
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, 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 (位元堂藥業控股有限公司*) (the “Company”) you should at once hand this circular, together 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.

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WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

**PROPOSALS FOR
THE GRANT OF GENERAL MANDATES TO ISSUE AND
TO REPURCHASE SHARES,
RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED AMENDMENTS TO SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

Capitalized terms used in this cover shall have the same meanings as those defined in this circular.

A notice convening the AGM to be held at Garden Room A-D, 2/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 19 August 2025 at 11:30 a.m. is set out on pages AGM-1 to AGM-6 of this circular.

Whether or not you intend to attend and vote in person at the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deliver it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish and in such event the form of proxy previously submitted shall be deemed to be revoked.

No gifts, food or beverages would be served in the AGM.

* For identification purpose only

25 July 2025

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at Garden Room A–D, 2/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, on Tuesday, 19 August 2025 at 11:30 a.m. or any adjournment thereof (as the case may be)
“Adoption Date”	22 August 2023, the date on which the Share Option Scheme was adopted by the Shareholders
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“associated company”	means, in relation to a company, any body corporate or other entity whose results are recorded in that company’s financial statements using the equity method of accounting
“Board”	the board of Directors
“business day”	any day (excluding a Saturday, Sunday and public holiday) on which the Stock Exchange is open for the business of dealing in securities
“Bye-Law(s)”	the bye-laws of the Company
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“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 whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 897)
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Employee Participant”	any director or employee of any member of the Group (including persons who are granted Option(s) under the Share Option Scheme as an inducement to enter into employment contracts with any member of the Group) and, for the avoidance of doubt, excludes any former employee unless such person qualifies as a participant in some other capacity
“General Mandates”	the New Issue Mandate and the New Repurchase Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“inside information”	has the meaning ascribed to it under the SFO
“Latest Practicable Date”	18 July 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“New Issue Mandate”	a proposed general and unconditional mandate to be granted to the Directors at the AGM to exercise the powers of the Company to allot, issue and deal with additional Shares (including any sale or transfer of Treasury Shares out of treasury) and other securities during the prescribed period up to a maximum of 20% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the date of passing of the relevant resolution(s) granting such mandate (such mandate to be extended and added by the number of Shares, if any, repurchased by the Company since the grant of such mandate)

DEFINITIONS

“New Repurchase Mandate”	a proposed general and unconditional mandate to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase Shares on the Stock Exchange during the prescribed period up to a maximum of 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the date of passing of the relevant resolution granting such mandate
“Notice of AGM”	notice convening the AGM as set out on pages AGM-1 to AGM-6 of this circular
“Option”	an option to subscribe for Shares granted pursuant to the Share Option Scheme
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the Notice of AGM
“PRC”	the People’s Republic of China, which for the purpose of this circular and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Related Entity Participant”	any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon exercise of all options and awards (including the Options) granted under the share schemes of the Company
“Service Provider”	any person or entity who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Board pursuant to the criteria set out in the Share Option Scheme, as further detailed in Appendix III to this circular
“Service Provider Sublimit”	the limit on the total number of Shares that may be issued in respect of all Options granted to Service Providers under the Share Option Scheme, which must not exceed 5% of the Shares in issue as at the Adoption Date, provided always that any utilization under such limit shall be regarded as utilization within the Scheme Mandate Limit

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted pursuant the Shareholders’ resolution passed at the annual general meeting held on 22 August 2023
“share scheme(s)”	has the meaning ascribed thereto under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers published by the Securities and Futures Commission of Hong Kong as amended from time to time
“Treasury Shares”	has the meaning ascribed thereto under the Listing Rules
“WOG”	Wang On Group Limited (宏安集團有限公司*), an exempted company incorporated in Bermuda with limited liability, whose shares are listed and traded on the Main Board of the Stock Exchange (stock code: 1222), and a controlling Shareholder and holding company of the Company
“WOG Group”	WOG and its subsidiaries
“%”	per cent.

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WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

Executive Directors:

Mr. Tang Ching Ho, GBS, JP
(Chairman and Managing Director)
Ms. Tang Wai Man
Ms. Law Man Yee, Anita

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. Li Ka Fai, David, MH
Professor Sit Wing Hang, GBS, JP
Professor Chan Wing Kwong, MD

*Head office and principal place of
business in Hong Kong:*

Suite 3101, 31/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

25 July 2025

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
THE GRANT OF GENERAL MANDATES TO ISSUE AND
TO REPURCHASE SHARES,
RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED AMENDMENTS TO SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the Notice of AGM and the information regarding the Ordinary Resolutions that will be proposed at the AGM for the Shareholders to consider and, if thought fit, to approve (i) the grant of the New Issue Mandate and the New Repurchase Mandate to issue and to repurchase Shares respectively to the Directors; (ii) the re-election of the retiring Directors; and (iii) the proposed amendments to the Share Option Scheme.

