

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, 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 notice.



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 a special general meeting of Wai Yuen Tong Medicine Holdings Limited (the “**Company**”) will be held at 11/F., Two Exchange Square, Central, Hong Kong at 11:30 a.m. on Tuesday, 21 September 2010 for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as special and ordinary resolutions respectively:

SPECIAL RESOLUTION

1. “**THAT**, conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Adjusted Shares (as defined below); and (ii) the compliance by the Company with the requirements of section 46(2) of the Companies Act 1981 of Bermuda to effect the Capital Reorganisation (as defined below), with effect from 5:00 p.m. on the business day (as defined in the Rules Governing the Listing of Securities on the Stock Exchange) on which this resolution is passed by the shareholders of the Company (the “**Shareholders**”):
 - (a) every twenty-five (25) issued shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) issued share of par value of HK\$0.25 (the “**Consolidated Share(s)**”) (the “**Share Consolidation**”);
 - (b) the total number of the Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation be rounded down to a whole number by canceling the fractional Consolidated Share arising from the Share Consolidation;
 - (c) the par value of each issued Consolidated Share be reduced (together with subparagraph (b) above are hereinafter referred to as the “**Capital Reduction**”) from HK\$0.25 to HK\$0.01 by canceling HK\$0.24 of the paid-up capital on each issued Consolidated Share to form a share of par value of HK\$0.01 (the “**Adjusted Share(s)**”);
 - (d) the credit arising from the Capital Reduction be credited to the contributed surplus account of the Company and the directors of the Company (the “**Directors**”) be and are hereby authorised to apply the amount in the contributed surplus account of the Company to set off

* For identification purposes only

the accumulated loss of the Company in the manner permitted by the laws of Bermuda and the bye-laws of the Company (the “**Bye-laws**”) without further authorisation from the Shareholders (together with the Share Consolidation and the Capital Reduction are herein referred to as the “**Capital Reorganisation**”); and

- (e) any Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to any of the foregoing or as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to any of the foregoing and the transactions contemplated thereunder including without limitation to aggregate all of the fractional shares and to sell them for the benefit of the Company.”

ORDINARY RESOLUTIONS

2. “**THAT**

- (a) subject to and conditional upon the passing of the resolutions numbered 1 and 3 and conditional upon fulfillment of the conditions of the Underwriting Agreement (as defined below), the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved;

For the purpose of this resolution, “**Rights Issue**” means the proposed issue by way of Rights Issue of not less than 1,454,387,835 Adjusted Shares and not more than 1,458,861,835 Adjusted Shares (the “**Rights Shares**”) at a subscription price of HK\$0.207 per Rights Share to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the date and time by reference to which entitlement under the Rights Issue will be determined (other than those shareholders (the “**Excluded Shareholders**”) with addresses on the register of members of the Company are outside Hong Kong whom the Directors, after making enquiries, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) on the basis of five (5) Rights Shares for every one (1) Adjusted Share then held and otherwise pursuant to and subject to the fulfillment of the conditions set out in the underwriting agreement (the “**Underwriting Agreement**”) (a copy of which has been produced to this Meeting marked “A” and initialled by the chairman of this Meeting for the purpose of identification) dated 5 August 2010 and made between the Company and Kingston Securities Limited as underwriter (the “**Underwriter**”);

- (b) any Director be and is hereby authorised to allot and issue the Rights Shares pursuant to and in connection with the Rights Issue notwithstanding that (a) the Rights Shares the same may be offered, allotted or issued otherwise than to the Excluded Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or Excluded Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the Bye-laws or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and (b) Rights Shares which would otherwise have been made available for application by the Qualifying Shareholders or the Excluded Shareholders (as the case may be) will be made available for subscription under forms of application for excess Rights Shares;

- (c) the entering into the Underwriting Agreement by the Company be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the underwritten Rights Shares, if any, by the Underwriter) be and are hereby approved; and
- (d) any Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Rights Issue or as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder.”

3. **“THAT**

- (a) subject to and conditional upon the passing of the resolutions numbered 1 and 2 and conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Bonus Shares (as defined below), the issue (the **“Bonus Issue”**) of new Adjusted Shares (the **“Bonus Shares”**), credited as fully paid, to the first registered holders of the Adjusted Shares on the basis of one (1) Bonus Share for every five (5) Rights Shares taken up under the Rights Issue be and is hereby approved;
- (b) any Director be and is hereby authorised to allot and issue the Bonus Shares pursuant to or in connection with the Bonus Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholders of the Company and, in particular, the Directors be and are hereby authorised to make such exclusion or other arrangements in relation to fractional entitlements or Excluded Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the Bye-laws or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and
- (c) any Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Bonus Issue (including the appropriation of such sum from any available reserve of the Company in accordance with the Bye-laws in paying up in full the Bonus Shares) or as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Bonus Issue and the transactions contemplated thereunder.”

4. **“THAT**

- (a) the conditional sale and purchase agreement dated 6 August 2010 entered into between East Run Investments Limited (the **“Vendor”**), a wholly-owned subsidiary of Wang On Group Limited, and Guidepost Investments Limited (**“Guidepost”**), a wholly-owned subsidiary of the Company (as supplemented by a deed of guarantee dated 9 August 2010 executed by

Wang On Group Limited, the Vendor and Guidepost) (the “**Sale and Purchase Agreement**”) (a copy of which is tabled at this meeting and marked “B” and initialled by the chairman of this meeting for the purpose of identification) and more particularly described in the circular of the Company dated 27 August 2010, (the “**Circular**”) pursuant to which the Vendor has conditionally agreed to dispose of and Guidepost has conditionally agreed to purchase the entire issued share capital and the shareholders’ loans of the Target Companies (as defined in the Circular) for a total consideration as determined in the Sale and Purchase Agreement, and all transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the Sale and Purchase Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Sale and Purchase Agreement as he/she may in his/her absolute discretion consider necessary or desirable; and
- (c) any one director of Guidepost be and is hereby authorised for and on behalf of Guidepost to execute all such documents, instruments agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the Sale and Purchase Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Sale and Purchase Agreement as he/she may in his/her absolute discretion consider necessary or desirable.”

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, 27 August 2010

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

* *For identification purposes only*

Notes:

- (1) A member entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or, if he is a holder of more than one share, more than one proxy, to attend and to vote in his stead. A proxy need not be a member of the Company.
- (2) In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Registrar, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time for holding of the special general meeting or any adjournment thereof.
- (3) Completion and delivery of the form of proxy will not preclude members from attending and voting at the special general meeting or any adjournment thereof (as the case may be) and in such event, the form of proxy shall be deemed to be revoked.

As at the date of this notice, the Board comprises three executive directors of the Company, namely Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun, and four independent non-executive directors of the Company, namely Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou.