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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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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)

**GRANT OF NEW ISSUE MANDATE AND
NEW REPURCHASE MANDATE,
RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of the Company to be held at Garden Rooms A & B, 2/F., Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 21 August 2012 at 11:00 a.m. is set out on pages AGM-1 to AGM-10 of this circular.

Whether or not you intend to attend and vote in person at the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context specifies otherwise:

“AGM”	the annual general meeting of the Company to be convened and held at Garden Rooms A & B, 2/F., Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 21 August 2012 at 11:00 a.m. or any adjournment thereof (as the case may be) to consider and, if thought fit, approve, inter alia, (i) the grant of the New Issue Mandate and the New Repurchase Mandate; (ii) the re-election of the retiring Directors; and (iii) the proposed amendments to the Bye-laws
“Amendment Act”	the Companies Amendment (No. 2) Act 2011 of Bermuda
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Bye-law(s)”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability, whose Shares are listed and traded on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

* For identification purpose only

DEFINITIONS

“Latest Practicable Date”	12 July 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with additional Shares and other securities up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate (such mandate to be extended and added by the number of Shares, if any, repurchased by the Company since the grant of such mandate)
“New Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase Shares during the prescribed period on the Stock Exchange up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option(s)”	the share option(s) to subscribe for Shares granted under the Share Option Scheme
“Share Option Scheme”	the existing share option scheme adopted by the Company pursuant to a resolution passed by the Shareholders at the special general meeting held on 18 September 2003
“Shareholder(s)”	the holder(s) of the Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	a subsidiary(ies) for the time being of the Company within the meaning of the Companies Ordinance, Chapter 32 of the laws of Hong Kong, whether incorporated in Hong Kong or elsewhere
“Substantial Shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Wang On Group”	Wang On Group Limited (宏安集團有限公司*), the Substantial Shareholder of the Company, whose shares are listed on the main board of the Stock Exchange, and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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LETTER FROM THE BOARD



WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)
(Incorporated in Bermuda with limited liability)
(Stock Code: 897)

Executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Leung Wai Ho
Mr. Yuen Chi Choi
Mr. Siu Man Ho, Simon
Mr. Cho Wing Mou

Head office and

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

17 July 2012

*To the Shareholders and, for information purpose only,
the holders of the Share Options*

Dear Sir or Madam,

**GRANT OF NEW ISSUE MANDATE AND
NEW REPURCHASE MANDATE,
RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information and to seek your approval, inter alia, on (i) the grant of the New Issue Mandate and the New Repurchase Mandate; (ii) the re-election of the retiring Directors; and (iii) the proposed amendments to the Bye-laws. A notice of the AGM containing the resolutions to be proposed at the AGM is set out on pages AGM-1 to AGM-10 of this circular.

* For identification purpose only

LETTER FROM THE BOARD

GRANT OF THE NEW ISSUE MANDATE AND THE NEW REPURCHASE MANDATE

At the Company's last annual general meeting held on 9 August 2011, the Directors were granted a general mandate to allot, issue and deal with an aggregate value of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 9 August 2011 (equivalent to the aggregate nominal amount of HK\$4,072,285.93 divided into 407,228,593 Shares with a nominal value of HK\$0.01 each) (the "**2011 General Mandate**") and a general mandate to repurchase Shares up to a maximum 10% of the aggregate nominal amount of the issued share capital of the Company as at 9 August 2011 (equivalent to the aggregate nominal amount of 2,036,142.96 dividend into 203,614,296 Shares with a nominal value of HK\$0.01 each) (the "**2011 Repurchase Mandate**").

As at the Latest Practicable Date, the 2011 General Mandate and the 2011 Repurchase Mandate had not been utilised and/or refreshed and will expire at the conclusion of the AGM.

