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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 the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the 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)

**PROPOSALS FOR
GRANT OF NEW ISSUE MANDATE AND NEW REPURCHASE MANDATE,
RE-ELECTION OF DIRECTORS,
REFRESHMENT OF SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of the Company to be held at the Palace Rooms, B1, The Royal Garden, 69 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 9 August 2011 at 10:00 a.m. is set out on pages 15 to 18 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, unless the context otherwise specifies, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held at the Palace Rooms, B1, The Royal Garden, 69 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 9 August 2011 at 10:00 a.m. or at any adjournment thereof (as the case may be)
“associate”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Capital Reorganisation”	the capital reorganisation of the Company as set out in the Company’s circular dated 27 August 2010, which became effective at 5:00 p.m. on Tuesday, 21 September 2010
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Directors”	the director(s) of the Company
“Eligible Participants”	<p>(i) (a) any director or proposed director (whether executive or non-executive, including any independent non executive director), employee or proposed employee (whether full time or part time) of, or</p> <p>(b) any individual for the time being seconded to work for,</p> <p>any member of the Group or any substantial shareholder or any company controlled by a substantial shareholder; or</p> <p>(ii) any holder of any securities issued by any member of the Group or any substantial shareholder or any company controlled by a substantial shareholder; or</p> <p>(iii) (a) any business or joint venture partner, contractor, agent or representative of,</p>

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DEFINITIONS

- (b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
- (c) any supplier, producer or licensor of goods or services to,
- (d) any customer, licensee (including any sublicense) or distributor of goods or services of, or
- (e) any landlord or tenant (including any sub-tenant) of,

any member of the Group or any substantial shareholder or any company controlled by a substantial shareholder;

and, for the purposes of the Share Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 June 2011, being the latest practicable date prior to the printing of this circular for the purpose of 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 the New Issue Mandate (such mandate to be executed and added by the number of Shares, if any, repurchased by the Company since the grant of the New Issue Mandate)
“New Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Shares on the Stock Exchange during the prescribed period 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 the relevant resolution granting the New Repurchase Mandate

DEFINITIONS

“PRC”	the People’s Republic of China and for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Scheme Mandate Limit”	the maximum number of the Shares (being up to 10% of the Shares in issue as at the date of the relevant general meeting) which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme as at the date of adoption of the Share Option Scheme or as refreshed from time to time
“Scheme Period”	the period commencing on the date on which the Share Option Scheme was adopted by the Shareholders and expiring at the close of business on the day immediately preceding the tenth anniversary thereof
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Options”	the option(s) to subscribe for Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Shareholders at the special general meeting of the Company held on 18 September 2003
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Wang On Group”	Wang On Group Limited (宏安集團有限公司*), a shareholder of the Company and the shares of which are listed on the main board of the Stock Exchange, and its subsidiaries
“%”	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 (*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

29 June 2011

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

Dear Sir or Madam,

**PROPOSALS FOR
GRANT OF NEW ISSUE MANDATE AND NEW REPURCHASE MANDATE,
RE-ELECTION OF DIRECTORS,
REFRESHMENT OF SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information and to seek your approval to the proposed (i) grant of the New Issue Mandate and the New Repurchase Mandate; (ii) extension of the New Issue Mandate by the addition of the number of Shares repurchased pursuant to the New

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LETTER FROM THE BOARD

Repurchase Mandate; (iii) re-election of the retiring Directors; and (iv) refreshment of Scheme Mandate Limit. A notice of the AGM containing the resolutions to be proposed at the AGM is set out on pages 15 to 18 of this circular.

GRANT OF THE NEW ISSUE MANDATE AND THE NEW REPURCHASE MANDATE

At the Company's last annual general meeting held on 18 August 2010, 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 18 August 2010 (equivalent to the aggregate nominal amount of HK\$14,543,878.37 divided into 1,454,387,837 Shares with a nominal value of HK\$0.01 each) (the "**2010 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 18 August 2010 (equivalent to the aggregate nominal amount of HK\$7,271,939.18 divided into 727,193,918 Shares with a nominal value of HK\$0.01 each) (the "**2010 Repurchase Mandate**").

Although the 2010 General Mandate and the 2010 Repurchase Mandate have not been utilised, the 2010 General Mandate and the 2010 Repurchase Mandate have been substantially adjusted to 58,175,513 Shares (with an aggregate nominal value of HK\$581,755.13) and 29,087,756 Shares (with an aggregate nominal value of HK\$290,877.56), respectively, immediately following completion of the Capital Reorganisation. At the special general meeting of the Company held on 23 March 2011, ordinary resolutions were passed by the independent Shareholders or the Shareholders respectively to refresh (i) the 2010 General Mandate and extension thereof to the Directors to allot, issue and deal with 407,228,593 Shares, representing 20% of the issued share capital of the Company as at 23 March 2011 (the "**Refreshed 2010 General Mandate**"); and (ii) the 2010 Repurchase Mandate to the Directors to repurchase the Shares up to 203,614,296 Shares, representing 10% of the issued share capital of the Company as at 23 March 2011 (the "**Refreshed 2010 Repurchase Mandate**").

