

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**MAJOR TRANSACTION
MAIN CONTRACT
RELATING TO THE PROPOSED PHARMACEUTICAL
MANUFACTURING DEVELOPMENT AT YUEN LONG INDUSTRIAL ESTATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM (as defined in this circular) to be held at 17/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong on Thursday, 10 July 2014 at 5:00 p.m. is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you intend to attend and vote in person at the SGM, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM 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 SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy form shall be deemed to be revoked.

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I – Financial Information of the Group	I-1
Appendix II – General Information	II-1
Notice of the SGM	SGM-1

DEFINITIONS

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

“Advance Works”	the substructure works for the construction of the Building such as footings, ground slabs, including waterproofing system under ground slabs, substructure columns and walls and backfill not done by the previous contractor (as announced by the Company on 4 April 2014)
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Building”	a five-storey factory building comprising warehouse, factory and office and associated external works to be constructed at the Land to house the pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing of the Group
“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 are listed and traded on the main board of the Stock Exchange (Stock Code: 897)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Construction Works”	collectively, the Advance Works and Remaining Works as contemplated under the Main Contract
“Contractor”	Cheung Kee Fung Cheung Construction Company Limited, a company incorporated in Hong Kong with limited liability and the Contractor under the Main Contract
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

* For identification purpose only

DEFINITIONS

“HKSTPC”	Hong Kong Science and Technology Parks Corporation, a statutory body set up by the HKSAR government which operates the Hong Kong Science Park
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Land”	all those pieces or parcels of ground registered in the Land Registry as Extension to Subsection 1 of Section M of Yuen Long Town Lot No. 313 and Extensions Thereto at Yuen Long Industrial Estate with a total site area of approximately 8,545.56 sq.m.
“Latest Practicable Date”	17 June 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Letter of Intent”	the legally binding letter of intent regarding the conditional award of the Main Contract for the construction of the Building entered into between New Supreme and the Contractor on 23 May 2014
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Contract”	the main contract to be entered into between New Supreme and the Contractor in respect of the Construction Works
“New Supreme”	New Supreme Investment Limited, a company incorporated in Hong Kong with limited liability and a company indirectly wholly owned by the Company as at the Latest Practicable Date
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Remaining Works”	the remaining works for the construction of the Building to be carried out in accordance with the terms of the Main Contract
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at 17/F., Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong on Thursday, 10 July 2014 at 5:00 p.m. or at any adjournment thereof (as the case may be) to consider and, if thought fit, approve, among others, the Main Contract and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“sq.ft.”	square feet
“sq.m.”	square metres
“%”	per cent.

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

Independent non-executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and
principal place of business:*

5/F., Wai Yuen Tong
Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

20 June 2014

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
MAIN CONTRACT
RELATING TO THE PROPOSED PHARMACEUTICAL
MANUFACTURING DEVELOPMENT AT YUEN LONG INDUSTRIAL ESTATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References were made to the announcements of the Company dated 12 December 2012, 4 April 2014 and 23 May 2014 in relation to the grant of a lease of the Land and the construction contracts relating to the construction of the Building. The purpose of this circular is to provide you with, among others, further details of the major transaction relating to the Main Contract and the notice of the SGM to be convened and held for the purpose of considering and, if thought fit, among others, approving the resolutions in relation to the Main Contract and the transactions contemplated thereunder.

* For identification purpose only

LETTER FROM THE BOARD

MAIN CONTRACT

The Main Contract has been conditionally awarded by public tender to the Contractor taking into account the detailed pricing documents submitted, proposed delivery schedule, construction means and methods specific to the project, experience, technical expertise, reputation and market position of the contractors, and the expected quality of the construction works for determination of the successful tenderer. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Contractor and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons. The principal business activities of the Contractor are construction of buildings and civil engineering works.