LETTER FROM THE BOARD

2. PROPOSED GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

At the Company's last annual general meeting held on 20 August 2024, the Directors were granted (i) a general mandate to allot, issue and deal with Shares up to an aggregate number of not exceeding 20% of the total number of Shares in issue as at 20 August 2024 (equivalent to an aggregate of 225,020,577 Shares) (the "**2024 General Mandate**"); and a general mandate to repurchase Shares up to a maximum of 10% of the total number of Shares in issue as at 20 August 2024 (equivalent to an aggregate of 112,510,288 Shares) (the "**2024 Repurchase Mandate**").

As at the Latest Practicable Date, the 2024 General Mandate and the 2024 Repurchase Mandate had not been utilised and will lapse upon the conclusion of the AGM.

To facilitate future allotment, issue and repurchase of Shares by the Directors on behalf of the Company, Ordinary Resolutions will be proposed at the AGM providing that the Directors be granted the General Mandates. In addition, an Ordinary Resolution will also be proposed at the AGM providing that any Shares repurchased under the New Repurchase Mandate (up to a maximum of 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the date of the grant of the New Repurchase Mandate) will be added to the total number of Shares (excluding Treasury Shares, if any) which may be allotted and issued under the New Issue Mandate.

As at the Latest Practicable Date, the total number of issued Shares comprised 1,125,102,888 Shares with no Treasury Shares. Subject to the passing of the resolution granting the New Issue Mandate and on the basis that no further Shares are issued or repurchased and before the AGM, the Company will be allowed (i) pursuant to the New Issue Mandate to allot, issue and deal with 225,020,577 Shares, representing approximately 20% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the date of passing of the relevant resolution; and (ii) pursuant to the New Repurchase Mandate to repurchase 112,510,288 Shares, representing approximately 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the date of passing of the relevant resolution. The Directors have no immediate plans to allot and issue any Shares (including any sale or transfer of Treasury Shares out of treasury) under the New Issue Mandate.

Each of the General Mandates will continue in force 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 any applicable law of Bermuda or the Bye-Laws to be held; or

LETTER FROM THE BOARD

- (iii) the date on which any such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

An explanatory statement as required under the Listing Rules to be given to the Shareholders is set out in Appendix I to this circular. The information in the explanatory statement provides you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant the Directors the New Repurchase Mandate.

3. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

As at the Latest Practicable Date, the Board consists of six Directors, namely Mr. Tang Ching Ho, Ms. Tang Wai Man (“**Ms. Tang**”), Ms. Law Man Yee, Anita, as executive Directors, Mr. Li Ka Fai, David, Professor Sit Wing Hang (“**Professor Sit**”), and Professor Chan Wing Kwong as independent non-executive Directors.

In accordance with Bye-Laws 84(1), Ms. Tang and Professor Sit shall retire from office by rotation at the AGM and, being eligible, will offer themselves for re-election at the AGM.

The Nomination Committee of the Company (the “**Nomination Committee**”), having reviewed the Board’s composition, nominated Ms. Tang and Professor Sit to the Board for it to recommend to Shareholders for re-election or election (as applicable) at the AGM.

The Nomination Committee has also reviewed and considered each retiring Director’s respective experience, skills and knowledge. Given their different backgrounds and expertise, the Nomination Committee has assessed and is satisfied with the performance of the retiring Directors and considered that each of them contributes to the diversity of the Board.

Moreover, the Nomination Committee has assessed the independence and reviewed the written confirmation of the independence of Professor Sit, who is an independent non-executive Director and has offered himself for re-election at the AGM. The committee members are satisfied that Professor Sit remains independent in accordance with Rule 3.13 of the Listing Rules and are of the view that he has provided independent, balanced and objective views to the Company’s affairs.

The Board, having considered the nomination of the Nomination Committee, recommends the retiring Directors, Ms. Tang and Professor Sit, for re-election as Directors at the AGM. Each of them abstained from voting at the Board meeting and the Nomination Committee meeting (as applicable) regarding their nominations.

Biographical details of the retiring Directors who offer themselves for re-election which are required to be disclosed pursuant to Rule 13.74 of the Listing Rules are set out in Appendix II to this circular.

LETTER FROM THE BOARD

If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue an announcement and/or a supplementary circular to inform Shareholders of the details of the additional candidate(s) proposed.

4. PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company on 22 August 2023 and is valid and effective for a period of 10 years commencing on the date of adoption. Details of the Share Option Scheme are set out in the circular of the Company dated 28 July 2023.

The purpose of the Share Option Scheme is to reward participants who have contributed or may contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole. The scope of participants under the Share Option Scheme currently includes only Employee Participants and Related Entity Participants. As at the Latest Practicable Date, no Option has been granted under the Share Option Scheme.

