

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES FOR 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 shares in Wai Yuen Tong Medicine Holdings Limited, you should at once hand this circular with 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 transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representations as to its accuracy or completeness and expressly disclaims 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)**

**RE-ELECTION OF DIRECTORS,  
THE GRANT OF THE  
NEW ISSUE MANDATE AND THE REPURCHASE MANDATE,  
REFRESHMENT OF THE SCHEME MANDATE LIMIT  
AND AMENDMENTS TO THE BYE-LAWS**

---

A notice convening the annual general meeting of Wai Yuen Tong Medicine Holdings Limited (the "Company") to be held at Garden Rooms C & D, 2nd Floor, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on 17 August 2006 at 10:00 a.m. is set out in Appendix III of this circular.

Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

25 July 2006

---

# CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b>	
Introduction .....	5
Re-election of Directors .....	6
The Grant of the New Issue Mandate and the Repurchase Mandate .....	6
Refreshment of the Scheme Mandate Limit .....	6
Amendments to the Bye-Laws .....	9
AGM .....	9
Recommendation .....	9
<b>APPENDIX I — Details of Retiring Directors Proposed for Re-election</b> .....	10
<b>APPENDIX II — Explanatory Statement</b> .....	12
<b>APPENDIX III — Notice of AGM</b> .....	15
<b>APPENDIX IV — Right to Demand Poll</b> .....	20

---

## DEFINITIONS

---

*In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:*

“AGM”	the annual general meeting of the Company to be held at Garden Rooms C & D, 2nd Floor, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on 17 August 2006 at 10:00 a.m.
“associates”	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
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Wai Yuen Tong Medicine Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Convertible Loan Stock”	the 9.5% convertible unsecured loan stock in aggregate principle amount of £590 due on September 2008 issued by the Company on 12 January 1999
“Directors”	the directors of the Company
“Eligible Person”	Means <ul style="list-style-type: none"><li>(i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether fulltime or part time) of, or</li><li>(b) any holder of any securities issued by any Substantial Shareholder or any company controlled by a Substantial Shareholder; or</li></ul>

---

## DEFINITIONS

---

- (ii) any holder of any securities issued by any member of the Group or any Substantial Shareholder or any company controlled by a Substantial Shareholder; or
- (iii) (a) any business or joint venture partner, contractor, agent or representative of,
  - (b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
  - (c) any supplier, producer or licensor of goods or services to,
  - (d) any customer, licensee (including any sub-licensee) or distributor of goods or services of, or
  - (e) any customer, licensee (including any sub-tenant) of,

any member of the Group or any Substantial Shareholder of any company controlled by a Substantial Shareholder;

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

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	20 July 2006, 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

---

## DEFINITIONS

---

“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
“Repurchase Mandate”	a general and unconditional mandate 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
“Scheme Mandate Limit”	the limit imposed under rule 4(A) of the rules of the Share Option Scheme on the maximum number of Shares issuable upon the exercise of all options which may be granted under the Share Option Scheme and any other share option schemes of the Company, being 10% of the Shares in issue as at the date of the passing of the relevant resolution for the approval of the Share Option Scheme
“Scheme Period”	the period commencing on the date on which the Share Option Scheme was adopted by Shareholders and expiring at the close of business on the day immediately preceding the tenth anniversary thereof
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 18 September 2003
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	any substantial shareholder of the Company, and “substantial shareholder” shall have the meaning ascribed to it under rule 1.01 of the Listing Rules

---

## DEFINITIONS

---

“Wang On Group”	Wang On Group Limited, a Substantial Shareholder and the shares of which are listed on the Stock Exchange, and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