Pursuant to the Letter of Intent entered into between New Supreme and the Contractor dated 23 May 2014, the Contractor is appointed to carry out the Advance Works for the Building for a contract sum of not exceeding HK\$30,000,000, which shall be payable to the Contractor according to the work actually performed. The Remaining Works will be further awarded to the Contractor within two months from 2 June 2014 conditional upon:

- (i) completion of the Advance Works;
- (ii) upon satisfaction of the architect that the Advance Works are completed; and
- (iii) the Shareholders' approval is being obtained at the SGM.

The major terms of the Main Contract are set out as follows:

Parties: (a) New Supreme; and
(b) the Contractor

Specification of the Construction Works under the Main Contract: The Building is a five-storey factory building comprising warehouse, factory and office and associated external works with a gross floor area of the Building amounts to approximately 21,000 sq.m.

Scope of the Construction Works: *Advance Works:* the substructure works for the construction of the Building such as footings, ground slabs, including waterproofing system under ground slabs, substructure columns and walls and backfill not done by the previous contractor; and

Remaining Works: the substantive works for the construction of the Building such as (a) structural and architectural works, (b) facades, (c) interior and exterior finishes, and fit-out, (d) mechanical, electrical and plumbing installations, (e) external landscaping work, (f) underground drainage and utilities services work, and (g) other related construction works for the construction of the Building.

LETTER FROM THE BOARD

Contract sum and payment terms:	HK\$363,687,086 (including the contract sum of HK\$30,000,000 for the Advance Works) will be payable to the Contractor based on the progress of the Construction Works completed by the Contractor in accordance with the agreed payment terms of the Main Contract. The contract sum of which was based on the work as specified in the tender conducted by New Supreme for this purpose. There are also similar terms for liquidated damages for non-compliance should the Contractor fail to meet the target dates for the aforesaid milestone stages of works.
Performance guarantee:	The Contractor will be required to provide a performance guarantee as a surety bond to New Supreme for any breach of its obligations under any term of the Main Contract.
Variation of scope of work:	Subject to the agreement by the parties, the scope of work and related consideration may be adjusted.
Scheduled commencement and completion date for the Construction Works:	The date for possession of the site was on 26 May 2014 and the Construction Works have commenced on 2 June 2014 and are scheduled to be completed by 23 November 2015.

SUB-CONTRACT

On 23 May 2014, New Supreme also entered into a letter of intent with Takasago Thermal Engineering (Hong Kong) Company Limited (a sub-contractor nominated by New Supreme to the Contractor) in relation to the subcontracting of the cleanroom fitting-out works embedded under the Main Contract for a contract sum of HK\$57,800,000 to Takasago Thermal Engineering (Hong Kong) Company Limited as the sub-contractor under the Main Contract.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Takasago Thermal Engineering (Hong Kong) Company Limited and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons.

FUNDING

The aggregate contract sum of HK\$363,687,086 for the Main Contract (inclusive of both the HK\$30,000,000 for the Advance Works and the HK\$57,800,000 for the sub-contract work embedded under the Main Contract) will be financed by the internal resources of, and the banking facilities available to, the Group.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE MAIN CONTRACT

Reference is made to the announcement of the Company dated 12 December 2012 relating to the grant of a lease of the Land by HKSTPC to the Group for the construction of the Building so as to expand its pharmaceutical manufacturing business. The Main Contract relates to the substantive construction works of the Building required by the Group.

The Directors consider that the Main Contract is on normal commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

New Supreme is principally engaged in property holding. The Group is principally engaged in (i) manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of “Wai Yuen Tong” and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) the processing and retailing of western pharmaceutical, health food and personal care products under the brand names of “Madame Pearl’s” and “Pearl’s”; and (iii) property investment.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) for the Main Contract are more than 25% but less than 100%, the Construction Works constitute major transaction for the Company under Chapter 14 of the Listing Rules and are subject to reporting, announcement and Shareholder’s approval requirements set out in Chapter 14 of the Listing Rules.

The SGM will be held to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Main Contract and the transactions contemplated thereunder.

Further announcement(s) will be made by the Company if there is any material development and variation in relation to the Construction Works or any related matters as and when required under the Listing Rules.