The Board proposes to amend the Share Option Scheme for the purpose of expanding the scope of participants of the Share Option Scheme to include Service Providers and to adopt the Service Provider Sublimit. The proposed amendments are set out in Appendix III to this circular and summarized below.

Pursuant to the requirements under Chapter 17 of the Listing Rules, the proposed amendments to the Share Option Scheme will be subject to approval by Shareholders at the AGM.

Service Provider Participants

In addition to Employee Participants and Related Entity Participants, the Board proposes to amend the scope of participants under the Share Option Scheme to also include Service Providers.

A Service Provider is any person or entity falling under one of the below sub-categories who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Board pursuant to the criteria below:

LETTER FROM THE BOARD

Category	Types of services provided	Eligibility criteria for Service Provider
(i) Influencers	Service Providers under this category are influencers, content creators, social media personalities, key opinion leaders and livestreaming anchors who promote, market and facilitate the sale of the Group's products on various online platforms.	In determining a person or entity's eligibility under the Influencer category, the Board will take into account: (i) the individual performance of the Influencer, including but not limited to the reliability and quality of the services provided; (ii) the Influencer's knowledge, experience, and network within the relevant industry; (iii) the frequency and duration of the collaborative relationship with the Group; (iv) the background, reputation, and track record of the Influencer; (v) the potential and/or actual contribution to the Group's business; (vi) the Influencer's alignment with the Group's culture and values; and (vii) the capability, expertise, technical know-how, and business connections of the Influencer, as well as the synergy between the services provided by the Influencer and the Group's operations.
(ii) E-commerce Service Providers	Service Providers under this category are digital marketing agencies, technology providers, online platform operators, logistic companies and e-commerce companies which support the Group's business in areas such as online marketing, data analysis, customer engagement, order fulfillment, logistics and brand storytelling.	In determining whether a person or entity qualifies as an E-commerce Service Provider, the Board will take into account: (i) the nature, reliability, and quality of the services provided; (ii) the value of the services in relation to the revenue generated from the Group's businesses; (iii) the frequency and duration of the collaborative relationship with the Group; (iv) the materiality and nature of the business relationship, including whether the services can be readily replaced by third parties and the associated replacement costs; (v) the background, reputation, and track record of the E-commerce Service Provider within its geographical market and/or industry; and (vi) the potential or actual contribution to the Group's business, particularly whether the provider can positively impact the Group's operations, such as by increasing revenue or profits, or by reducing costs attributable to the services supplied.

LETTER FROM THE BOARD

In assessing whether the services provided by the Service Provider to the Group are on a continuing and recurring basis and in the Company's ordinary and usual course of business, the Board will consider the following factors: (i) the duration and type of services provided, as well as the frequency and regularity of such services, including but not limited to the term of the Service Provider's contract, whether the services are rendered on a daily, weekly, or monthly basis, and the number of service hours provided during the contract term; (ii) the nature of the services supplied to the Group by the Service Provider; and (iii) whether these services form part of, or are directly ancillary to, the Group's business activities, particularly those that generate revenue.

The Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of "Wai Yuen Tong", mainly in the PRC and Hong Kong; (ii) the manufacturing and sale of Western pharmaceutical and health food and personal care products under the brand names of "Madame Pearl's" and "Pearl's"; and (iii) property investment. The Group derives the lion's share of its revenue from the Chinese pharmaceutical segment, in respect of which e-commerce-generated revenue has nearly doubled over the past year. This increase is attributable to the fact that the Company has been stepping up its efforts to collaborate with Service Providers and has made significant investments in digital infrastructure, including the launch of mobile applications for e-commerce and customer management, as well as the development of cross-border platforms to facilitate online purchase of its products.

Although not employees of the Group, Service Providers bring valuable expertise, industry-specific knowledge and extensive business networks that offer significant value to the Company's operations. Their contributions include:

- (i) Revenue Growth – their expertise in digital marketing, platform management, and influencer-driven promotions has resulted in increased sales through the Company's e-commerce channels.
- (ii) Operational Efficiency – Service Providers have improved order accuracy, expedited delivery times, and optimized inventory management, all of which contribute to a superior customer experience.
- (iii) Brand Development – through targeted promotions, dynamic social media campaigns, engaging video content and tailored educational initiatives, these Service Providers have strengthened the Company's online presence, increased brand awareness, and fostered consumer loyalty.
- (iv) Innovation and Digital Transformation – collaboration with these Service Providers has accelerated the Company's transition to data-driven health management by integrating artificial intelligence and big data analytics into its traditional Chinese medicine services.

LETTER FROM THE BOARD

- (v) Risk Mitigation and Market Resilience – by diversifying sales channels through e-commerce and providing operational flexibility, these Service Providers have strengthened the Company's ability to adapt to market changes and disruptions, such as those encountered during the COVID-19 pandemic.