To facilitate future allotment and issue of Shares by the Directors on behalf of the Company, the Directors will seek the approval of the Shareholders for the grant of:

- (a) the New Issue Mandate;
- (b) the New Repurchase Mandate; and
- (c) if the New Issue Mandate is granted, a general mandate to add the aggregate number of Shares repurchased by the Company under the New Repurchase Mandate to the New Issue Mandate, subject to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution.

As at the Latest Practicable Date, the total number of Shares in issue was 2,036,142,969 Shares. Upon the passing of the relevant resolutions at the AGM and assuming no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company would be allowed (i) pursuant to the New Issue Mandate to allot, issue and deal with 407,228,593 Shares, representing 20% of the issued share capital of the Company as at the date of passing of the relevant resolution; and (ii) pursuant to the New Repurchase Mandate to repurchase 203,614,296 Shares, representing 10% of the issued share capital of the Company as at the date of passing of the relevant resolution. The Directors have no immediate plans to allot and issue any Shares under the New Issue Mandate.

An explanatory statement giving certain information in respect of the New Repurchase Mandate as required under the Listing Rules to be included in this circular is set out in Appendix I to this circular.

LETTER FROM THE BOARD

RE-ELECTION OF THE RETIRING DIRECTORS

The Board currently consists of seven Directors, namely Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun, as the executive Directors, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou, as the independent non-executive Directors.

In accordance with Bye-law 87 of the Bye-laws, Mr. Tang Ching Ho, Mr. Leung Wai Ho and Mr. Siu Man Ho, Simon will retire as Directors by rotation at the AGM and, being eligible, offer themselves for re-election. Mr. Siu Man Ho, Simon had served the Company as an independent non-executive Director for more than nine years, but the Company believes that Mr. Siu Man Ho, Simon can independently express opinions on matters of the Company for the reason that Mr. Siu Man Ho, Simon has been meeting the independence guidelines as set out in Rule 3.13 of the Listing Rules.

Biographical details of Mr. Tang Ching Ho, Mr. Leung Wai Ho and Mr. Siu Man Ho, Simon required to be disclosed pursuant to the Listing Rules are set out in Appendix II to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received in accordance with the Bye-laws after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of such additional candidate(s) proposed.

PROPOSED AMENDMENTS TO THE BYE-LAWS

The Stock Exchange has recently amended the Listing Rules relating to, inter alia, the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules and the rules pertaining to corporate governance. In addition, the Amendment Act, which provides for significant amendments to the Companies Act, the principal statute governing the formation and operation of Bermuda companies, received assent on 18 December 2011 and became operative.

In order to bring the Bye-laws in line with the amended Listing Rules and the Companies Act, to reduce administrative burden and to incorporate certain housekeeping amendments, the Board has accordingly proposed to seek the approval of the Shareholders by way of a special resolution to be passed at the AGM on the proposed amendments to the Bye-laws. The major proposed amendments include the following:

1. to remove the 5% interest exemption for voting by a Director on a Board resolution in which he/she has an interest;
2. to require the holding of a physical board meeting in lieu of written resolutions to deal with any matter or business where a Director or Substantial Shareholder has a conflict of interest which the Board has determined to be material;
3. to allow the chairman of a general meeting, acting in good faith and in compliance with the Listing Rules, to allow resolutions to be voted on by the Shareholders on a show of hands;

LETTER FROM THE BOARD

4. to add that no person, other than a retiring Director, unless recommended by the Board for election, be eligible to be elected as a Director unless he is nominated by not less than 100 Shareholders or by Shareholder(s) individually or collectively holding not less than one-twentieth of the then total paid up capital of the Company as at the date of submitting the relevant nomination notice carrying the right of voting at general meetings of the Company, provided that the number of candidates nominated by the qualified Shareholder(s) for election as Director(s) shall be limited to two (2), subject to the maximum number of Directors;
5. to permit paperless share transfers for the Company;
6. to remove prohibitions on providing financial assistance; and
7. to amend the applicable solvency test, allowing the Company to declare dividends or distributions when recording a profit, notwithstanding that the Company may carry a negative retained earnings balance.

Details of the proposed amendments to the Bye-laws are set out in the notice of the AGM.

The amendments to the Bye-laws are subject to approval by special resolution(s) to be passed by the Shareholders at the AGM. As no Shareholder has a material interest in such amendments, no Shareholder is required to abstain from voting on the special resolution(s) to approve the amendments to the Bye-laws at the AGM.

Shareholders are advised that the Bye-laws are available only in English and the Chinese translation of the amendments to the Bye-laws provided in the notice of the AGM in Chinese is for reference only. In case of any inconsistency, the English version shall prevail.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 17 August 2012 to Tuesday, 21 August 2012 (both days inclusive) during which period no transfer of Shares will be effected. In order to determine the eligibility to attend and vote at the AGM or any adjourned meeting thereof (as the case may be), all Shareholders are required to lodge their duly signed transfer documents accompanied by the relevant share certificates with the properly completed transfer form(s) either overleaf or separately, with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 August 2012.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

THE AGM

A notice of the AGM which is convened for the purpose of considering and, if thought fit, approving, among other things, (i) the grant of the New Issue Mandate and the New Repurchase Mandate; (ii) the re-election of the retiring Directors; and (iii) the proposed amendments to the Bye-laws is set out on pages AGM-1 to AGM-10 of this circular.

Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules and/or the Bye-laws, the voting on all proposed resolutions set out in the notice of the AGM will be taken by way of a poll and an announcement on the poll results will be published by the Company on the websites of the Stock Exchange and the Company after the AGM.

A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you intend to attend and vote in person at the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the opinion that (i) the grant of the New Issue Mandate and the New Repurchase Mandate; (ii) the re-election of the retiring Directors; and (iii) the proposed amendments to the Bye-laws are in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions set out in the notice of the AGM contained herein.

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

* For identification purpose only

This appendix serves as an explanatory statement as required by the Listing Rules to provide the requisite information to you for your consideration in respect of the New Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$20,361,429.69, comprising 2,036,142,969 Shares, and the outstanding Share Options was 1,960,183. If such outstanding Share Options are exercised in full on or prior to the date of passing of the resolution in respect of the New Repurchase Mandate, a further 1,960,183 Shares will be in issue.

Subject to the passing of the relevant resolution(s) as set out in the notice of the AGM and assuming that no further Shares are/will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of AGM, the Directors will be authorised to purchase up to 203,614,296 Shares pursuant to the New Repurchase Mandate. Assuming that all outstanding Share Options are exercised in full on or before the date of passing of the resolution in respect of the New Repurchase Mandate and assuming no further Shares are/will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the total number of Shares in issue will be 2,038,103,152 and the Directors will be authorised to repurchase up to an aggregate nominal amount of HK\$2,038,103.15 (representing 203,810,315 Shares with a nominal value of HK\$0.01 each).

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

Repurchases must be funded entirely out of funds which are legally available for such purpose in accordance with its memorandum of association, the Bye-laws and the laws of Bermuda, being capital paid up on the purchased Shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's Share premium account. It is envisaged that the funds required for any repurchase would be derived from such sources.

It is expected that the exercise of the New Repurchase Mandate would not have a material adverse effect on the working capital requirement or the gearing level of the Group as compared with the positions disclosed in the audited consolidated financial statements set out in the annual report of the Company for the year ended 31 March 2012 in the event that the New Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the New Repurchase Mandate to such an extent as it would, in the circumstances, have a material adverse effect on the working capital requirement or the gearing level of the Company. As set out above, the New Repurchase Mandate will only be exercised when the Directors believe that such purchases will benefit the Company and the Shareholders as a whole.

4. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention, in the event that the New Repurchase Mandate is approved by the Shareholders at the AGM, to sell Shares to the Company under the New Repurchase Mandate.

