adjustment). Pursuant to the Irrevocable Undertaking, Wang On has conditionally irrevocably undertaken to procure its subsidiary not to exercise the conversion rights attaching to the 2002 Convertible Notes and the 2004 Convertible Notes prior to the latest time for acceptance of the Rights Shares.

As at the date of this announcement, there were outstanding Share Options and Convertible Loan Stock entitling the relevant holders to subscribe/convert an aggregate of 57,600 WYT Shares and 84 WYT Shares (subject to adjustment) respectively. Two of the holders of the Share Options have severally irrevocably undertaken that they will not exercise their respective Share Options entitling them to subscribe for an aggregate of 43,000 WYT Shares (subject to adjustment) prior to the latest time for acceptance of the Rights Shares.

Save for the aforesaid 2002 Convertible Notes, the 2004 Convertible Notes, the Share Options and the Convertible Loan Stock, WYT has no outstanding options, warrants or other instruments convertible into WYT Shares.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. WYT will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Rights Issue prospectus, for information only, to the Excluded Shareholders. To qualify for the Rights Issue, WYT Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of WYT; and
- (ii) have an address in Hong Kong on the register of members of WYT.

In order to be registered as members of WYT on the Record Date, WYT Shareholders must lodge any transfer of WYT Shares (with the relevant share certificates) for registration with the Registrar by 4:00 p.m. on Friday, 28 May, 2004.

WYT will provisionally allot three Rights Shares in nil-paid form for every WYT Share held by Qualifying Shareholders on the Record Date.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements and any Rights Shares provisionally allotted but not accepted by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Rights Shares issued pursuant to excess applications will also be issued with Bonus Shares on the basis of one Bonus Share for every three Rights Shares so issued.

The WYT Directors will allocate the excess Rights Shares at their discretion, on a fair and equitable basis by reference to the number of excess Rights Shares applied for by each Qualifying Shareholder (including the Wang On Group), but will give preference to topping-up odd lots to whole board lots.

Reasons of application for excess Rights Shares by Wang On

Wang On Group is principally engaged in the management and sub-licensing of Chinese wet markets, shopping centres and car parks, retail business, property development and property investment. It also has interests in the pharmaceutical business through its investments in WYT.

Pursuant to the Irrevocable Undertaking, Wang On, the substantial shareholder of WYT, has conditionally irrevocably undertaken to take up or procure to take up all its or its subsidiaries' entitlement under the Rights Issue (being 325,393,989 Rights Shares, amounting to approximately HK\$52.06 million) and in addition, to make or procure an excess application for 210,000,000 Rights Shares (amounting to approximately HK\$33.6 million) under the Rights Issue. Such undertaking is subject to the approval of Wang On Shareholders at the Wang On SGM.

As disclosed in the interim report of Wang On for the six months ended 30 September, 2003, despite the loss recorded by WYT for the six months under review, the Wang On Directors are still confident of its long term prospects because of the improvement in the worldwide economy and the increasing contribution from its pharmaceutical business such as the continuing expansion of its Chinese pharmaceutical business and the diversification into the western pharmaceutical business under the brand name of "Madame Pearl's" through the acquisition of Luxembourg Medicine Company Limited in July 2003. The Wang On Directors therefore intend to maintain Wang On's percentage shareholding in WYT by way of subscribing or procuring the subscription of its or its subsidiaries' entitled Rights Shares and further increase such percentage shareholding in WYT by way of making or procuring the application for excess Rights Shares. In addition, the Wang On Directors consider that the Wang On Group's subscription of Rights Shares and application of excess for Rights Shares will facilitate the completion of the Rights Issue which will strengthen the financial position of WYT and Wang On will be benefited accordingly by virtue of its shareholding in WYT. Accordingly, the Wang On Directors consider that the subscription for the Wang On Group entitled Rights Shares and application for excess Rights Shares are in the interest of the Wang On Shareholders as a whole.

Closure of register of members:

The register of members of WYT will be closed from Monday, 31 May, 2004 to Wednesday, 2 June, 2004, both dates inclusive, to determine the eligibility of the Rights Issue. No transfer of WYT Shares will be registered during this period.