As at the Latest Practicable Date, no Share has been issued or purchased pursuant to the Refreshed 2010 General Mandate and the Refreshed 2010 Repurchase Mandate which 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.

The Directors have no immediate plans to allot and issue any new Shares under the New Issue Mandate.

LETTER FROM THE BOARD

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

RE-ELECTION OF THE DIRECTORS

In accordance with Bye-law 87 of the Bye-laws, Mr. Chan Chun Hong, Thomas, Mr. Yuen Chi Choi and Mr. Cho Wing Mou will retire as Directors by rotation at the AGM and, being eligible, offer themselves for re-election.

Biographical details of Mr. Chan Chun Hong, Thomas, Mr. Yuen Chi Choi and Mr. Cho Wing Mou 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.

REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Company adopted the Share Option Scheme pursuant to a resolution passed by the Shareholders at the special general meeting held on 18 September 2003 in accordance with the requirements set out in Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide incentives and rewards to Eligible Participants who contribute to the success of the operations of the Group. As at the Latest Practicable Date, apart from the Share Option Scheme, the Company did not have any other share option schemes.

Under the rules of the Share Option Scheme:

- (1) Subject to sub-paragraphs (2) and (3) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the commencement of the Scheme Period (excluding, for this purpose, Share Options which have lapsed in accordance with the terms of the Shares Option Scheme or any other share option schemes of the Company) must not in aggregate exceed the Scheme Mandate Limit. The Shares underlying any Share Options granted under the Share Options Scheme or any other share option schemes of the Company which have been cancelled (but not Share Options which have lapsed) are counted for the purpose of calculating the Scheme Mandate Limit.
- (2) The Scheme Mandate Limit may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the new limit under the refreshed Scheme Mandate Limit must not exceed 10% of the Shares in issue at the date of the Shareholder's approval of such refreshed Scheme Mandate Limit. Share Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate Limit.

LETTER FROM THE BOARD

- (3) The aggregate number of Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

At annual general meeting held on 18 August 2010, the Scheme Mandate Limit was refreshed to allow the Company to grant Share Options entitling holders to subscribe for Shares not exceeding 10% of the issued share capital of the Company as at the date of approving the refreshment, which amounted to 727,193,918 Shares (the “**2010 Refreshed Scheme Mandate Limit**”). The 2010 Refreshed Scheme Mandate Limit was adjusted to 29,087,756 Shares immediately upon the Capital Reorganisation becoming effective at 5:00 p.m. on 21 September 2010, representing approximately 1.43% of the total issued share capital of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, there was no Share Option granted under the 2010 Refreshed Scheme Mandate Limit.

The Directors are of the view that the refreshment of the Scheme Mandate Limit will enable the Company to grant further Share Options to Eligible Participants who, at the sole discretion of the Board, will contribute or has contributed to the Group as incentives or rewards. As at the Latest Practicable Date, there were 2,036,142,969 Shares in issue. Assuming no further Shares are/will be issued and allotted prior to the date of the AGM, the maximum number of Share Options that can be granted by the Company under the refreshed Scheme Mandate Limit would be 203,614,296 Shares. According to the rules and requirements of the Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the AGM to approve the proposed “refreshed” Scheme Mandate Limit.

As at the Latest Practicable Date, there were in aggregate 2,691,794 Share Options (as adjusted after the Capital Reorganisation) remained outstanding entitling the holders of the Share Options to subscribe for an aggregate of 2,691,794 Shares, representing 0.13% of the issued share capital of the Company. The aggregate maximum number of the Shares that can be issued pursuant to the Share Options to be granted under the refreshed Scheme Mandate Limit (i.e. 203,614,296 Shares) and the existing number of Shares to be issued upon the exercise of the outstanding Share Options granted under the Share Option Scheme and any other share option schemes adopted by the Company (2,691,794 Shares) were 206,306,390 Shares, representing 10.13% of the total issued share capital of the Company and did not exceed 30% of the Shares in issue as at the Latest Practicable Date.

The refreshment of the Scheme Mandate Limit is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholder at the AGM to approve, among other things, the refreshment of the Scheme Mandate Limit; and
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, 10% of the Shares in issue at the date of approval of the refreshment of the Scheme Mandate Limit which may be issued upon exercise of any Share Option granted under the refreshed Scheme Mandate Limit.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of any Share Options that may be granted under the refreshed Scheme Mandate Limit.