No connected person has notified the Company that he has a present intention to sell any new Shares to the Company, or that he has undertaken not to sell any new Shares held by him to the Company, in the event that the New Repurchase Mandate is granted by the Shareholders at the AGM.

5. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any Share (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company pursuant to the New Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of the Company, the Bye-laws and the applicable laws of Bermuda so far as the same may be applicable.

7. EFFECT OF THE TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the New Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of such increase, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and to the best knowledge and belief of the Directors, Wang On Group, and parties acting in concert with it, were interested or deemed to be interested in approximately 25% of the existing issued share capital of the Company. In the event that the Directors should exercise in full the power to repurchase Shares under the New Repurchase Mandate and if there is no other change in the issued share capital of the Company, the shareholding of Wang On Group in the Company will be increased to approximately 27.8% of the issued share capital of the Company. The Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any repurchases made under the New Repurchase Mandate.

The Directors have no present intention to exercise the power to repurchase the Shares to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

8. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the last twelve months are as follows:

Month	Price per Share	
	Highest HK\$	Lowest HK\$
2011		
July	0.161	0.137
August	0.150	0.108
September	0.135	0.105
October	0.111	0.071
November	0.140	0.075
December	0.137	0.091
2012		
January	0.110	0.092
February	0.132	0.099
March	0.128	0.108
April	0.114	0.096
May	0.112	0.090
June	0.112	0.095
July (up to and including the Latest Practicable Date)	0.123	0.096

The biographical details of Mr. Tang Ching Ho, Mr. Leung Wai Ho and Mr. Siu Man Ho, Simon, who are proposed to be re-elected at the AGM, are set out as follows:

EXECUTIVE DIRECTOR

Mr. Tang Ching Ho, JP, aged 50, was appointed as the Chairman of the Company in August 2001. He is also an authorised representative and a member of the remuneration committee, the nomination committee and the executive committee of the Company. He is responsible for the strategic planning, policy making and business development of the Group. He has extensive experience in corporate management. He is also the chairman of Wang On Group Limited, a company listed on the Stock Exchange. Mr. Tang is also appointed as a standing committee member of the tenth CPPCC Guangxi Zhuang Autonomous Region Committee and a standing committee member of the third CPPCC Guangxi Yulin City Committee. He is the brother of Ms. Tang Mui Fun, an executive Director. Mr. Tang is also a director of the subsidiaries of the Company and save as disclosed above, as at the Latest Practicable Date, Mr. Tang did not hold any directorship in listed public companies during the past three years.

Pursuant to the service contract entered into between the Company and Mr. Tang, he is entitled to a remuneration of approximately HK\$635,000 per annum. He is also entitled to bonus and other benefits at the discretion of the Board by reference to the Company's performance and the prevailing practice in the industry. Mr. Tang is subject to retirement by rotation and re-election at any subsequent annual general meeting of the Company in accordance with the provisions of the Bye-laws.

Save as disclosed above, as at the Latest Practicable Date, Mr. Tang did not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules), nor did he have any interest in Shares within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Tang involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and the Directors were not aware of any other matters regarding the re-election of Mr. Tang that need to be brought to the attention of the Shareholders as at the Latest Practicable Date.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wai Ho, aged 62, was re-designated as an Independent Non-executive Director of the Company in April 2006 from a non-executive Director and he joined the Group in 1994. Mr. Leung is a member of the audit committee, the remuneration committee and the nomination committee of the Company. He has more than 47 years and 18 years of experiences in the watch industry and financial industry respectively. He is a National Committee Member of the Chinese People's Political Consultative Conference, a Standing Committee Member of Hebei Province of the Chinese People's Political Consultative Conference, a Standing Committee Member of The Chinese General Chamber of Commerce, a Committee Member of The Chinese Manufacturers' Association

of Hong Kong, the chairman of the Watches and Clocks Advisory Committee of the Hong Kong Trade Development Council, the Honorary President of the Hong Kong Chamber of Commerce in China – Guangdong and the Chartered President of the Dongguan City Association of Enterprises with Foreign Investment. As at the Latest Practicable Date, Mr. Leung did not hold any other directorship in listed public companies during the past three years.