Subscription Price:

HK\$0.16 per Rights Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares. Taking into account the Bonus Shares being issued with the Rights Shares, the effective price for each Rights Share is approximately HK\$0.12 which represents:

- (i) a discount of approximately 66.7% to the closing price of HK\$0.36 per WYT Share as quoted on the Stock Exchange on 7 April, 2004, being the last trading day before the date of this announcement;

- (ii) a discount of approximately 28.6% to the theoretical ex-entitlement price of approximately HK\$0.168 per Share based on the aforesaid closing price per WYT Share; and
- (iii) a discount of approximately 70.4% to the average closing price of HK\$0.405 per WYT Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 7 April, 2004.

The Subscription Price was determined after arm's length negotiation between WYT and the Underwriters. The WYT Directors consider that the terms of the Rights Issue are fair and reasonable and in the interests of WYT and the WYT Shareholders. The Directors also consider that the discount of the effective price for each Rights Share as compared to the recent market prices would encourage WYT Shareholders to participate in the Rights Issue.

Status of the Rights Shares and the Bonus Shares

The Rights Shares (when allotted, fully paid and issued) and the Bonus Shares (when issued and credited as fully paid) will rank pari passu in all respects with the WYT Shares in issue on the date of allotment and issue of the Rights Shares and the Bonus Shares. Holders of the Rights Shares and the Bonus 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 and the Bonus Shares.

Certificates of the fully-paid Rights Shares and the Bonus Shares

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares and the Bonus Shares are expected to be posted on or before Thursday, 24 June, 2004 to those entitled thereto at their own risks. No fractional entitlements or allotments are expected to arise as a result of the Rights Issue.

Rights of the Excluded Shareholders

The Prospectus Documents will not be registered or filed under any securities or equivalent in any legislation jurisdictions other than Hong Kong and Bermuda. The WYT Directors are of the view that the offer of the Rights Shares to the Excluded Shareholders would or might, in the absence of compliance with registration or other special formalities in such other jurisdictions, be unlawful or impracticable. Accordingly, the Rights Issue will not be available to the Excluded Shareholders. WYT will send the Rights Issue prospectus to the Excluded Shareholders for their information only. WYT will not send the Application Forms and the forms of application for excess Rights Shares to the Excluded Shareholders. The Excluded Shareholders will be entitled to vote at the SGM to consider and, if thought fit, pass the resolutions approving, among other things, the Rights Issue.

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 nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses, of HK\$100 or more will be paid to the relevant Excluded Shareholder in Hong Kong dollars. WYT will keep individual amounts of less than HK\$100 for its own benefit. Any unsold Rights Shares will be available for excess application.

Amendments to the bye-laws of WYT

In order to facilitate the Rights Issue by enabling WYT to allot and issue the Bonus Shares and to provide WYT with flexibility to raise capital from its shareholders in the future, the WYT Directors propose to amend bye-law 148 of the bye-laws of WYT to allow a distribution to WYT Shareholders on such non pro-rata basis as WYT Shareholders may approve. Such amendment requires the sanction of a special resolution passed by the WYT Shareholders at the WYT SGM, which is one of the conditions to which the Rights Issue is subject.

Application for listing

WYT will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms, and the Bonus Shares. Dealings in the nil-paid and fully-paid Rights Shares and the Bonus Shares will be subject to the payment of stamp duty in Hong Kong.

Underwriting Agreement dated 8 April, 2004

Pursuant to the Underwriting Agreement, Kingston has agreed to underwrite not more than 561,485,799 Rights Shares and Kingsway has agreed to underwrite not more than 561,485,799 Rights Shares on a several basis.

The Underwriters are not connected persons (as defined in the Listing Rules) of WYT.

WYT will pay to each of Kingston and Kingsway an underwriting commission calculated at 3% of the aggregate Subscription Price of the Rights Shares underwritten by the Underwriters respectively.

Termination of the Underwriting Agreement

The Underwriters may terminate the Underwriting Agreement by notice in writing to WYT at any time if, prior to 5:00 p.m. on the third Business Day after the date on which the latest time for acceptance of the Rights Shares falls, which is expected to be Wednesday, 23 June, 2004, or such date as may be agreed between WYT and the Underwriters, there shall develop, occur, exist or come into effect:

- (a) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other place that is the place of incorporation of any member of the WYT Group, or in which any member of the WYT Group conducts or carries on business; or**
- (b) any change in, or any event or series of events resulting or likely to result in any change in local, national or international financial, political, military, industrial, economic, currency, stock market or (whether or not sui generis with any of the foregoing) other market conditions; or**
- (c) any change in the conditions of local, national or international securities markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise); or**
- (d) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the United States of America or by the European Union (or any member thereof) on Hong Kong or any jurisdiction relevant to the WYT Group; or**
- (e) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities; or**
- (f) any change or development involving a prospective change in taxation or exchange control (or implementation of any exchange control) in Hong Kong or other jurisdictions relevant to the WYT Group; or**
- (g) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout; or**
- (h) any change in the business or in the financial or trading position of the WYT Group; or**
- (i) any other adverse change whether or not ejusdem generis with any of the foregoing,**

which in the opinion of either of the Underwriters:

- (1) has or will have a material adverse effect on the WYT or the WYT Group or the Rights Issue; or**
- (2) has or will have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or**
- (3) makes it inadvisable or inexpedient for WYT to proceed with the Rights Issue, or**

- (j) any matter or event showing any of the warranties, undertakings or provisions contained in the Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the warranties, undertakings or any other provisions of the Underwriting Agreement; or
 - (k) any breach by Wang On of any provision in the Irrevocable Undertaking; or
 - (l) any statement contained in any Prospectus Documents has become or been discovered to be untrue, incorrect or misleading in any material respect; or
 - (m) any matter which, had it arisen or been discovered immediately before the date of the Rights Issue prospectus and not having been disclosed in the Rights Issue prospectus, would have constituted, in the reasonable opinion of the Underwriters, a material omission in the context of the Rights Issue; or
 - (n) any event, act or omission which gives or is likely to give rise to any material liability of WYT and any of the substantial shareholders (as defined in the Listing Rules) of WYT arising out of or in connection with any warranties or undertakings contained in the Underwriting Agreement,
- then and in any such case either of the Underwriters in its sole discretion may (but shall not be bound to), upon giving notice to WYT, terminate the Underwriting Agreement with immediate effect.

Save for all reasonable costs, charges and expenses which may be incurred in connection with the Rights Issue, upon the giving of notice termination, all obligations of the Underwriters under the Underwriting Agreement shall cease and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriters exercise such right, the Rights Issue will not proceed.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon, among other things,:

- (i) the passing by the Independent WYT Shareholders at the WYT SGM of resolutions to approve the Rights Issue and the passing by the WYT Shareholders at the WYT SGM of resolutions to approve the Capital Reorganisation;
- (ii) the passing by WYT Shareholders at the WYT SGM of a resolution to amend the bye-laws of WYT to allow a distribution to WYT Shareholders on such non pro-rata basis as WYT Shareholders may approve.;
- (iii) the passing by Wang On Shareholders at the Wang On SGM of a resolution to approve the subscription of Rights Shares together with the application of 210,000,000 excess Rights Shares by the Wang On Group under the Rights Issue;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of, and permission to deal in, the Rights Shares, in their nil-paid and fully-paid forms, and the Bonus Shares;
- (v) 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 in compliance with the Listing Rules and the Companies Ordinance (Cap. 32 of the laws of Hong Kong) and the filing of one copy of each of the Prospectus Documents with the Registrar of Companies in Bermuda.

None of the conditions above can be waived by the Underwriters. The Rights Issue is subject to the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms.

WARNING OF THE RISK OF DEALINGS IN WYT SHARES AND WANG ON SHARES

WYT Shareholders, Wang On Shareholders and potential investors should note that the Transaction, which is subject to a number of conditions precedent, may or may not be completed.

In addition, the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Rights Issue may or may not proceed.

WYT Shareholders, Wang On Shareholders and potential investors should therefore exercise caution when dealing in the WYT Shares and the Wang On Shares respectively, and if they are in any doubt about their position, they should consult their professional advisers.

WYT Shareholders should note that the WYT Shares will be dealt with on an ex-entitlements basis commencing from Thursday, 27 May, 2004. The Rights Shares will be dealt in their nil-paid form from Friday, 4 June, 2004 to Monday, 14 June, 2004, both days inclusive. WYT Shareholders should also note that dealings in such WYT Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any WYT Shareholders or other persons dealing in such WYT Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be Wednesday, 23 June, 2004), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any WYT Shareholders or other persons contemplating selling or purchasing WYT Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