FINANCIAL EFFECT OF THE CONSTRUCTION OF THE BUILDING ON THE GROUP

As mentioned above, the contract sum of HK\$363,687,086 will be financed partly by the internal resources of the Group and partly by the banking facilities available to the Group. Accordingly, the Construction Works regarding the construction of the Building will increase the Group’s fixed assets and liabilities, while it will decrease the current assets. The Company does not expect the Construction Works to have any material negative impact on its cash flow position or its business operations.

LETTER FROM THE BOARD

THE SGM

A notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Main Contract and the transactions contemplated thereunder. A form of proxy for use at the SGM is accompanied with this circular. As no Shareholder has a material interest in the Main Contract, no Shareholder is required to abstain from voting at the SGM in respect of the Main Contract and the transactions contemplated thereunder.

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

Whether or not you intend to attend and vote in person at the SGM, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM 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 SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy form shall be deemed to be revoked.

RECOMMENDATION

For the reasons set out above, the Directors consider that the terms of the Main Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Main Contract.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 March 2012, 2013 and 2014 are disclosed in the annual reports of the Company for the years ended 31 March 2012 (pages 34 to 113), 2013 (pages 39 to 126) and 2014 (pages 47 to 134), respectively. The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 March 2012, 2013 and 2014.

The annual reports of the Company for the three years ended 31 March 2012, 2013 and 2014 are published on both of the websites of the HKExnews (<http://www.hkexnews.hk>) and the Company (<http://www.wyth.net>), respectively.

Quick links

Annual reports of the Company for the financial years ended 31 March 2012, 2013 and 2014 are available at the following internet links:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0716/LTN20120716315.pdf>;

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0722/LTN20130722453.pdf>;

and

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0612/LTN20140612417.pdf>

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 May 2014, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this circular, the Group had outstanding bank loans of approximately HK\$389.6 million, of which bank loans with an aggregate amount of approximately HK\$385.6 million were secured by the Group's land and buildings and investment properties and certain rental income generated from there. The carrying values of the Group's land and buildings and investment properties as at 31 May 2014, which were pledged to secure the Group's bank loans, amounted to approximately HK\$155.0 million and approximately HK\$467.0 million, respectively.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 May 2014, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or any finance lease commitments or material contingent liabilities.

Save as disclosed above, the Directors were not aware of any material changes in the indebtedness and contingent liabilities of the Group after 31 May 2014 and up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities of the Group, the Directors after due and careful enquiry are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014, being the date on which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in (i) the manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of "Wai Yuen Tong" and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) the processing and retailing of western pharmaceutical, health food and personal care products under the brand names of "Madame Pearl's" and "Pearl's"; and (iii) property investment. There is no change in the Group's principal activities since 31 March 2014, being the date on which the latest published audited consolidated financial statements of the Group were made up.

For the year ended 31 March 2014, the Group continued to achieve a satisfactory business growth and recorded a turnover of approximately HK\$865.3 million (2013: approximately HK\$785.6 million), representing a growth of approximately 10.1% over last year. Besides, the Group recorded an increase in profit attributable to owners of the parent for the year ended 31 March 2014, resulted to approximately HK\$163.4 million (2013: approximately HK\$148.4 million). Such improvement in result was mainly attributable to, among other things, the increase in gross profit resulting from the increase in the Group's turnover and the gain from change in fair value of investments held-for-trading.

The recent global financial instability and economic slow down has generally affected the business environment in Hong Kong and the PRC, with the retail business being the most vulnerable. In order to minimise the general adverse effect on our business of the worsening global environment as well as the ever changing local government policy, control and measure, the Group will continue to make efforts to expand its product range, broaden its customer base, strengthen quality control and enhance marketing and promotion activities so as to further uplift the image and competitiveness of its brands and its products. Realising that people are attaching greater importance to personal health

and well-being, the Group will produce more educational information relating to these topics and will publish in various media which can show to the public our dedication within the industry. Having seen evidence of a strong growth potential in other sale channels, such as chain stores, key accounts, open trade, etc., the Group will further increase its focus and concentration by adding more resources, including manpower, incentives, advertising and promotion budget to develop these alternative sale channels, with the aim of balancing the risks and reliance on retail business and shifting towards a more healthy sale channel mix. Besides, the Group will also make use of the cyber world, such as online shopping, cooperate with other agencies focusing on group purchase business, set up a fans page on Facebook and launch iPhone apps, which have already been recognised as an effective and efficient way to promote our brands and products and bring in potential new customers from the younger generation. On the other hand, the Group will also evaluate merger and acquisition opportunities as a means to speed up growth if it can bring synergy to our existing business, as well as diversification of our investment portfolio for strengthening and broadening our income base.