Mr. Leung has entered into a service agreement with the Company for not more than three years. In accordance with the terms of the service contract, Mr. Leung is entitled to a director's fee of HK\$120,000 per annum and will also be entitled to a fee in the amount of HK\$20,000 per annum determined with reference to his duties as a member of the audit committee of the Company. Mr. Leung is subject to retirement by rotation and re-election at any subsequent annual general meeting of the Company in accordance with the provisions of the Bye-laws.

As at the Latest Practicable Date, Mr. Leung did not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) nor did he have any interest in the Shares within the meaning of Part XV of the SFO. Also, as at the Latest Practicable Date, he did not hold any other positions with the Company or any member of the Group.

There is no information which is discloseable nor is/was Mr. Leung involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and the Directors were not aware of any other matters regarding the re-election of Mr. Leung that need to be brought to the attention of the Shareholders as at the Latest Practicable Date.

Mr. Siu Man Ho, Simon, aged 38, joined the Company as an Independent Non-executive Director in August 2001. He is a member of the audit committee and the nomination committee of the Company and the chairman of the remuneration committee of the Company. Mr. Siu is a practising solicitor of the High Court of Hong Kong. He obtained a bachelor of Laws degree from the University of Hong Kong in 1996 and is a partner of a law firm, namely Sit, Fung, Kwong & Shum. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu is also an independent non-executive director of Brilliant Circle Holdings International Limited, a company listed on the main board of the Stock Exchange. Save as disclosed herein, as at the Latest Practicable Date, Mr. Siu did not hold any other directorship in listed public companies during the past three years.

Mr. Siu has entered into a service agreement with the Company for not more than three years. In accordance with the terms of the service contract, Mr. Siu is entitled to a director's fee of HK\$120,000 per annum and will also be entitled to a fee in the amount of HK\$20,000 per annum determined with reference to his duties as a member of the audit committee of the Company. Mr. Siu is subject to retirement by rotation and re-election at any subsequent annual general meeting of the Company in accordance with the provisions of the Bye-laws.

Mr. Siu, who is the son of Mr. Siu Yim Kwan, Sidney, one of the independent non-executive directors of Wang On Group Limited, the Substantial Shareholder, has for the past years been a legal adviser to him and his related companies on his own capacity (not connected or associated with Wang On Group and the Company). The Company considers that this relationship will not affect the independence of Mr. Siu in relation to his position as an independent non-executive Director. Save as disclosed herein, as at the Latest Practicable Date, Mr. Siu did not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) nor did he have any interest in the Shares within the meaning of Part XV of the SFO. Also, as at the Latest Practicable Date, he did not hold any other positions with the Company or any member of the Group.

There is no information which is discloseable nor is/was Mr. Siu involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and the Directors were not aware of any other matters regarding the re-election of Mr. Siu that need to be brought to the attention of the Shareholders as at the Latest Practicable Date.

NOTICE OF THE AGM



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (the “Company”) will be held at Garden Rooms A & B, 2/F., Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 21 August 2012 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors and auditors of the Company for the year ended 31 March 2012.
2. To re-elect the following retiring directors and to authorise the board of directors (the “Board” or “Directors”) to fix the remuneration of the Directors:
 - (i) Mr. Tang Ching Ho as an executive Director;
 - (ii) Mr. Leung Wai Ho as an independent non-executive Director; and
 - (iii) Mr. Siu Man Ho, Simon as an independent non-executive Director.
3. To re-appoint Deloitte Touche Tohmatsu as auditors of the Company and to authorise the Board to fix their remuneration.