Shareholding structure of WYT

The following is the shareholding structure of WYT immediately before and after completion of the Rights Issue, assuming no Convertible Securities have been exercised/converted prior to the completion of the Rights Issue:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholder takes up his/her /its entitlement under the Rights Issue , except that Wang On takes up all its entitlement under the Rights Shares and the 210,000,000 Rights Shares under the excess application made by Wang On pursuant to the Irrevocable Undertaking)	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
Wang On Group	108,464,663	19.62%	542,323,315	19.62%	822,323,315	29.75%
Kingston	–	–	–	–	748,618,364	27.09%
Kingsway	–	–	–	–	748,618,364	27.09%
Public	444,309,182	80.38%	2,221,545,910	80.38%	444,309,182	16.07%
Total	<u>552,773,845</u>	<u>100%</u>	<u>2,763,869,225</u>	<u>100%</u>	<u>2,763,869,225</u>	<u>100%</u>

As at the date of this announcement, none of WYT Directors are interested in any WYT Shares.

Reasons for the Rights Issue and use of proceeds:

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 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; and (ii) manufacturing, processing and retailing of western pharmaceutical products under the brand name of “Madame Pearl’s”.

The estimated net proceeds from the Rights Issue will be approximately HK\$250 million, which is intended to be applied as to approximately HK\$15 million for repayment of bank loans; approximately HK\$64 million for redemption of the 2002 Convertible Notes, the 2004 Convertible Notes and repayment of shareholders’ loan, approximately HK\$64.5 million for acquisition of the entire issued share capital of WOD, approximately HK\$25 million to open new retail shops and for the expansion and upgrading of production facilities, approximately HK\$35 million for the possible investment in new business opportunities and the remaining balance of approximately HK\$46.5 million for general working capital of WYT Group. The WYT Directors consider that the Rights Issue could strengthen the financial position of WYT Group and it will enable suitable investments to be made promptly as and when the opportunities arise. At present, WYT has been in discussion with certain independent third parties not connected with WYT or the directors, chief executive or substantial shareholders of WYT or any of its subsidiaries or any of their respective associates in relation to a possible acquisition by the WYT Group of a health food processing business in Singapore with a view to enhance the WYT Group’s capacity of processing bottle-packaged bird-nest products. On 31 March, 2004, the WYT Group entered into a non-binding letter of intent with such independent third parties in relation to the possible acquisition. It is the present intention of WYT and such potential sellers that, for indication purpose and subject to further negotiation and due diligence, WYT will initially acquire a 75% interest in such health food processing business at around SG\$3 million (equivalent to approximately HK\$13.86 million) and will have the right to (or depending on future profitability of the health food processing business, be required to) acquire the remaining 25% interest at a consideration to be determined based on the profitability of the health food processing business in the future. Such acquisition may or may not proceed. WYT will issue a further announcement to comply with the Listing Rules as and when appropriate.

The WYT Directors consider that the Rights Issue will enlarge the capital base of WYT and the Rights Issue provides an opportunity to WYT Shareholders to participate in the growth of WYT. The WYT Directors also consider that the Bonus Shares to be issued with the Rights Shares will make the Rights Issue attractive to the WYT Shareholders. The WYT Directors consider that the Rights Issue is in the interest of WYT and the WYT Shareholders as a whole. **However, a Qualifying Shareholder who does not take up the Rights Shares to which they are entitled should note that their shareholdings in WYT will be diluted.**

Fund raising activities of WYT in the 12 months immediately prior to this announcement

Date of announcement	Event	Net proceeds	Intened use of net proceeds	Amount use of net proceeds as at the date of this announcement	Unutilized amount as at the date of this announcement
12-Nov-03	Placing of existing shares and top-up subscription of 60,000,000 shares at a price of HK\$0.80 per share	Approximately HK\$46 million	HK\$5 million for repayment of bank loans	HK\$5 million for repayment of bank loans	-
			HK\$20 million for repayment of loans advanced by substantial shareholder	HK\$20 million for repayment of loans advanced by substantial shareholder	-
			HK\$12 million for open new retail shops and expansion of production facilities	HK\$12 million for open new retail shops and expansion of production facilities	-
			HK\$9 million for general working capital	HK\$9 million for purchase of inventories	-