**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*)

*Independent Non-executive Directors:*

Mr. Leung Wai Ho

Mr. Yuen Chi Choi

Mr. Cho Wing Mou

Mr. Siu Man Ho, Simon

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal*

*place of business:*

5th Floor

Wai Yuen Tong Medicine Building

9 Wang Kwong Road

Kowloon Bay

Kowloon, Hong Kong

25 July 2006

*To the Shareholders and,*

*for information only, holders of the Share Options*

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS,  
THE GRANT OF THE  
NEW ISSUE MANDATE AND THE REPURCHASE MANDATE,  
REFRESHMENT OF THE SCHEME MANDATE LIMIT  
AND AMENDMENTS TO THE BYE-LAWS**

**1. 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 re-election of Directors who are due to retire at the AGM; (ii) the grant of the New Issue Mandate and the Repurchase Mandate; (iii) the refreshment of the Scheme Mandate Limit; and (iv) the amendments to the Bye-laws. A Notice of AGM which including the resolutions to be proposed at the AGM is set out in **Appendix III** to this circular.

\* *For identification purpose only*

---

## LETTER FROM THE BOARD

---

### 2. RE-ELECTION OF DIRECTORS

In accordance with Bye-law 87(1) of the Company's Bye-laws, Mr. Tang Ching Ho, Mr. Chan Chun Hong Thomas and Mr. Leung Wai Ho will retire by rotation at the AGM and, being eligible, have offered themselves for re-election.

Details of the above Directors that are required to be disclosed under the Listing Rules are set out in **Appendix I** to this circular.

Mr. Leung Wai Ho is an Independent Non-executive Directors of the Company eligible for re-election at the AGM, has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that Mr. Leung meets the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with terms of the guidelines.

### 3. THE GRANT OF THE NEW ISSUE MANDATE AND THE REPURCHASE MANDATE

At the annual general meeting of the Company held on 12 August 2005, the Directors were granted a general mandate to allot, issue and deal with Shares and a general mandate to repurchase Shares on the Stock Exchange. These mandates will expire at the conclusion of the AGM. The Directors will seek the approval of the Shareholders for the grant of the New Issue Mandate and the Repurchase Mandate at the AGM. The Directors have no immediate plans to allot and issue any Shares.

An explanatory statement required under the Listing Rules to be included in this circular is set out in **Appendix II** hereto.

### 4. REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Company adopted the Share Option Scheme on 18 September 2003. Apart from the Share Option Scheme, the Company had no other share option scheme at the Latest Practicable Date.



---

## LETTER FROM THE BOARD

---

Under the rules of the Share Option Scheme :

- (1) Subject to sub-paragraphs (2) and (3) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the commencement of the Scheme Period (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed the Scheme Mandate Limit. The Shares underlying any options granted under the Share Options Scheme or any other share option schemes of the Company which have been cancelled (but not options which have lapsed) are counted for the purpose of calculating the Scheme Mandate Limit.
- (2) The Scheme Mandate Limit may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the new limit under the refreshed Scheme Mandate Limit must not exceed 10% of the Shares in issue at the date of the Shareholder's approval of such refreshed Scheme Mandate Limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate Limit.
- (3) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

Based on the total number of Shares in issue as at 12 August 2005, being the date on which the Scheme Mandate Limit was refreshed, the maximum number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme is 36,908,696 Shares, representing 10% of the Shares then in issue as at 12 August 2005. No Share Option has been granted since the refreshment on 12 August 2005 and as the Latest Practicable Date, no options carrying the rights to subscribe for Shares pursuant to the Share Option Scheme or any other share option scheme had been granted or remained outstanding.

---

## LETTER FROM THE BOARD

---

As a result of rights issues as announced by the Company on 8 December 2005, the total number of the issued shares of the Company increased from 349,086,922 Shares to 1,396,347,688 Shares, the number of shares which may currently be issued upon exercise of all Share Options to be granted under the Share Option Scheme is 36,908,696 Shares, being 2.6% of the Shares in issue as enlarged by the rights issues and shares to be allotted and issued upon the exercise in full of the conversion rights attached to the Convertible Loan Stock as at the Latest Practicable Date and unless the Scheme Mandate Limit is refreshed, only up to 36,908,696 Shares may be issued pursuant to the grant of option under the Share Option Scheme.