The Company recognizes that the continued support of these Service Providers is vital for maintaining the Company's competitiveness, driving digital transformation, and preserving the heritage of traditional Chinese medicine. By including these Service Providers as participants in the Share Option Scheme, the Company aims to encourage ongoing excellence, deepen collaboration, and ensure mutual success for both the Company and its key partners.

Having considered that (i) the Service Providers have played significant roles in the Group's business development and growth by contributing their expertise, knowledge, and networks to the Group's operations, and are integral to the ongoing success and future development of the Group; and (ii) the grant of Options to these Service Providers will align their interests with those of the Group, thereby incentivizing them to further contribute to the Group's success, and is in line with the Company's business needs and industry norm as it is both desirable and necessary from a commercial perspective to sustain and foster these relationships over the long term, the Board (including the independent non-executive Directors) is of the view that the inclusion of the Service Providers as participants in the Share Option Scheme and the eligibility criteria set out above align with the purpose of the Share Option Scheme and the long term interests of the Company and its Shareholders.

Service Provider Sublimit

As the scope of participants under the Share Option Scheme is proposed to be amended to include Service Providers, the Board considers it appropriate to adopt a Service Provider Sublimit within the Scheme Mandate Limit in accordance with Rule 17.03B(2) of the Listing Rules.

The maximum number of Shares which may be issued in respect of all options and awards granted to the Service Providers under the Share Option Scheme and any other share schemes adopted by the Company (excluding options and/or awards lapsed in accordance with relevant scheme rules) must not exceed 5% (i.e. 58,555,144 Shares) of the total number of issued Shares as at the Adoption Date (i.e. 1,171,102,888 Shares), provided always that any utilization under the Service Provider Sublimit shall be regarded as utilization within the Scheme Mandate Limit.

LETTER FROM THE BOARD

In determining the Service Provider Sublimit, the Board has considered, among other things, (i) the benefits to the Group and the necessity of providing long-term equity incentives to maintain the recurring and continuing contributions of the Service Providers to the Group's day-to-day operations and core business functions; (ii) the importance of striking a balance between achieving the purpose of the Share Option Scheme and protecting the Shareholders from the potential dilutive effect arising from grants of a substantial amount of Options or share awards to Service Providers; (iii) the fees and other payment arrangements with Service Providers of the Group; (iv) the current and expected contribution to the development and growth of the Company attributable to Service Providers; and (v) the Company expects that a majority of Options or share awards will be granted to Employee Participants, and therefore the need to reserve a larger portion of the Scheme Mandate Limit for grants to Employee Participants. Given the above, the Board considers that a Service Provider Sublimit of 5% would not lead to an excessive dilution of the shareholding of the existing Shareholders. Taking into account the above, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable. The Service Provider Sublimit is subject to separate approval by the Shareholders at the EGM.

5. THE AGM

The Notice of the AGM is set out on pages AGM-1 to AGM-6 of this circular. At the AGM, resolutions will be proposed to, inter alia:

- (i) receive, consider and adopt the audited consolidated financial statements of the Company, the report of the Directors and the report of Ernst & Young, the independent auditor of the Company (the "**Auditor**"), for the year ended 31 March 2025;
- (ii)
 - (a) re-elect Ms. Tang Wai Man as a Director;
 - (b) re-elect Professor Sit Wing Hang as a Director;
 - (c) authorise the Board to fix the Directors' remuneration;
- (iii) re-appoint the Auditor and to authorise the Board to fix their remuneration;
- (iv) grant the New Issue Mandate;
- (v) grant the New Repurchase Mandate;
- (vi) extend the New Issue Mandate by adding to it the number of Shares repurchased under the New Repurchase Mandate;
- (vii) approve the proposed amendments to the Share Option Scheme; and
- (viii) adopt the Service Provider Sublimit.

LETTER FROM THE BOARD

In accordance with Rule 13.39(4) of the Listing Rules, all the resolutions proposed at the AGM will be taken by way of a poll and an announcement in respect of the poll results will be published by the Company on the websites of the Stock Exchange and the Company respectively in the manner prescribed under Rule 13.39(5) of the Listing Rules after the AGM. The Directors are not aware of any Shareholder who is required to abstain from voting at the AGM.

A form of proxy is enclosed with this circular for use at the AGM. You are requested to complete and deliver the form of proxy to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable, but in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case maybe). Completion and delivery of a form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish and in such event the form of proxy shall be deemed to be revoked.

Treasury Shares, if any and registered under the name of the Company, shall have no voting rights at the general meeting(s) of the Company. For the avoidance of doubt, for the purpose of the Listing Rules, Treasury Shares, if any, pending withdrawal from and/or transferring through CCASS shall not bear any voting rights at the Company's general meeting(s).