Continuously rising labour, raw materials and rental costs all add burden to the Group as they form a significant portion of the Group's operating costs. By adopting various cost control measures, such as exploring new suppliers to ensure raw materials purchased are of high quality and at competitive prices, reviewing various operating cycles and processes so as to improve our production efficiency and restructuring some of our retail shops, whether location or shop size, to achieve greater sales revenue deriving from lower overall rental costs, the Group's management seeks to maintain its profitability. The Group will also consider acquiring suitable retail premises, both for long term capital appreciation purpose and to minimise the effect of the rising trend in rental costs.

Going forward, to expand the Group's pharmaceutical manufacturing business as well as to fulfill the stringent change of quality system in the pharmaceutical industry is the next milestone of the Group. Taking the opportunity that the Group has been granted the lease of a piece of land located at Yuen Long Industrial Estate, the Group is keen to construct a new and modernised five-storey factory building to house its pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing. The Group will also introduce the latest technologies and incorporate a research and development centre into this new factory. To prepare for the commencement of production of this new factory in 2017 and to ensure its capacity could be utilised efficiently, the Group has enhanced the effort on new products development and registration, especially focus on those Chinese and western medicinal products, which we believe that their uniqueness and curative effect are the key attraction to consumers and considering to be the future continuous income source to the Group. As such, the Group is confident that our leading position as a local Hong Kong brand in the pharmaceutical industry will be further strengthened.

1. 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 Company. 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.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

(i) Long positions in underlying Shares of share options of the Company:

Name of Director	Date of grant	Exercise price per Share HK\$	Number of share options outstanding	Exercisable period (Note 1)	Number of underlying Shares	Approximate percentage of the Company's total issued share capital (Note 2) %
Ms. Tang Mui Fun	8.1.2009	1.2050	78,214	8.1.2010-7.1.2019	78,214	0.003

(ii) Long positions in the shares of associated corporation:

Associated corporation	Name of Director	Capacity	Total number of shares held	Approximate percentage of PNG's total issued share capital (Note 3) %
PNG	Mr. Cho Wing Mou	Beneficial owner	96,000	0.001

Notes:

(1) The share options granted under the share option scheme vest as follows:

On 1st anniversary of the date of grant:	30% vest
On 2nd anniversary of the date of grant:	further 30% vest
On 3rd anniversary of the date of grant:	remaining 40% vest

(2) The percentage is calculated based on the total issued share capital of the Company as at the Latest Practicable Date of 2,931,142,969.

(3) The percentage is calculated based on the total issued share capital of PNG as at the Latest Practicable Date of 9,229,500,000.

(b) **Persons who have interests or short positions in the Shares or underlying Shares which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

Save as disclosed below, as at the Latest Practicable Date, no person, other than a Director or chief executive of the Company, had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long positions in the Shares:

Name of Shareholder	Capacity	Total number of Shares held	Approximate percentage of the Company's total issued share capital (Note 2)
Wang On Group Limited ("Wang On") (Note 1)	Interest of controlled corporation	729,042,034	24.87

Name of Shareholder	Capacity	Total number of Shares held	Approximate percentage of the Company's total issued share capital (Note 2)
Wang On Enterprises (BVI) Limited ("WOE") (Note 1)	Interest of controlled corporation	729,042,034	24.87
Rich Time Strategy Limited ("Rich Time") (Note 1)	Beneficial owner	729,042,034	24.87
Mr. Andy Wei	Beneficial owner	271,870,000	9.28

Notes:

- (1) Rich Time is wholly owned by WOE, which is a wholly-owned subsidiary of Wang On. WOE and Wang On are deemed to be interested in 729,042,034 Shares held by Rich Time.
- (2) The percentage is calculated based on the total issued share capital of the Company as at the Latest Practicable Date of 2,931,142,969 Shares.
- (3) As at the Latest Practicable Date, Mr. Tang Ching Ho and Mr. Chan Chun Hong, Thomas, executive Directors, were directors of WOG and Mr. Chan Chun Hong, Thomas was also a director of Rich Time and WOE.

3. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (i) There is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.
- (ii) As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which had been, since 31 March 2014, being the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective associates were considered to have any interests in businesses which competed or were likely, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Letter of Intent together with the draft Main Contract (to be signed on or around 15 August 2014);
- (b) a provisional sale and purchase agreement dated 8 May 2014 entered into between Sky Success Limited (an indirect wholly-owned subsidiary of the Company) as the purchaser and an independent third party individual as the vendor for the acquisition of a property at G/F., No. 76B To Kwa Wan Road, Kowloon with a saleable floor area of approximately 513.0 sq.ft. for a cash consideration of HK\$40.3 million, the details of which were set out in the announcement of the Company dated 9 May 2014;
- (c) a supplemental construction contract dated 4 April 2014 to the existing construction contract dated 11 October 2013 entered into between New Supreme, as the employer, and Chi Fu Engineering Limited, as the contractor, in relation to the additional construction works, including additional excavation and lateral support works, pile caps and tie beams, to the existing construction works, including the design and construction of foundations, pile cap and excavation and lateral support works, for the construction of the Building for an aggregate contract sum of HK\$47.7 million, details of which were set out in the Company's announcement dated 4 April 2014;

- (d) an underwriting agreement dated 4 December 2013 entered into between the Company, China Agri-Products Exchange Limited (“**CAP**”), WOG, Hugh Thrive Investments Limited, Ultimate Fame Holdings Limited (an indirect wholly-owned subsidiary of the Company) and Kingston Securities Limited (“**Kingston**”) in relation to the underwriting of 228,000,000 rights shares of CAP contemplated under the right issues of CAP, details of which were set out in the Company’s announcement and circular dated 19 December 2013 and 23 January 2014, respectively;
- (e) a top-up placing and subscription agreement dated 20 November 2013 entered into between Gain Better Investments Limited (“**Gain Better**”) (an indirect wholly-owned subsidiary of the Company), as the vendor and the subscriber, PNG Resources Holdings Limited (“**PNG**”) as the issuer, and Kingston as the placing agent pursuant to which (i) Gain Better has agreed to place, through Kingston, 1,538,000,000 top-up placing shares of PNG to not less than six places at a placing price of HK\$0.1 per placing share; and (ii) Gain Better has conditionally agreed to subscribe for 1,538,000,000 top-up subscription shares of PNG at the subscription price of HK\$0.1 per subscription share. The top-up placing and the top-up subscription were completed on 25 November 2013 and 27 November 2013 respectively, the details of which were set out in the announcements of the Company dated 20 November 2013 and 27 November 2013;
- (f) a supplemental agreement to the loan agreement dated 10 July 2009 (as previously supplemented by the supplemental agreement dated 11 July 2011 executed between Gain Better and PNG and amended by an assignment dated 1 July 2013 executed between Gain Better and Hearty Limited (“**Hearty**”) (an indirect wholly-owned subsidiary of the Company) entered into between Hearty and PNG on 22 August 2013, pursuant to which Hearty agreed to extend the repayment date of an unsecured loan facility of HK\$10.0 million to PNG for further three years upon its maturity date, being 8 July 2014, in consideration for the increase in interest rate payable by PNG from 8.0% to 10.0% per annum and the interest to be payable on an annual basis therefrom, details of which were set out in the Company’s announcement and circular dated 22 August 2013 and 9 September 2013, respectively;
- (g) a supplemental agreement to the loan agreement dated 28 August 2009 (as amended by an assignment dated 1 July 2013 executed between Gain Better and Hearty) entered into between Hearty and PNG on 22 August 2013, pursuant to which Hearty agreed to extend the repayment date of an unsecured loan facility of HK\$190.0 million to PNG for further three years upon its maturity date, being 12 November 2013, in consideration for the increase in interest rate payable by PNG from 8.0% to 10.0% per annum and the interest to be payable on an annual basis therefrom, details of which were set out in the Company’s announcement and circular dated 22 August 2013 and 9 September 2013, respectively;