Based on the foregoing, the Directors are of the view that as a result of the enlarged issued share capital of the Company, it will have greater flexibility to incentivise selected Eligible Persons. It is therefore proposed that, subject to the approval of the Shareholders at the AGM and fulfillment of other applicable requirements under the Listing Rules, the Scheme Mandate Limit be refreshed to 10% of the Shares in issue as at the date of the approval of the Shareholders at the AGM. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

If the Scheme Mandate Limit is refreshed and on the assumptions that the conversion rights attached to the Convertible Loan Stock is exercised in full on or before the date of AGM and that no further Shares will be issued or purchased by the Company prior to the date of the AGM and based on 1,396,347,755 Shares in issue as at the Latest Practicable Date, the maximum number of Shares in respect of which Share Options that can be granted by the Company under the refreshed Scheme Mandate Limit would be 139,634,775 Shares, representing 10% of the Shares in issue as at the date of the approval by the Shareholders at the AGM.

The refreshment of the Scheme Mandate Limit is conditional upon :

- (a) the Shareholder passing an ordinary resolution to approve the refreshment of the Scheme Mandate Limit at the AGM; and
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options granted under the refreshed Scheme Mandate Limit.

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

---

## LETTER FROM THE BOARD

---

### 5. AMENDMENTS TO THE BYE-LAWS

To ensure compliance with the Code on Corporate Governances Practices in Appendix 14 of the Listing Rules and to take into account the amendments on the removal of directors which came into effect on 1 January 2005 and 1 March 2006 respectively, the Directors propose that the Bye-laws be amended in the manner set out in the special resolution of the notice of the AGM set out in **Appendix III** to this circular.

### 6. AGM

A notice convening the AGM of the Company to be held at Garden Rooms C & D, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on 17 August 2006 at 10:00 a.m. is set out in **Appendix III** to this circular.

Right to demand a poll on the resolutions proposed at the AGM is set out in **Appendix IV** to this circular. The chairman of the AGM will exercise his power under Bye-law 66 of the Company's 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. The proxy form can also be downloaded from the Company's website at <http://www.wyth.net>. Shareholders are advised to read the notice and to complete and return the form of proxy for use at the AGM in accordance with the instructions printed thereon. Whether or not Shareholders are able to attend the AGM, they are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the AGM or any adjournment thereof should they wish.

### 7. RECOMMENDATION

The Board considers that the resolutions as set out in the Notice of AGM are all in the best interests of the Company and its shareholders. Accordingly, the Board recommends that all Shareholders should vote in favour of such resolutions to be proposed at the AGM.

Yours faithfully,  
**Tang Ching Ho**  
*Chairman*

*The following are the particulars of the three Directors (as required by the Listing Rules) proposed and to be re-elected at the AGM to be held on 17 August 2006 :*

1. **TANG Ching Ho**, aged 44, is the Chairman of the Company since August 2001. He is responsible for the strategic planning, policy making and business development of the Group. He is also the Chairman of Wang On Group Limited, a listed company. Save as disclosed above, Mr. Tang did not hold any other directorship in listed public companies during the past three years.

Pursuant to the service contract entered into between the Company and Mr. Tang, he is entitled to an annual remuneration of approximately HK\$563,000. Such fee is determined with reference to his duties as the Chairman and the Executive Director of the Company. The term of Mr. Tang's appointment is subject to rotational retirement and re-election requirements at the annual general meetings of the Company in accordance with the Bye-laws. Save as disclosed above, Mr. Tang does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company or any interest in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO").

2. **CHAN Chun Hong, Thomas**, aged 42, is an Executive Director of the Company and has been a Director since 2001. He is currently responsible for managing the overall operations of the Group. He is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants. Mr. Chan is currently the Executive Director of Wang On Group Limited and an Independent Non-executive Director of Shanghai Prime Machinery Company Limited, both are listed companies in Hong Kong. Save as disclosed above, Mr. Chan did not hold any other directorship in listed public companies during the past three years.