LETTER FROM THE BOARD

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 5 August 2011 to Tuesday, 9 August 2011 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the final dividend and be entitled to attend and vote at the AGM, all Shareholders are required to lodge their duly signed transfer documents accompanied by the relevant share certificates 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 by no later than 4:00 p.m. on Thursday, 4 August 2011.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular 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

The notice of the AGM, which is convened for the purpose of considering and, if thought fit, approving, among other things, the proposed grant of the New Issue Mandate and the New Repurchase Mandate, the re-election of the retiring Directors and the refreshment of the Scheme Mandate Limit are set out on pages 15 to 18 of this circular.

Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules and the Bye-laws, the voting on all proposed resolutions will be taken by way of a poll and an announcement on the poll results will be made by the Company after the AGM.

A form of proxy for use 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 the holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently 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 Board considers that the proposals for (a) the grant of the New Issue Mandate and the New Repurchase Mandate; (b) the extension of the New Issue Mandate by the addition of the number of Shares repurchased pursuant to the New Repurchase Mandate; (c) the re-election of the retiring Directors; and (d) the refreshment of the Scheme Mandate Limit, are in the best interests of the Company and the Shareholders as a whole and, accordingly, the Board recommends all Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM in respect thereof.

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. For the purpose of this appendix, the term “Shares” (unless otherwise stated) shall be as defined in the Code on the Share Repurchases which means shares of all classes and securities which carry a right to subscribe for or purchase shares.

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 2,691,794 Shares. 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 2,691,794 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 were/will 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 rights attached to all outstanding Share Options is 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 were/will be issued and/or repurchased by the Company, the total number of Shares in issue will be 2,038,834,763 and the Directors will be authorised to repurchase with an aggregate nominal amount up to HK\$2,038,834.76 (representing 203,883,476 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 its 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 value of the Company and/or its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally for such purpose in accordance with its memorandum of association and the Bye-laws, the laws of Bermuda and other applicable laws.

There is no adverse impact on the working capital or gearing position of the Company as compared with the positions disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 March 2011 in the event that the New Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period.

However, the Directors do not propose to exercise of the New Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level of the Company which in the opinion of the Directors is from time to time appropriate for the Company.

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 to sell any Shares to the Company under the New Repurchase Mandate if such is approved by the Shareholders.

No connected persons have notified the Company that he has a present intention to sell Shares to the Company, or that he has undertaken not to do so, in the event that the New Repurchase Mandate is approved by the Shareholders at the AGM.

5. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases 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.

6. EFFECT OF THE 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 Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the 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 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 deemed to be interested in approximately 9.15% of the 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 10.16% of the issued share capital of the Company. The Directors are not aware of any consequence which may arise under the 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%.

7. SHARE PURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of the Latest Practicable Date.

8. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months up to the Latest Practicable Date were as follows:

Month	Price per Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
June	0.330A	0.305A
July	0.341A	0.309A
August	0.323A	0.266A
September	0.440	0.249A
October	0.350	0.176
November	0.219	0.177
December	0.198	0.160
2011		
January	0.173	0.160
February	0.164	0.135
March	0.199	0.146
April	0.195	0.178
May	0.188	0.150
June (up to and including the Latest Practicable Date)	0.173	0.148

A: Adjusted for the Capital Reorganisation involving the share consolidation and the effect of the rights issue, as detailed in the Company's circular dated 27 August 2010.

The biographical details of Mr. Chan Chun Hong, Thomas, Mr. Yuen Chi Choi and Mr. Cho Wing Mou who are proposed to be re-elected at the AGM, are as follows:

1. **Mr. Chan Chun Hong, Thomas**, aged 47, was appointed as the Managing Director of the Company in August 2001. He is also a member of remuneration committee and nomination committee of the Company. He is responsible for managing the corporate matters and overall management and supervision of the Group. He is also the managing director of Wang On Group Limited, the chairman and managing director of PNG Resources Holdings Limited, the chairman and chief executive officer of China Agri-Products Exchange Limited and an independent non-executive director of Shanghai Prime Machinery Company Limited, all companies are listed on the main board of the Stock Exchange. He graduated from the Hong Kong Polytechnic University with a bachelor's degree in Accountancy and is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants. Mr. Chan is also a director of certain subsidiaries of the Company and save as disclosed above, as at the Latest Practicable Date, Mr. Chan 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. Chan, Mr. Chan is entitled to a director's fee of approximately HK\$0.6 million 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. The terms of Mr. Chan's appointment is subject to the 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. Chan did not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules), nor 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. Chan 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 are not aware of any other matters regarding the re-election of Mr. Chan that needs to be brought to the attention of the Shareholders.