29-Dec-03	Placing of existing shares and top-up subscription of 72,400,000 shares at a price of HK\$0.60 per share	Approximately HK\$42 million	HK\$3 million for repayment of bank loans	HK\$3 million for repayment of bank loans	-
			HK\$25 million for repayment of loans advanced by substantial shareholder	HK\$25 million for repayment of loans advanced by substantial shareholder	-
			HK\$8 million for open new retail shops and expansion of production facilities	HK\$8 million for open new retail shops and expansion of production facilities	-
			HK\$6 million for general working capital	HK\$6 million for general working capital	-
23-Feb-04	Placing of existing shares and top-up subscription of 92,000,000 shares at a price of HK\$0.55 per share	Approximately HK\$48.5 million	HK\$5 million for repayment of bank loans	HK\$0.4 million for repayment of bank loans	HK\$4.6 million
			HK\$35 million for repayment of loans advanced by substantial shareholder	HK\$35 million for repayment of loans advanced by substantial shareholder	-
			HK\$5 million for open new retail shops and expansion of production facilities	HK\$1.9 million for open new retail shops and expansion of production facilities	HK\$3.1 million
			HK\$3.5 million for general working capital	HK\$3.5 million for general working capital	-

EXPECTED TIMETABLE

2004

Despatch of the circular to the WYT Shareholders and Wang On Shareholders containing, among others, notices of WYT SGM and Wang On SGM	Monday, 10 May
Last day of dealings in WYT Shares on cum-entitlements basis	Tuesday, 25 May
First day of dealings in WYT Shares on an ex-entitlements basis	Thursday, 27 May
Latest time for lodging transfers of WYT Shares in order to be qualified for the Rights Issue	4:00 p.m. on Friday, 28 May
Register of members for WYT Shares closes (both dates inclusive)	Monday, 31 May to Wednesday, 2 June
Latest time for lodging forms of proxy for the purpose of the Wang On SGM (not less than 48 hours before the Wang On SGM)	9:30 a.m. on Monday, 31 May
Latest time for lodging forms of proxy for the purpose of the WYT SGM (not less than 48 hours before the WYT SGM)	10:00 a.m. on Monday, 31 May
Time and date of Wang On SGM	9:30 a.m. on Wednesday, 2 June
Time and date of WYT SGM	10:00 a.m. on Wednesday, 2 June
Despatch of the Prospectus Documents and nil-paid Rights Shares	Wednesday, 2 June
Record Date	Wednesday, 2 June
Effective date of the Capital Reorganisation	Thursday, 3 June

Free exchange of certificates of existing WYT Shares for certificates of New WYT Shares commences	Thursday, 3 June
Register of members for WYT Shares reopens	Thursday, 3 June
First day of trading in nil-paid Rights Shares	Friday, 4 June
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Wednesday, 9 June
Last day of trading of nil-paid Rights Shares	Monday, 14 June
Latest time for acceptance of and payment for Rights Shares	4:00 p.m. on Thursday, 17 June
Latest time for the Rights Issue to become unconditional	5:00 p.m. on Wednesday, 23 June
Announcement of the results of the Rights Issue	Thursday, 24 June
Despatch of refund cheques in respect of wholly or partly unsuccessful excess applications	Thursday, 24 June
Share certificates for fully-paid Rights Shares and Bonus Shares to be posted	Thursday, 24 June
Dealings in fully-paid Rights Shares and Bonus Shares commences	Monday, 28 June
Free exchange of certificates of existing WYT Shares for certificates of New WYT Shares ends	Friday, 2 July

Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced as appropriate.

GENERAL

For WYT, the Transaction constitutes a major transaction under the Listing Rules. As Wang On (BVI) is a wholly-owned subsidiary of Wang On and Wang On is a substantial shareholder of WYT, the Transaction also constitutes a connected transaction for WYT under the Listing Rules, which requires Independent WYT Shareholders' approval at the WYT SGM. In addition, the Lease constitutes a continuing connected transaction for WYT under the Listing Rules, which is subject to reporting and announcement requirements under Rule 14A.34 of the Listing Rules. Furthermore, the Rights Issue will also be subject to Independent WYT Shareholders' approval at the WYT SGM.

An independent board committee of WYT will be established to advise the Independent WYT Shareholders in relation to terms of the Conditional Sale and Purchase Agreement. The independent board committee of WYT will also advise the WYT Shareholders on the Rights Issue. Baron Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of WYT in these respects.

A circular containing, among other thing, (i) further details of the Conditional Sale and Purchase Agreement and the Lease; (ii) the Valuation Report; (iii) the Capital Reorganisation; (iv) the Rights Issue; (v) the amendments to the bye-laws of WYT; (vi) the letter of recommendation from the independent board committee of WYT; (vii) the letter of advice from the independent financial adviser to the independent board committee of WYT; and (viii) the notice of the WYT SGM, will be despatched to the WYT Shareholders as soon as practicable.