Pursuant to the service contract entered into between the Company and Mr. Chan, he is entitled to an annual remuneration of approximately HK\$563,000. Such fee is determined with reference to his duties as the Executive Director of the Company. The term of Mr. Chan's appointment is subject to rotational retirement and re-election requirements at the annual general meetings of the Company in accordance with the Bye-laws.

As at the Latest Practicable Date, Mr. Chan does not have any relationship with any other Directors, senior management, substantial or controlling shareholders or any interest of the Company. He does not have interests in the shares of the Company within the meaning of Part XV of the SFO.

3. **LEUNG Wai Ho**, aged 57, is an Independent Non-executive Director of the Company and has been a Director since 1994. He is the present Standing Committee Member of the Chinese General Chamber of Commerce, the Committee Member of Chinese Manufacturers' Association of Hong Kong, the Standing Committee Member of Hebei Province of the Chinese People's Political Consultative Conference and the President of Dongguan City of Association of Enterprises with Foreign Investment. Save as disclosed above, Mr. Leung did not hold any other directorship in listed public companies during the past three years.

Based on the terms of a service contract, Mr. Leung is entitled to a director's fee of HK\$120,000 per annum. He will be also entitled to a fee in the amount of HK\$20,000 per annum determined with reference to his duties as a member of the Company's audit committee.

As at the Latest Practicable Date, Mr. Leung does not have any relationship with any other Directors, senior management, substantial or controlling shareholders or any interest of the Company. He does not have interests in the shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders or any information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

*This appendix serves 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\$13,963,476.88, comprising 1,396,347,688 Shares.

As at the Latest Practicable Date, there were no outstanding Share Options but the Convertible Loan Stock carrying the rights to convert up to 67 Shares had remained outstanding. If the conversion rights attached to the Convertible Loan Stock is exercised in full prior to the date of passing of the resolution in respect of the Repurchase Mandate, a further 67 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 are issued or purchased by the Company, the Directors will be authorized to purchase up to 139,634,768 Shares pursuant to the Repurchase Mandate. Assuming that rights attached to all outstanding Convertible Loan Stock is exercised in full on or before the date of passing of the resolution in respect of the Repurchase Mandate and assuming no further Shares are issued or purchased by the Company, the total number of Shares in issue will be 1,396,347,755 and the Directors will be authorized to purchase up to 139,634,775 Shares.

## **2. REASONS FOR REPURCHASE**

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 purchase Shares in the market.

Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or earnings per share or both and will only be made when the Directors believe that such purchases will benefit the Company and its Shareholders as a whole.

### 3. FUNDING OF REPURCHASE

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

In the event that the repurchase were to be carried out in full at any time during the repurchase period, the working capital or gearing position of the Company might be materially different as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 March 2006. (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 purchases pursuant to resolution and in accordance with the Listing Rules, the memorandum of association of the Company and 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, their associates, have any present intention to sell any Shares to the Company under the mandate of repurchase of shares if such is approved by the Shareholders.

No other connected persons (as defined in the Listing Rules) 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 mandate of repurchase of shares is approved by 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 49% 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 54.4% of the issued share capital of the Company. Such increase would give rise to an obligation for Wang On Group to make a mandatory general offer under Rules 26 and 32 of the Code.