6. 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 Group. 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 misleading.

7. RECOMMENDATION

The Directors believe that (i) the grant of the General Mandates and the extension of the New Issue Mandate; (ii) the re-election of the retiring Directors; and (iii) the proposed amendments to the Share Option Scheme, are all in the interests of the Company and the Shareholders as a whole, and recommend you to vote in favour of the resolutions as set out in the Notice of AGM.

LETTER FROM THE BOARD

8. SPECIAL NEEDS

If you have any particular access request or special needs for participating in the AGM, please do not hesitate to contact the Company via email at pr@waiyuentong.com or by telephone at (852) 2312 8202 on or before 12 August 2025.

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 and Managing Director

* *For identification purpose only*

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide certain information to you for your consideration of the New Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, there was a total of 1,125,102,888 Shares in issue, with no Treasury Shares, and there was no outstanding share options granted under the Share Option Scheme adopted by the Company pursuant to a resolution passed by the Shareholders at the annual general meeting held on 22 August 2023, or any outstanding convertible notes or options carrying the rights to subscribe for any Share.

Subject to the passing of the resolution granting the New Repurchase Mandate and on the basis that no further Shares are or will be issued and/or repurchased by the Company following the Latest Practicable Date and up to the date of the AGM, the Directors will be authorised to repurchase a maximum of 112,510,288 Shares (excluding Treasury Shares, if any) pursuant to the New Repurchase Mandate.

If the Company repurchases Shares pursuant to the Repurchase Mandate, the Company may (i) cancel the repurchased Shares and/or (ii) hold such Shares in treasury as Treasury Shares, subject to market conditions and the capital management needs of the Company at the relevant time such repurchase of Shares are made. If the Company holds shares in treasury, any resale of Treasury Shares shall be made in accordance with the Listing Rules and applicable laws and regulations of Bermuda.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek the New Repurchase Mandate from the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the New Repurchase Mandate would be funded from the Company's available cash flow or working capital facilities legally available for the purpose in accordance with the Company's memorandum of association, the Bye-Laws, the applicable laws and regulations of Bermuda and other applicable laws.

There will not be any material adverse impact on the working capital or gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements set out in the annual report of the Company for the year ended 31 March 2025, in the event that the New Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period.

The Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during the 12 months preceding the Latest Practicable Date:

Month	Per Share	
	Highest	Lowest
	trading price HK\$	trading price HK\$
2024		
July	0.360	0.315
August	0.455	0.395
September	0.207	0.167
October	0.210	0.181
November	0.235	0.188
December	0.260	0.193
2025		
January	0.460	0.370
February	0.400	0.285
March	0.390	0.320
April	0.395	0.315
May	0.380	0.325
June	0.360	0.325
July (up to and including the Latest Practicable Date)	0.345	0.285

5. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to the Company, if the New Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the New Repurchase Mandate in accordance with the Listing Rules, the Company's memorandum of association and the Bye-Laws and the applicable laws of Bermuda. Neither this explanatory statement nor the New Repurchase Mandate has any unusual features.

The Company has not been notified by any core connected person (as defined in the Listing Rules) that such person has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the New Repurchase Mandate is approved by the Shareholders.

6. STATUS OF REPURCHASED SHARES

Shares repurchased by the Company may be canceled or held by the Company as Treasury Shares as determined by the Directors, depending on the market conditions and the Group's capital management needs at the relevant time of the repurchases.

For any Treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to HKSCC to vote at general meetings of the Company for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as Treasury Shares.

7. TAKEOVERS CODE

If, as a result of a repurchase of Shares pursuant to the New 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 purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, (i) WOG Group, the controlling shareholder, was interested or deemed to be interested in 810,322,940 Shares, representing approximately 72.02% of the total number of Shares in issue in the Company; and (ii) Mr. Tang Ching Ho, the chairman and managing Director, and parties acting in concert (as defined in the Takeovers Code) with him, together held approximately 42.80% interest in WOG and thus he and his associates are also deemed to be interested in approximately 72.02% interest in the Company. For illustration purpose, in the event that the Directors should exercise in full the power to repurchase Shares under the New Repurchase Mandate and on the basis of the number of Shares in issue as at the Latest Practicable Date, the shareholding of WOG Group, Mr. Tang Ching Ho and parties acting in concert with any of them, in the Company will increase to approximately 80.02% of the total issued share capital of the Company. Such increase will not result in a mandatory offer being required to be made in accordance with Rule 26 of the Takeovers Code as a consequence of purchases of Shares made pursuant to the New Repurchase Mandate.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of repurchase, an exercise of the New Repurchase Mandate whether in whole would or in part could, result in less than 25% of the issued Shares, being the prescribed minimum percentage, being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the New Repurchase Mandate to such an extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25% as may result in a public shareholding of less than such prescribed minimum percentage.