AS SPECIAL BUSINESS, to consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions of the Company:

4. (A) “THAT:
 - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company be and is hereby generally and unconditionally approved;

* For identification purpose only

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- (b) the aggregate Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of Bermuda or the Company’s bye-laws (the “**Bye-law(s)**”) to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(B) “**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional Shares, and to make, issue or grant offers, agreements and options (including bonds, warrants and securities or debentures convertible into Shares or options) and rights of exchange or conversion which would or might require the exercise of such powers either during or after the Relevant Period, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make, issue or grant offers, agreements and options (including bonds, warrants and securities or debentures convertible into Shares or options) and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;

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- (c) the aggregate share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, granted, distributed or otherwise dealt with (whether pursuant to an option, a conversion or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
- (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of the rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any option under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; and
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the Bye-laws in force from time to time,

shall not exceed the aggregate of (aa) 20% of the aggregate share capital of the Company in issue at the date of the passing of this resolution; and (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate share capital of the Company in issue at the date of the passing of this resolution), the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Bye-laws to be held; or

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- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or stock exchange in any territory outside Hong Kong).”

- (C) **“THAT** conditional upon the passing of the resolutions numbered 4(A) and 4(B) above, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares pursuant to the resolution numbered 4(B) above be and is hereby extended by the addition to the aggregate share capital of the Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate an amount representing the aggregate share capital of the Company repurchased or agreed to be repurchased by the Company since the granting of the general mandate pursuant to resolution numbered 4(A) above, provided that such amount shall not exceed 10% of the share capital of the Company in issue at the date of the passing of this resolution.”

SPECIAL RESOLUTIONS

AS SPECIAL BUSINESS, to consider and, if thought fit, pass with or without amendments the following resolutions as special resolutions of the Company:

- 5. (A) **“THAT** the Bye-laws of the Company be amended as follows:

- (a) **Bye-law 1**

The existing Bye-law 1 be amended by adding the following new definition immediately after the definition of “Statutes”:

““substantial shareholder” a person who is entitled to exercise, or control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of the Designated Stock Exchange from time to time) of the voting power at any general meeting of the Company.”;

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(b) Bye-law 3(3)

The existing Bye-law 3(3) be amended by deleting the existing Bye-law 3(3) in its entirety and substituting therefor the following:

“Subject to compliance with the rules and regulations of the Designated Stock Exchange and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.”;

(c) Bye-law 44

The existing Bye-law 44 be amended by deleting “on every business day” in the first sentence of the existing Bye-law 44 and replacing it with “during business hours”;

(d) Bye-law 46

The existing Bye-law 46 be amended by deleting the existing Bye-law 46 in its entirety and substituting therefor the following:

“Subject to these Bye-laws, any Member may transfer all or any of his shares in any manner permitted by and in accordance with the rules of the Designated Stock Exchange or by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.”;

(e) Bye-law 66

(i) The existing Bye-law 66 be renumbered as paragraph (1) of Bye-law 66 and amended by inserting the following words in the last line of the existing Bye-law 66 after the words “the vote of a meeting shall be decided by way of a poll”:

“, save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person or by proxy (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one (1) vote provided that where more than one (1) proxy is appointed

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by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one (1) vote on a show of hands. For purposes of this Bye-law, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.”;

- (ii) The existing Bye-law 66 be amended by inserting the following as paragraph (2) of the existing Bye-law 66:

“(2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:

- (a) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.”;

- (iii) The existing Bye-law 66 be amended by inserting the following as paragraph (3) of the existing Bye-law 66:

“A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Member.”;

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(f) Bye-law 67

The existing Bye-law 67 be amended by inserting the following sentence immediately before the first sentence of the existing Bye-law 67:

“Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.”;

(g) Bye-law 84(2)

The existing Bye-law 84(2) be amended by inserting the words “including, where a show of hands is allowed, the right to vote individually on a show of hands” immediately after “in respect of the number and class of shares specified in the relevant authorisation” in the last line of the existing Bye-law 84(2);

(h) Bye-law 88

The existing Bye-law 88 be amended by deleting the existing Bye-law 88 in its entirety and substituting therefor the following:

“No person, other than a retiring Director shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless a Notice in writing signed by not less than 100 Members or by such Member(s) individually or collectively holding not less than one-twentieth of the then total paid up capital of the Company as at the date of such Notice carrying the right of attending and voting at the general meeting of the Company for which such Notice is given of his intention to propose such person(s) for election and also a Notice signed by each person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the number of candidates to be nominated by the qualified Member individually or the group of qualified Members collectively for election at any general meeting shall be limited to two (2), subject to the maximum number of Directors of the Company, if any, and provided that the minimum length of the period during which such Notices are given shall be at least seven (7) days and the period for lodgment of such notices shall commence no earlier than the day after the despatch of such Notice of the general

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meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”;

(i) Bye-law 92

The existing Bye-law 92 be amended by deleting the words “next annual election of Directors or, if earlier, the date on which the relevant Director ceases to be a Director” in the third sentence of Bye-law 92 and replacing it with “happening of any event which, if he were a Director, would cause him to vacate such office or if his appointer ceases for any reason to be a Director”;

(j) Bye-law 103(1)(iv)

The existing Bye-law 103(1)(iv) be amended by inserting the word “or” after the semi-colon at the end of sub-paragraph (iv) of the existing Bye-law 103(1)(iv);

(k) Bye-law 103(1)(v)

The existing Bye-law 103(1)(v) be amended by deleting the text of the existing Bye-law 103(1)(v) in its entirety and substituting therefor the words “Intentionally deleted”;

(l) Bye-law 103(2)

The existing Bye-law 103(2) be amended by deleting the text of the existing Bye-law 103(2) in its entirety and substituting therefor the words “Intentionally deleted”;

(m) Bye-law 103(3)

The existing Bye-law 103(3) be amended by deleting the text of the existing Bye-law 103(3) in its entirety and substituting therefor the words “Intentionally deleted”;

(n) Bye-law 122

The existing Bye-law 122 be amended by inserting the following sentence immediately after the end of the existing Bye-law 122:

“Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.”;

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(o) Bye-law 132(3)

The existing Bye-law 132(3) be amended by deleting the words “on every business day” in the last line of the existing Bye-law 132(3) and replacing it with “during business hours”;

(p) Bye-law 138

The existing Bye-law 138 be amended by deleting the words “the aggregate of its liabilities and its issued share capital and share premium accounts” in the last line of Bye-law 138 after the words “the realisable value of its assets would thereby become less than” and substituting therefor words “its liabilities”; and

(q) Bye-law 160

The existing Bye-law 160 be amended by inserting the words “other than by posting it on a website” immediately after “The notice of availability may be given to the member by any of the means set out above” in the second-last sentence of the existing Bye-law 160.”

- (B) “**THAT**, subject to the passing of special resolution numbered 5(A) as set out in this notice, a new set of amended and restated bye-laws of the Company which consolidates all of the proposed amendments referred to in special resolution numbered 5(A) as set out in this notice and all previous amendments made pursuant to resolutions passed by members of the Company at general meetings, a copy of which has been produced at the meeting marked “A” and initialled by the chairman of the meeting for identification purpose, be and is hereby approved and adopted as the new bye-laws of the Company in substitution for and to the exclusion of the existing Bye-laws with immediate effect.”

By Order of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Mak Yuen Ming, Anita
Company Secretary

Hong Kong, 17 July 2012

* For identification purpose only

NOTICE OF THE AGM

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

Notes:

1. Any member of the Company entitled to attend and vote at the AGM is entitled to appoint one proxy or, if such member is a holder of more than one share of the Company, more than one proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be).
3. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any shares of the Company, any one of such holders may vote at the AGM either personally or by proxy in respect of such shares as if he/she was solely entitled thereto provided that if more than more of such joint holders be present at the AGM whether personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holders.
5. All of the above resolutions will be voted by way of a poll at the AGM.