The Directors have no present intention to exercise the power to repurchase the Shares to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

## 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:

		Shares	
		Highest	Lowest
		<i>(Note)</i>	<i>(Note)</i>
		<i>HK\$</i>	<i>HK\$</i>
<b>2005</b>	July	0.320	0.300
	August	0.350	0.280
	September	0.320	0.280
	October	0.310	0.150
	November	0.170	0.150
	December	0.160	0.140
<b>2006</b>	January	0.160	0.140
	February	0.190	0.140
	March	0.260	0.170
	April	0.350	0.230
	May	0.330	0.250
	June	0.285	0.245
	July (up to and including the Latest Practicable Date)	0.255	0.237





**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 the Company will be held at Garden Rooms C & D, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 17 August 2006 at 10:00 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 2006.
2. To re-elect Directors :
  - (1) re-elect Mr. Tang Ching Ho as Executive Director
  - (2) re-elect Mr. Chan Chun Hong, Thomas as Executive Director
  - (3) re-elect Mr. Leung Wai Ho as Independent Non-executive Director
3. To re-appoint Deloitte Touche Tohmatsu as auditors and authorize the Directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolution of the Company:
  - (A) **“THAT:**
    - (a) subject to paragraph (c), a general mandate be and is hereby unconditionally granted to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to allot, issue and dispose of additional shares in the Company and to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers;

\* For identification purpose only

- (b) the mandate in paragraph (a) shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal value of 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), otherwise than pursuant to:
  - (i) a Rights issue (as hereinafter defined);
  - (ii) the exercise of rights of subscription or conversion under terms of any convertible notes 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 20% of the aggregate nominal amount of 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

- (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 law to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“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 recognized regulatory body or stock exchange in any territory outside Hong Kong).”

(B) **“THAT:**

(a) a general mandate be and is hereby conditionally given to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to purchase or otherwise acquire shares of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate nominal amount of shares so purchased or otherwise acquired shall not exceed ten per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution.

(b) 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 law to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

(C) **“THAT**, conditional upon the passing of Resolutions 4(A) and 4(B) set out in the notice convening this meeting, the aggregate nominal amount of the shares which are purchased or otherwise acquired by the Company pursuant to Resolution 4(B) shall be added to the aggregate nominal amount of the shares which may be issued pursuant to Resolution 4(B).””

5. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution of the Company:

“**THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares (the “**Shares**”) of the Company to be allotted and issued by the Company upon the exercise of the options which may be granted under the Refreshed Scheme Mandate (as defined below), the refreshment of the general scheme mandate of the share option scheme of the Company adopted on 12 August 2005, up to 10% of the number of Shares in issue as at the date of passing this resolution (the “**Refreshed Scheme Mandate**”) be and is hereby approved and any director of the Company be and is hereby authorised to do such act and execute such document to effect the Refreshed Scheme Mandate.”

6. As special business to consider and, if thought fit, pass the following resolutions as special resolutions:

### SPECIAL RESOLUTIONS

“**THAT**, the existing Bye-laws of the Company be and are hereby amended in the following manner:

- (A) By **deleting** the full-stop at the end of existing Bye-law 66(d) and replacing therewith a semi-colon and the word “or” immediately thereafter and by inserting the following as new Bye-law 66(e):

“(e) by any Director or Directors (including the chairman of a general meeting of the Company), who, individually or collectively, hold proxies in respect of shares representing five per cent (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. If a poll is required under these circumstances, the chairman of the meeting should disclose to the meeting of the Company the total number of votes represented by all proxies held by Directors indicating an opposite vote to the votes cast at the meeting on a show of hands.”.

- (B) By deleting the second sentence in Bye-law 68.

- (C) By deleting the word “annual” before the words “general meeting” in the second sentence of Bye-law 86(2).

- (D) By deleting the word “special” in Bye-law 86(4) by “ordinary” immediately after the word “by”.”

By Order of the Board  
**Wai Yuen Tong Medicine Holdings Limited**  
**Chan Chun Hong, Thomas**  
*Managing Director*

Hong Kong, 25 July 2006

*Notes:*

- (1) A member entitled to attend and vote at the above 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 Hong Kong branch share registrar, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
- (3) Completion and return of the form of proxy will not preclude members from attending and voting at the Meeting or any adjournment thereof, if you so wish.

**Bye-law 66 of the Company's Bye-laws sets out the procedure by which shareholders may demand 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. A poll may be 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 authorized 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 authorized 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 Member being a corporation by its duly authorized 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.