2. **Mr. Yuen Chi Choi**, aged 50, joined the Company as an Independent Non-executive Director in August 2001. He is the chairman of audit committee of the Company and a member of remuneration committee and nomination committee of the Company. Mr. Yuen is a certified public accountant in Hong Kong and an associate member of The Hong Kong Institute of Certified Public Accountants. He has more than 20 years of audit experience. As at the Latest Practicable Date, Mr. Yuen did not hold any other directorship in listed public companies during the past three years.

Mr. Yuen has entered into a service contract with the Company for not more than three years. In accordance with the terms of the service contract, Mr. Yuen 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. The

terms of Mr. Yuen's appointment is subject to the 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. Yuen did not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) nor 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. Yuen 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 are not aware of any other matters regarding the re-election of Mr. Yuen that needs to be brought to the attention of the Shareholders.

3. **Mr. Cho Wing Mou**, aged 70, joined the Company as an Independent Non-executive Director in September 2001. He is a member of audit committee and remuneration committee of the Company and the chairman of nomination committee of the Company. Mr. Cho has over 42 years of experience in banking industry and was formerly as a director and deputy general manager of Hua Chiao Commercial Bank Limited and The China State Bank Limited. He is a committee member of the 8th Political Consultative Conference Guangxi, a committee member of the first to third Political Consultative Conference of Yulin City, Guangxi Province and a committee member of Political Consultative Conference of Maoming City, Guangdong Province and also the Chairman of Supervisor Gee Tuck General Association Hong Kong Limited and the vice president of Gee Tuck World Association Limited. As at the Latest Practicable Date, Mr. Cho did not hold any other directorship in listed public companies during the past three years.

Mr. Cho has entered into a service contract with the Company for not more than three years. In accordance with the terms of the service contract, Mr. Cho 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. The terms of Mr. Cho's appointment is subject to the 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. Cho did not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) nor 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. Cho 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 are not aware of any other matters regarding the re-election of Mr. Cho that needs to be brought to the attention of the Shareholders.

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 of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (the “**Company**”) will be held at the Palace Rooms, B1, The Royal Garden, 69 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 9 August 2011 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 March 2011.
2. To consider, approve and declare a final dividend of HK0.3 cents per share for the financial year ended 31 March 2011.
3. To re-elect the following directors and to authorise the board of directors (the “**Board**” or the “**Director**”) to fix the remuneration of the directors:
 - (i) Mr. Chan Chun Hong, Thomas as executive Director;
 - (ii) Mr. Yuen Chi Choi as independent non-executive Director; and
 - (iii) Mr. Cho Wing Mou as independent non-executive Director.
4. 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:

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

* For identification purpose only

NOTICE OF THE AGM

(b) the aggregate nominal amount of Share which may be repurchased or agreed to repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the 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 laws of Bermuda or the Company’s bye-laws 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 and deal with additional Shares, and to make or grant offers, agreements and options which would or might require the exercise of such powers, 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 or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:

- (i) a Right Issue (as hereinafter defined);
- (ii) the exercise of rights subscription or conversion under 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

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- (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 of the Company in force from time to time,

shall not exceed the aggregate of (aa) 20% of the aggregate nominal amount of the 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 nominal amount of any shares 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 nominal amount of the 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 Company’s bye-laws 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; 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 resolutions numbered 5(A) and 5(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 of the Company pursuant to the resolution numbered 5(B) above be and is hereby extended by the addition to the aggregate nominal amount of the 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 nominal amount of the share capital of the Company repurchased or agreed to be repurchased by the Company since the granting of the general mandate pursuant to

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resolution numbered 5(A) above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution.”

6. “**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, Shares to be issued pursuant to the exercise of options which may be granted under the New Scheme Limit (as defined below), the refreshment of the scheme mandate limit of the Company’s share option scheme adopted on 18 September 2003 and all other share option scheme(s) of the Company, up to 10% of the number of shares in issue as at the date of passing this resolution (the “**New Scheme Limit**”) be and is hereby approved and any director of the Company be and is hereby authorised to do such act and execute such documents to effect the New Scheme Limit and to exercise all powers of the Company to allot, issue and deal with the Shares to be issued pursuant to the exercise of such options.”

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, 29 June 2011

Notes:

- (1) A member entitled to attend and vote at the annual general meeting convened by the above notice, is entitled to appoint one or if such member is a holder of more than one share, more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at 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 and in any event not later than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude members from attending and voting at the annual general meeting or any adjournment thereof (as the case may be), if they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (3) Where there are joint holders of any shares, any one of such joint holders may vote at the annual general meeting either personally or by proxy in respect of such shares as if he was solely entitled thereto provided that if more than one of such joint holders be present at the annual general meeting 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.
- (4) All of the above resolutions numbered (1) to (6) will be voted by way of a poll at the annual general meeting.

* *For identification purpose only*