8. SHARE REPURCHASE MADE BY THE COMPANY

No Shares had been repurchased by the Company, whether on the Stock Exchange or otherwise, in the last six months preceding the Latest Practicable Date.

The biographical details of the retiring Directors, and being eligible for re-election at the AGM are set out below:

Ms. Tang Wai Man, Executive Director

Ms. Tang Wai Man, aged 34, joined the Group in January 2016 and was appointed as an executive Director on 1 April 2018. She is an authorized representative of the Company under Part 16 of the Companies Ordinance and also a member of the executive committee, the nomination committee and the remuneration committee of the Company. Ms. Tang is responsible for sales and marketing, channel sales and retail operation of the Group in Hong Kong and Macau.

Ms. Tang graduated from University of Edinburgh, UK with a Master of Arts with Honors in Business Studies. Prior to joining the Group, she had worked for Wang On Group Limited since July 2014 as an assistant to chairman and accumulated other experience in financial analysis, sales and marketing and business development in a number of corporate bodies in Hong Kong and the United Kingdom.

Ms. Tang is currently the Vice-Chairman of Youth Committee of Federation of Hong Kong Shenzhen Association, the Supervisor of Hong Kong Chinese Medicine Industry Association and the Honorary member of Court of Hong Kong Baptist University. She is also the members of Shenzhen Pingshan District Committee of The Chinese People's Political Consultative Conference, Quality Tourism Services Association Governing Council (Retailer Category), The Innovation and Technology Commission – New Industrialisation Vetting Committee, Hong Kong Baptist University Foundation Young Entrepreneur Committee, Hong Kong Baptist University School of Chinese Medicine Advisory Committee, Advisory Committee on Chinese Medicine Development Fund and Chinese Medicine Development Committee.

She is the daughter of Mr. Tang Ching Ho, the chairman and Managing Director and also a controlling shareholder of WOG which is a controlling shareholder of the Company. Pursuant to the service contract entered into between the Company and Ms. Tang which has no fixed term but is terminable with six months' notice without payment of compensation (other than statutory compensation), she is entitled to an annual remuneration of HK\$2,000,400 with regard to her duties and responsibilities. She is also entitled to a performance bonus at the discretion of the Board and the remuneration committee of the Company with reference to the Company's performance and the prevailing practice in the industry. The term of Ms. Tang's appointment is also subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws.

As at the Latest Practicable Date and save as disclosed above, Ms. Tang (i) did not hold any other directorships in any listed public companies in the last three years; (ii) did not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; and (iii) did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, the Directors are not aware of any other matters regarding the proposed re-election of Ms. Tang that need to be brought to the attention of the Shareholders, and there is no information to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Professor Sit Wing Hang, Independent Non-executive Director

Professor Sit Wing Hang, GBS, JP, aged 64, joined the Company as an Independent Non-executive Director on 8 December 2023. He is the chairman of the remuneration committee of the Company, and member of each of the audit committee and the nomination committee of the Company.

Professor Sit joined the Hong Kong Government in 1984 and was promoted to the Director of Electrical and Mechanical Services and Electrical & Mechanical Services Trading Fund General Manager in 2017. During his tenure, he was in charge of electrical and mechanical safety and promotion of energy efficiency and conservation in Hong Kong, as well as the provision of engineering services for electrical and mechanical assets of the Hong Kong SAR Government. He served as the Secretary for Innovation and Technology of the Hong Kong SAR Government from April 2020 to 30 June 2022. Professor Sit was awarded the Gold Bauhinia Star and was appointed as a Justice of the Peace by the Hong Kong SAR Government.

Professor Sit is currently an independent non-executive director of Regal Partners Holdings Limited (formerly known as Morris Home Holdings Limited) (Stock Code: 1575), Envision Greenwise Holdings Limited (formerly known as Golden Ponder Holdings Limited) (Stock Code: 1783) and China State Construction Development Holdings Limited (Stock Code: 830), which are companies listed on the Main Board of the Stock Exchange. He is also the independent non-executive director of Xiamen Jihong Co. Limited, which is company listed on the Shenzhen Stock Exchange (Stock Code: 002803.SZ) and listed on the Main Board of the Stock Exchange (Stock Code: 2603). He is also the Chief Executive and Secretary of the Hong Kong Institution of Engineers.

In addition, he serves as a Senior Advisor to the President and Vice-Chancellor and Honorary Professor of the Hong Kong Baptist University, and a Professor of Practice of the Hong Kong Polytechnic University. Professor Sit is an electrical engineer by profession and has over 41 years of experience in public administration. He is a fellow member of the Hong Kong Institution of Engineers, and was the President of the Hong Kong Institution of Facility Management and the Chairman of the Biomedical Division of the Hong Kong Institution of Engineers.