- (h) a loan agreement dated 28 May 2013 entered into between Give Power Limited (an indirect wholly-owned subsidiary of the Company) (“**Give Power**”), as the lender, and CAP, as the borrower, (as amended by an assignment dated 25 June 2013 entered into between Give Power and Winning Rich Investments Limited (“**Winning Rich**”) (an indirect wholly-owned subsidiary of the Company)) for the provision of an unsecured revolving credit facility in the maximum aggregate amount of HK\$150.0 million at an interest rate of 12.0% per annum for a period of 36 months from 28 May 2013, the details of which were set out in the announcement of the Company dated 28 May 2013;
- (i) a new issue placing agreement dated 8 March 2013 entered into between the Company and Kingston pursuant to which the Company has agreed to place, through Kingston, 488,000,000 new Shares at a placing price of HK\$0.22 per Share, which was completed on 26 March 2013. The details of which were set out in the announcement of the Company dated 8 March 2013;
- (j) a provisional sale and purchase agreement dated 31 January 2013 entered into between Sino Fame Investments Limited (an indirect wholly-owned subsidiary of the Company), as the purchaser, and King Best Asia Group Limited, as the vendor, for the acquisition of a property at G/F, Bowring Building, No. 14 Bowring Street, Kowloon, Hong Kong with a saleable floor area of approximately 800 sq.ft. at a cash consideration of HK\$81.0 million, the details of which were set out in the announcement of the Company dated 4 February 2013;
- (k) a master sales agreement dated 14 January 2013 entered into between Wai Yuen Tong Medicine Company Limited (an indirect subsidiary of the Company) and Wang On Management Limited (“**WOM**”) (an indirect wholly-owned subsidiary of Wang On) for the sales of the Group’s pharmaceutical products to WOM (for itself and on behalf of other members of Wang On) with annual caps of HK\$5.8 million, HK\$7.2 million and HK\$9.0 million, respectively for the three years ending 31 March 2015, the details of which were set out in the announcement of the Company dated 14 January 2013;
- (l) an agreement for lease of the Land entered into between Wai Yuen Tong Company Limited (an indirect wholly-owned subsidiary of the Company) and HKSTPC at a land premium of HK\$21,363,900.0 on 22 February 2013, the details of which were set out in the announcement of the Company dated 12 December 2012;

- (m) a top-up placing and subscription agreement dated 30 November 2012 entered into between Rich Time, as the vendor and the subscriber, the Company, as the issuer and Kingston pursuant to which (i) Rich Time has agreed to place, through Kingston, 250,000,000 existing Shares at a placing price of HK\$0.125 per Share; and (ii) Rich Time has conditionally agreed to subscribe for 250,000,000 new Shares at the subscription price of HK\$0.125 per Share. The top-up placing and the top-up subscription were completed on 5 December 2012 and 11 December 2012, respectively, the details of which were set out in the announcements of the Company dated 30 November 2012 and 7 January 2013;
- (n) a new issue placing agreement dated 30 November 2012 entered into between the Company and Kingston pursuant to which the Company has agreed to place, through Kingston, 157,000,000 new Shares at a placing price of HK\$0.125 per Share, which was completed on 7 January 2013. The details of which were set out in the announcements of the Company dated 30 November 2012 and 7 January 2013;
- (o) a sale and purchase agreement dated 22 November 2012 entered into between Gain Better as the vendor and Ever Task Limited (an indirect wholly-owned subsidiary of Wang On) as the purchaser for the sale and purchase of the 1,150,000,000 shares of PNG, representing approximately 14.95% equity interest in PNG at a consideration of HK\$110.4 million or approximately HK\$0.096 per share of PNG, the details of which were set out in the Company's announcement and circular dated 22 November 2012 and 10 December 2012, respectively;
- (p) a loan agreement dated 22 November 2012 (as amended by an assignment dated 25 June 2013 executed between Give Power and Winning Rich) entered into between Give Power, as the lender, and CAP, as the borrower, for the provision of an unsecured revolving credit facility in the maximum aggregate amount of HK\$100.0 million at an interest rate of 10.0% per annum for a period of 36 months from 28 December 2012, the details of which were set out in the Company's announcement and circular dated 22 November 2012 and 10 December 2012, respectively;
- (q) an amendment deed to the loan agreement dated 10 March 2011 (as further amended by an assignment dated 25 June 2013 executed between Give Power and Winning Rich) entered into between Give Power, as the lender, and CAP, as the borrower, on 6 September 2012 for an extension of the repayment date to 30 September 2014 in consideration for an increase in interest rate from 8.0% to 10.0% per annum for an unsecured loan facility of not exceeding a sum of HK\$15.0 million granted to CAP, the details of which were set out in the announcement of the Company dated 6 September 2012;

- (r) an amendment deed to the loan agreement dated 11 January 2011 (as further amended by an assignment dated 25 June 2013 executed between Give Power and Winning Rich) entered into between Give Power, as the lender, and CAP, as the borrower, on 6 September 2012 for an extension of the repayment date to 30 September 2014 in consideration for an increase in interest rate from 8.0% to 10.0% per annum for an unsecured loan facility of not exceeding a sum of HK\$60.0 million granted to CAP, the details of which were set out in the announcement of the Company dated 6 September 2012; and
- (s) a licence agreement dated 30 June 2012 entered into between the Company, as the licensor, and WOM, as the licensee, in respect of the sub-lease of certain portions of the UG/F., G/F., 1st Floor and 5th Floor of Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong for a monthly rental of HK\$154,000 for a term of three years commencing from 1 July 2012, the details of which were set out in the announcement of the Company dated 30 June 2012.

8. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company's head office and principal place of business in Hong Kong is at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Ms. Mak Yuen Ming, Anita. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong on any business day from the date of this circular up to and including the date of the SGM:

- (a) the memorandum and the Bye-laws of the Company;
- (b) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix;
- (c) the annual reports of the Company for the three financial years ended 31 March 2012, 2013 and 2014; and
- (d) this circular.

NOTICE OF THE SGM



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 SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (the “Company”) will be held at 17/F., Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong on Thursday, 10 July 2014 at 5:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without modification, as ordinary resolution of the Company:

ORDINARY RESOLUTION

(1) “**THAT:**

- (a) the letter of intent (the “**Letter of Intent**”) dated 23 May 2014 entered into, together with the main contract (the “**Main Contract**”, together with the Letter of Intent, the “**Construction Contracts**”) to be entered into, between New Supreme Investment Limited, as the employer, and Cheung Kee Fung Cheung Construction Company Limited, as the contractor, for construction of a five-storey factory building on the land located at Yuen Long Industrial Estate at a contract sum of HK\$363,687,086 (details of the Construction Contracts are set out in the Company’s circular dated 20 June 2014 (the “**Circular**”) and a copy of the Circular has been tabled at the meeting and marked “A” initialled by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised to take such action and execute such documents (with any further amendments as any one director of the Company may approve) as they may consider appropriate and expedient in respect of the transactions contemplated under the Construction Contracts, including the approval of variation orders, for the purpose of implementation or giving effect to the Construction Contracts and the transactions contemplated thereunder.”

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, 20 June 2014

* For identification purpose only

NOTICE OF THE SGM

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. A form of proxy for use at the SGM is enclosed.
2. Any member of the Company ("**Member**") entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a Member.
3. 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 an officer, attorney or other person authorised to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, shall be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be) at which the person named in the instrument proposes to vote. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the SGM convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share(s) as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting (as the case may be), the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members in respect of the joint holding.
6. The above resolution will be voted by way of a poll at the SGM.