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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, 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)

**PROPOSED RE-ELECTION OF DIRECTORS,
THE GRANT OF THE NEW ISSUE MANDATE AND
THE REPURCHASE MANDATE
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of the Company to be held at Ballroom East, 2/F, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 27 August 2008 at 10:45 a.m. is set out on pages 16 to 19 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. Such form of proxy for use at the AGM is also published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.wyth.net). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Ballroom East, 2/F, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 27 August 2008 at 10:45 a.m.
“associate”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“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
“Convertible Loan Stock”	the 9.5% convertible unsecured loan stock in an aggregate principal amount of £590 due in September 2008 issued by the Company on 12 January 1999
“Convertible Notes”	The 1% convertible notes issued by the Company on 14 August 2007 with an outstanding aggregate principal amount of HK\$48 million attaching rights to subscribe for Shares at an initial conversion price of HK\$0.58 per Share (subject to adjustment), which are due in 2009
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

* For identification purpose only

DEFINITIONS

“Latest Practicable Date”	22 July 2008, 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 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 extended and added by the number of Shares, if any, repurchased by the Company since the grant of the New Issue Mandate)
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase during the prescribed period the Shares 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 Repurchase Mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Shares
“Share Options”	the options 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
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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*), the substantial shareholder and the shares of which are listed on the main board of the Stock Exchange, and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

* For identification purpose only

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

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. Siu Man Ho, Simon

Mr. Yuen Chi Choi

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

28 July 2008

*To the Shareholders and, for information only,
the holder(s) of Share Options and the Convertible Notes*

Dear Sir or Madam,

**PROPOSED RE-ELECTION OF DIRECTORS,
THE GRANT OF THE NEW ISSUE MANDATE AND
THE REPURCHASE MANDATE
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM. These include (i) the proposed re-election of the Directors who are due to retire at the AGM; and (ii) the grant of the New Issue Mandate and the Repurchase Mandate. A notice of the AGM including the resolutions to be proposed at the AGM is set out on pages 16 to 19 of this circular.

* For identification purpose only

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 86(2) and 87(1) of the Bye-laws, Ms. Tang Mui Fun, Mr. Leung Wai Ho and Mr. Yuen Chi Choi will retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

Details of Ms. Tang Mui Fun, Mr. Leung Wai Ho and Mr. Yuen Chi Choi required to be disclosed pursuant to the Listing Rules are set out in Appendix I to this circular.

Mr. Leung Wai Ho, Mr. Yuen Chi Choi, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou, the independent non-executive Directors, have made annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and are independent in accordance with terms of the guidelines.

THE GRANT OF THE NEW ISSUE MANDATE AND THE REPURCHASE MANDATE

At the Company's last annual general meeting held on 30 August 2007, the Directors were granted a general mandate to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 30 August 2007 (equivalent to the aggregate nominal amount of HK\$3,350,695.37 divided into 335,069,537 Shares with a nominal value of HK\$0.01 each) 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 30 August 2007 (equivalent to the aggregate nominal amount of HK\$ 1,675,347.68 dividend into 167,534,768 Shares with a nominal value of HK\$0.01 each). The abovementioned mandate to repurchase Shares has not yet been utilised.

On 19 May 2008, pursuant to the top-up placing and subscription agreement dated 7 May 2008, the Company completed the top-up placing and the top-up subscription of 335,004,000 Shares (the "Placement") and whereby an aggregate of 335,004,000 new Shares in the Company have been issued and allotted under the general mandate granted to the Directors on 30 August 2007. As such, the abovementioned new issue mandate granted on 30 August 2007 was almost fully utilised.

At the special general meeting of the Company held on 13 June 2008, ordinary resolutions were passed by the independent Shareholders for refreshment of general mandate and extension thereof to the Directors to allot, issue and deal with additional 402,070,337 Shares, representing 20% of the issued share capital of the Company as at 13 June 2008. This mandate and extension thereof has not yet been utilised and will expire at the conclusion of the AGM.

Further details of the Placement and the refreshment of new issue mandate and extension thereof are set out in the Company's announcement dated 9 May 2008 and the circular to the Shareholders dated 26 May 2008 respectively.

LETTER FROM THE BOARD

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 Repurchase Mandate; and
- (c) the New Issue Mandate be extended to the Shares and other securities that are allowed to be repurchased by the Company since the grant of the New Issue Mandate.

The Directors have no immediate plans to allot and issue any new Shares and such Shares which may fall to be issued upon the exercise of the outstanding Share Options granted and the subscription rights attached to the Convertible Loan Stock and the Convertible Notes.

An explanatory statement in respect of the Repurchase Mandate required under the Listing Rules to be included in this circular is set out in Appendix II to this circular.

THE AGM

A notice convening the AGM to be held at Ballroom East, 2/F, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 27 August 2008 at 10:45 a.m. is set out on pages 16 to 19 of this circular.

Right to demand a poll on the resolutions proposed at the AGM is set out in Appendix III to this circular. The chairman of the AGM may exercise his power under Bye-law 66 of the Bye-laws to put each of the resolutions to be proposed at the AGM to the vote by way of a poll.