In accordance with the terms of the letter of appointment, Professor Sit is entitled to a Director's fee of HK\$144,000 per annum and will also be entitled to a fee in the amount of HK\$40,000 per annum determined with reference to his duties as a member of the audit committee of the Company. The term of Professor Sit's appointment is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws.

As at the Latest Practicable Date and save as disclosed above, Professor Sit (i) did not hold any other directorships in any listed public companies in the last three years; (ii) did not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; and (iii) did not have any interest in the Shares within the meaning of Part XV of the SFO). Professor Sit confirmed that (i) he is independent as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) he had no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as such term is defined in the Listing Rules) of the Company; and (iii) there were no other factors that may affect his independence at the time of his appointment.

Save as disclosed above, the Directors are not aware of any other matters regarding the proposed re-election of Professor Sit that need to be brought to the attention of the Shareholders, and there is no information to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

WAI YUEN TONG MEDICINE HOLDINGS LIMITED*(incorporated in Bermuda with limited liability)***1. DEFINITIONS**

- 1.1 In this Scheme, unless the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	22 August 2023, the date on which this Scheme was conditionally adopted by the Shareholders;
“associate”	has the meaning ascribed to it under the Listing Rules;
“associated company”	means, in relation to a company, any body corporate or other entity whose results are recorded in that company’s financial statements using the equity method of accounting;
“Auditors”	the auditors of the Company for the time being;
“Board”	the board of Directors of the Company for the time being or a duly authorised committee thereof;
“Business Day”	any day (excluding a Saturday, Sunday and public holiday) on which the Stock Exchange is open for the business of dealing in securities;
“close associate”	has the meaning ascribed to it under the Listing Rules;
“Company”	Wai Yuen Tong Medicine Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“core connected person”	has the meaning ascribed to it under the Listing Rules;
“Date of Grant”	in respect of an Option, the Business Day on which the Offer is made to a Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of this Scheme;

“Employee Participant”	any director or employee of any member of the Group (including persons who are granted Option(s) under this Scheme as an inducement to enter into employment contracts with any member of the Group) and, for the avoidance of doubt, excludes any former employee unless such person qualifies as a Participant in some other capacity;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of this Scheme or (where the context so permits) a person who is entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person;
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Individual Limit”	the meaning ascribed thereto in paragraph 7.4;
“inside information”	has the meaning ascribed to it under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended from time to time;
“New Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 7.2(a);
“Offer”	the offer of the grant of an Option made in accordance with paragraph 3;
“Option”	an option to subscribe for Shares granted pursuant to this Scheme and for the time being subsisting;
“Option Period”	in respect of any particular Option, the period during which the Grantee may exercise the Option, which is determined and notified by the Board to the Grantee at the time of making an Offer and must not be more than 10 years from the Date of Grant;

“Participant”	means an Employee Participant or Related Entity Participant <u>or a Service Provider</u> who is eligible to be granted Option(s) under this Scheme;
“Related Entity Participant”	any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company;
“Scheme”	this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof;
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 7.1;
<u>“Service Provider”</u>	<u>any person or entity who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Board pursuant to the criteria set out in paragraph 2.5;</u>
<u>“Service Provider Sublimit”</u>	<u>has the meaning ascribed to it in paragraph 7.1;</u>
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company, or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;
“share scheme(s)”	has the meaning ascribed to it under the Listing Rules;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph 4;

a company which is for the time being and from time to time a subsidiary (within the meaning ascribed to it under the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly.

- 1.2 Paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. References herein to “paragraphs” are to paragraphs of this Scheme. Words importing the singular include the plural and vice versa, words importing a gender or the neuter include both genders and the neuter references to persons include bodies corporate or unincorporate.
- 1.3 References in this Scheme to any document are to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- 1.4 References (express or implied) in this Scheme to ordinances and to statutory and regulatory provisions and the Listing Rules shall be construed as references to those ordinances or statutory and regulatory provisions and the Listing Rules as respectively amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which there are re-enactments (whether with or without modification) and any orders, regulations, instruments, other subordinate legislation or practice notes under the relevant ordinance, statutory or regulatory provision or the Listing Rules.
- 1.5 In construing this Scheme:
 - (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
 - (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

