



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 THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special 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 Room 3503, 35th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Thursday, 26 July 2007 at 10:00 a.m. for the purposes of considering and, if thought fit, passing, with or without modification the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited for the issue for the convertible note (if required) and the listing of, and permission to deal in the new shares falling to be allotted and issued upon exercise of the conversion rights attaching to the convertible note (“**Conversion Share(s)**”) either unconditionally or subject to conditions to which the Placing Agent (as defined below) may accept, any one director of the Company be and is generally authorised to do all such acts and things and execute all documents, including under seal where applicable, as he considers necessary or expedient to give effect to the foregoing arrangements.”
2. “**THAT**
 - (a) the execution of and the placing agreement dated 11 June 2007 (the “**CN Placing Agreement**”) entered into between the Company and Kingston Securities Limited (the “**Placing Agent**”) in relation to the placing of convertible note in the aggregate principal amount of up to HK\$250,000,000 and at the initial conversion price of HK\$0.58 per Conversion Share by the Placing Agent on a fully underwritten basis, a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for identification purpose, be and is hereby approved, confirmed and ratified and the transaction contemplated thereunder be and is hereby approved;
 - (b) the terms and conditions of the convertible note to be issued by the Company pursuant to the CN Placing Agreement, a copy of which has been produced to this meeting marked “B” as referred to in paragraph 2(a) above and signed by the chairman of this meeting for identification purpose, be and are hereby approved;
 - (c) the issue of the convertible note in the aggregate principal amount of up to HK\$250,000,000 contemplated and pursuant to the CN Placing Agreement be and is hereby approved; and
 - (d) the issue and allotment of shares of the Company to holders of the convertible note contemplated and pursuant to the terms of the convertible note upon exercise of the conversion rights attaching to the convertible note be and are hereby approved;

and any one director of the Company be and is hereby approved to do such acts and execute such documents as he may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the CN Placing Agreement and the convertible note and completion of the transactions contemplated thereunder.”

3. **“THAT**

- (a) the general mandate granted to the directors of the Company (the “**Directors**”) to exercise the powers of the Company to allot, issue and deal with shares of the Company as approved by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 17 August 2006 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing this resolution);
- (b) subject to sub-paragraph (d) of this resolution, 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 in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (c) the approval in paragraph (b) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (d) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (b) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time; or (iv) an issue of shares under any share option scheme or similar arrangement for the grant or issue to employees and/or other eligible persons of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue;
- (e) for the purposes 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 Bye-laws of the Company or any applicable laws to be held; and
- (iii) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting;

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (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 any stock exchange in any territory outside Hong Kong).”

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

Hong Kong, 9 July 2007

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

Head office and principal place of business:
5th Floor, Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Notes:

- (i) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
- (ii) Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
- (iii) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the above meeting or any adjournment thereof.
- (iv) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
- (v) Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.

As at the date of this announcement, the board of directors of the Company comprises two executive Directors, namely Mr. Tang Ching Ho and Mr. Chan Chun Hong, Thomas, and four independent non-executive Directors, namely Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou.

* For identification purpose only