For Wang On, the Transaction constitutes a major transaction under the Listing Rules, which requires Wang On Shareholders' approval at the Wang On SGM. The subscription of the Rights Shares provisionally allotted to

the Wang On Group on the Record Date together with the application of 210,000,000 excess Rights Shares by the Wang On Group under the Rights Issue also constitutes a major transaction for Wang On under the Listing Rules, which is subject to the approval of Wang On Shareholders at the Wang On SGM.

A circular containing, among other things, (i) further details of the Conditional Sale and Purchase Agreement; (ii) the Valuation Report and (iii) further details of the subscription of the Rights Shares together with the application of 210,000,000 excess Rights Shares by the Wang On Group under the Rights Issue and (iii) a notice of convening the Wang On SGM, will be despatched to the Wang On Shareholders as soon as practicable.

If as a result of the Rights Issue, less than 25% of the issued WYT Shares are in the hands of the public, WYT will take steps to restore the public float to 25%. The Stock Exchange has stated that, if less than 25% of the issued WYT Shares are in public hands following the completion of the Rights Issue, or if the Stock Exchange believes that a false market exists or may exist in the trading of the WYT Shares or that there are insufficient WYT Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the WYT Shares.

The WYT Directors comprise two executive directors, namely Mr. Tang Ching Ho and Mr. Chan Chun Hong, Thomas, a non-executive director, namely Mr. Leung Wai Ho, and three independent non-executive directors, namely Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi, Simon and Mr. Cho Wing Mou. The Wang On Directors comprises three executive directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, and three independent non-executive directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein and Dr. Siu Yim Kwan, Sidney.

SUSPENSION AND RESUMPTION OF TRADING

At the request of WYT, trading in WYT Shares on the Stock Exchange was suspended from 9:30 a.m. on Thursday, 8 April, 2004 pending the release of this announcement. At the request of Wang On, trading in Wang On Shares on the Stock Exchange was suspended from 9:30 a.m. on Thursday, 8 April, 2004. Applications have been made to the Stock Exchange for resumption of trading in the WYT Shares and the Wang On Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 21 April, 2004.

DEFINITIONS

“2002 Convertible Notes”	the convertible notes having an aggregate principal amount of HK\$36,500,000, convertible into WYT Shares at HK\$1.00 each, issued by WYT to a subsidiary of Wang On on 9 July, 2002
“2004 Convertible Notes”	the convertible notes having an aggregate principal amount of HK\$20,000,000, convertible into WYT Shares at HK\$0.70 each, issued by WYT to a subsidiary of Wang On on 30 March, 2004
“Application Form(s)”	the provisional allotment letter(s), together with application form(s), for use by the Qualifying Shareholders to apply for the Rights Shares
“associates”	has the meaning ascribed thereto in the Listing Rules
“Bonus Share(s)”	Not less than 552,773,845 and not more than 552,788,529 new WYT Shares to be allotted and issued to the first registered holders of the Rights Shares on the basis of one bonus share (credited as fully paid) for every three fully paid Rights Shares
“Business Day”	any day (other than Saturday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Capital Adjustment”	the cancellation of the authorised but unissued WYT Shares and the restoration of the authorised share capital of WYT to its original amount by the creation of the requisite number of New WYT Shares
“Capital Reduction”	the proposed reduction of the nominal value of each of the issued WYT Shares from HK\$0.10 each to HK\$0.01 by the cancellation of HK\$0.09