Proxy form for use at the AGM is enclosed with this circular. Such form of proxy for use at the AGM is also published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.wyth.net). 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. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that (i) the proposed re-election of the Directors; and (ii) the grant of the New Issue Mandate and the Repurchase Mandate, are in the best interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend 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

The biographical details of the three Directors (as required by the Listing Rules) proposed and to be re-elected at the AGM to be held on Wednesday, 27 August 2008:

1. **Ms. Tang Mui Fun**, aged 37, joined the Group in 2000 and was appointed as the executive Director in September 2007. She is responsible for the marketing strategy and management of the Group. She graduated from the University of Hull (England) with a bachelor degree in accountancy. Ms. Tang is currently a director and general manager of Wai Yuen Tong Medicine Company Limited, a principal subsidiary of the Company. Prior to joining the Group, she had 4 years of experience in the accounting and auditing fields and 5 years of experience in general management. As at the Latest Practicable Date, Ms. Tang did not hold any other directorship in listed public companies during the past three years. Ms. Tang is also a director of certain subsidiaries of the Group.

Pursuant to the service contract entered into between the Company and Ms. Tang, she is entitled to an annual remuneration of approximately HK\$1.6 million together with bonus at the discretion of the Board by reference to the Company's performance, her duties and responsibilities with the Group and the market benchmark. The terms of Ms. Tang's appointment is subject to retirement by rotation and re-election at any subsequent annual general meeting of the Company in accordance with the Bye-laws.

She is a sister of Mr. Tang Ching Ho, the Chairman of the Company. Save as disclosed above, Ms. Tang did not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) or of the Company.

As at the Latest Practicable Date, Ms. Tang held 1,300,000 Share Options under the Share Option Scheme adopted by the Company on 18 September 2003. Save as disclosed above, as at the Latest Practicable Date, he does not have interests in the Shares within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Ms. 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 are not aware of any other matters regarding the re-election of Ms. Tang that needs to be brought to the attention of the Shareholders.

2. **Mr. Leung Wai Ho**, aged 58, was re-designated to an independent non-executive Director in April 2006 from non-executive Director and has joined the Group since 1994. Mr. Leung is a member of audit committee and remuneration committee and nomination committee of the Company. He has more than 42 years' and 13 years' experiences in the watch industry and financial industry respectively. He is a Standing Committee Member of The

Chinese General Chamber of Commerce, a Standing Committee Member of The Chinese Manufacturers' Association of Hong Kong, 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 Honorary President of Hong Kong Chamber of Commerce in China – Guangdong and the President of 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 contract 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. The terms of Mr. Leung'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 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 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 are not aware of any other matters regarding the re-election of Mr. Leung that needs to be brought to the attention of the Shareholders.

3. **Mr. Yuen Chi Choi**, aged 47, 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 17 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. 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 Bye-laws. He 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.

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.

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 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\$20,103,516.88, comprising 2,010,351,688 Shares.

As at the Latest Practicable Date, Share Options carrying rights to subscribe up to an aggregate of 10,420,000 Shares, the Convertible Loan Stock carrying the rights to convert up to 67 Shares and the Convertible Notes carrying the rights to convert into 82,758,620 Shares remained outstanding. If the share options are exercised in full and the conversion rights attaching to the Convertible Loan Stock and the Convertible Notes are exercised in full prior to the date of passing of the resolution in respect of the Repurchase Mandate, a further 93,178,687 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 be issued and/or repurchased by the Company, the Directors will be authorised to purchase up to 201,035,168 Shares pursuant to the Repurchase Mandate. Assuming that rights attached to all outstanding share options, the Convertible Loan Stock and the Convertible Notes are exercised in full on or before the date of passing of the resolution in respect of the 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 2,103,530,375 and the Directors will be authorised to repurchase with an aggregate nominal amount up to HK\$2,103,530.37 (representing 210,353,037 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 might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 March 2008 in the event that the Repurchase Mandate was to be carried out in full at any time during the propose repurchased period.

However the Directors do not propose to exercise the repurchase 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' 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 Repurchase Mandate and 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.

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 Repurchase Mandate if such is approved by the Shareholders.

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

5. EFFECT OF THE CODE

If on the exercise of the power to repurchase Shares pursuant to the 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 23.59% 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 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 26.21% 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 Repurchase Mandate.

The Directors have no present intention to exercise the power to repurchase 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%.

6. 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 this circular.

7. 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 Share	
	Highest HK\$	Lowest HK\$
2007		
July	0.590	0.405
August	0.450	0.180
September	0.320	0.236
October	0.315	0.215
November	0.260	0.205
December	0.260	0.205
2008		
January	0.225	0.152
February	0.220	0.175
March	0.215	0.166
April	0.223	0.173
May	0.335	0.175
June	0.270	0.181
July (up to and including the Latest Practicable Date)	0.265	0.198

Bye-law 66 of the Company's Bye-laws sets out the procedure by which Shareholders may demand a a poll:

At any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder 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 Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder 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 the Shares conferring that right; or
- (e) by any Director or Directors (including the chairman of a general meeting), who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting and if on a show of hands, such meeting votes in the opposite manner to that instructed in those proxies.

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 Ballroom East, 2/F, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 27 August 2008 at 10:45 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2008.
2. To re-elect the following directors and to authorise the board of directors (the “**Board**” or the “**Directors**”) to fix the remuneration of the directors:
 - (i) re-elect Ms. Tang Mui Fun as Executive Director;
 - (ii) re-elect Mr. Leung Wai Ho as Independent Non-executive Director; and
 - (iii) re-elect Mr. Yuen Chi Choi as 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.
4. As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions of the Company:
 - (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 (the “**Shares**”) be and is hereby general and unconditionally approved;

* For identification purpose only

NOTICE OF THE AGM

(b) the aggregate nominal amount of the 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 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 the 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);

NOTICE OF THE AGM

- (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
- (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 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 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

NOTICE OF THE AGM

“**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 (A) and (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 (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 resolution numbered (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.”

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, 28 July 2008

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 more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
- (2) 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 notarially 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 holding the annual general meeting or any adjournment thereof. 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, if they so wish.

* For identification purpose only