	paid up on each issued WYT Share
“Capital Reorganisation”	the Capital Reduction and the Capital Adjustment
“Companies Act”	the Companies Act 1981 of Bermuda
“Conditional Sale and Purchase Agreement”	the conditional sale and purchase agreement dated as of 8 April, 2004 entered into between, amongst others, Wang On (BVI) and Source Millennium in respect of the sale and purchase of the entire issued share capital of WOD and a related shareholder’s loan
“Convertible Loan Stock”	the convertible unsecured loan stock issued by WYT on 12 January, 1999
“Convertible Securities”	the Share Options and the Convertible Loan Stock entitling the relevant holders to subscribe/convert an aggregate of 14,684 WYT Shares, excluding those Share Options undertaken by two holders thereof not to exercise
“Excluded Shareholders”	WYT Shareholders other than Qualifying Shareholders
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent WYT Shareholders”	WYT Shareholders, other than Wang On and its associates
“Independent Accountant”	an international firm of accountants as agreed between Wang On (BVI) and Source Millennium
“Irrevocable Undertaking”	the irrevocable undertaking given by Wang On to (a) subscribe or procure the subscription of its or its subsidiaries’ full entitlement pursuant to the Rights Issue; (b) make or procure an application for an aggregate of 210,000,000 excess Rights Shares; and (c) procure its subsidiary not to exercise the conversion rights attaching to the 2002 Convertible Notes and the 2004 Convertible Notes prior to the latest time for acceptance of the Rights Shares
“Kingston”	Kingston Securities Limited, a deemed licensed corporation to carry out business in types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Kingsway”	Kingsway Financial Services Group Limited, a deemed licensed corporation to carry out business in types 1, 4, 6, 7 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Lease”	the lease of part of WYT Building by Wang On (or its subsidiary) upon completion of the Transaction pursuant to the Conditional Sale and Purchase Agreement
“Leased Property”	the part of WYT Building to be leased by Wang On (or its subsidiary) pursuant to the Lease
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New WYT Shares”	shares of HK\$0.01 each in the share capital of WYT upon the Capital Reorganisation becoming effective
“PRC”	the People’s Republic of China
“Prospectus Documents”	the Rights Issue prospectus, the Application Form and the form of application for excess Rights Shares

“Qualifying Shareholders”	WYT Shareholders, whose names appear on the register of members of WYT as at the close of business on the Record Date and whose addresses as shown in the register of members of WYT are in Hong Kong
“Record Date”	2 June, 2004, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, WYT’s Hong Kong share registrar
“Rights Share(s)”	Not less than 1,658,321,535 and not more than 1,658,365,587 New WYT Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of three rights shares for every WYT Share held on the Record Date pursuant to the Rights Issue
“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue, together with Bonus Shares, to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Share Options”	the options to subscribe for WYT Shares granted under the share option schemes adopted by WYT on 16 October, 1997 and 18 September, 2003
“Source Millennium”	Source Millennium Limited, a wholly-owned subsidiary of WYT
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.16 per Rights Share
“Transaction”	the sale and purchase of the entire issued share capital of WOD and a related shareholder’s loan pursuant to the Conditional Sale and Purchase Agreement
“Underwriters”	Kingston and Kingsway
“Underwriting Agreement”	the underwriting agreement dated 8 April, 2004 entered into between WYT and the Underwriters in relation to the Rights Issue
“Valuation Report”	the valuation report on the WYT Building issued by the Valuer
“Valuer”	Vigers Appraisal and Consulting Limited, an independent professional valuer
“Wang On”	Wang On Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Wang On Board”	the board of Wang On Directors
“Wang On (BVI)”	Wang On Enterprises (BVI) Limited, a wholly-owned subsidiary of Wang On
“Wang On Directors”	the directors of Wang On, including the independent non-executive directors of Wang On
“Wang On Group”	Wang On and its subsidiaries
“Wang On SGM”	the special general meeting to be convened by Wang On
“Wang On Shares”	ordinary shares of HK\$0.10 each in the share capital of Wang On

“Wang On Shareholders”	holder(s) of Wang On Shares
“WOD”	WOD Investments Limited, a wholly-owned subsidiary of Wang On (BVI)
“WYT”	Wai Yuen Tong Medicine Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“WYT Building”	Wai Yuen Tong Medicine Building, a six-storey building situated at 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong
“WYT Board”	the board of WYT Directors
“WYT Directors”	the directors of WYT, including the independent non-executive directors of WYT
“WYT SGM”	the special general meeting of WYT to be convened to be held to approve, among others, the Transaction and the Rights Issue
“WYT Group”	WYT and its subsidiaries
“WYT Shares”	shares of HK\$0.10 each in the share capital of WYT prior to the Capital Reorganisation
“WYT Shareholder(s)”	holder(s) of WYT Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“SG\$”	Singapore dollars, the lawful currency of Singapore
“sq.m.”	square meters

Exchange rate: In this announcement, for reference only and unless specified otherwise, the translation between SG\$ and HK\$ is based on the exchange rate as quoted in South China Morning Post on 20 April, 2004, representing SG\$1.00 = HK\$4.619.

By Order of the WYT Board
Chan Chun Hong, Thomas
Managing Director

By Order of the Wang On Board
Tang Ching Ho
Chairman and Managing Director

Hong Kong, 20 April, 2004

* *For identification purposes only*

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