2. PURPOSE, DURATION AND ADMINISTRATION

- 2.1 The purpose of this Scheme is to reward Participants who have contributed or may contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole. Subject to paragraph 2.5 below, tThe eligibility of any of the Participants for grant(s) of Option(s) shall be determined by the Board from time to time on the basis of the Board's opinion as to the Participant's contribution to the success of the Group's operations. Subject to paragraph 2.5 below, in assessing whether Options are to be granted to any Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impact which such Participant has brought to the Group's operations and whether granting the Options to such Participant is an appropriate incentive to such Participant to continue to contribute towards the Group's operations.
- 2.2 This Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties. The Board shall have the right to (a) interpret and construe the provisions of this Scheme; (b) determine the persons (if any) who shall be offered Options under this Scheme, and the number of Shares and Subscription Price, subject to paragraph 4; (c) subject to paragraph 11, make such adjustments to the terms of the Options granted under the Scheme to the relevant Grantee as the Board deems necessary, and shall notify the relevant Grantee of such adjustment by written notice; and (d) make such other decisions or determinations as it shall deem appropriate in relation to the Offers and/or the administration of the Scheme provided that the same are not inconsistent with the provisions of this Scheme and the Listing Rules.
- 2.3 This Scheme shall take effect subject to (i) the passing of a resolution by the shareholders of Wang On Group Limited to approve this Scheme; and (ii) the passing of a resolution by Shareholders to approve and adopt this Scheme and to authorise the Board to grant Options under this Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any Options. A certificate of a Director that the condition set out in this paragraph 2.3 have been satisfied shall be conclusive evidence of the matters certified.
- 2.4 Subject to paragraphs 2.3 and 13, this Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options shall be offered or granted under this Scheme but the provisions of this Scheme shall remain in full force and effect in all other respects. Options granted during the life of this Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the said 10-year period.

2.5 A Service Provider is any person or entity falling under one of the below sub-categories who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Board pursuant to the criteria below:

<u>Category</u>	<u>Types of services provided</u>	<u>Eligibility criteria for Service Provider</u>
(i) <u>Influencers</u>	<u>Service Providers under this category are influencers, content creators, social media personalities, key opinion leaders and livestreaming anchors who promote, market and facilitate the sale of the Group's products on various online platforms.</u>	<u>In determining a person or entity's eligibility under the Influencer category, the Board will take into account: (i) the individual performance of the Influencer, including but not limited to the reliability and quality of the services provided; (ii) the Influencer's knowledge, experience, and network within the relevant industry; (iii) the frequency and duration of the collaborative relationship with the Group; (iv) the background, reputation, and track record of the Influencer; (v) the potential and/or actual contribution to the Group's business; (vi) the Influencer's alignment with the Group's culture and values; and (vii) the capability, expertise, technical know-how, and business connections of the Influencer, as well as the synergy between the services provided by the Influencer and the Group's operations.</u>

	<u>Category</u>	<u>Types of services provided</u>	<u>Eligibility criteria for Service Provider</u>
(ii)	<u>E-commerce Service Providers</u>	<u>Service Providers under this category are digital marketing agencies, technology providers, online platform operators, logistic companies and e-commerce companies which support the Group's business in areas such as online marketing, data analysis, customer engagement, order fulfillment, logistics and brand storytelling.</u>	<u>In determining whether a person or entity qualifies as an E-commerce Service Provider, the Board will take into account: (i) the nature, reliability, and quality of the services provided; (ii) the value of the services in relation to the revenue generated from the Group's businesses; (iii) the frequency and duration of the collaborative relationship with the Group; (iv) the materiality and nature of the business relationship, including whether the services can be readily replaced by third parties and the associated replacement costs; (v) the background, reputation, and track record of the E-commerce Service Provider within its geographical market and/or industry; and (vi) the potential or actual contribution to the Group's business, particularly whether the provider can positively impact the Group's operations, such as by increasing revenue or profits, or by reducing costs attributable to the services supplied.</u>

In assessing whether the services provided by the Service Provider to the Group are on a continuing and recurring basis and in the Company's ordinary and usual course of business, the Board will consider the following factors: (i) the duration and type of services provided, as well as the frequency and regularity of such services, including but not limited to the term of the Service Provider's contract, whether the services are rendered on a daily, weekly, or monthly basis, and the number of service hours provided during the contract term; (ii) the nature of the services supplied to the Group by the Service Provider; and (iii) whether these services form part of, or are directly ancillary to, the Group's business activities, particularly those that generate revenue.

For the purposes of the Scheme, Service Provider should exclude (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

3. GRANT OF OPTIONS

3.1 On and subject to the terms of this Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms shall include:-

- (i) the minimum period as determined by the Board for which an Option must be held before it can be exercised, which, subject to paragraphs 5.3(e) to (h), shall not be less than 12 months unless the following applies in relation to grants to Employee Participants:-
 - (a) grants of “make whole” Options to new Employee Participants to replace share options such Employee Participants forfeited when leaving their previous employers;
 - (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
 - (c) grants of Options which are subject to the fulfilment of performance targets;
 - (d) grants of Options with a mixed vesting schedule such that the Share Options vest evenly over a period of 12 months; or
 - (e) grants of Options with a total vesting and holding period of more than 12 months.
- (ii) any performance target which the Board considers to be appropriate in relation to any specific grant of Option(s) and may include, without limitation, business performance and financial performance of the Group or specific business unit(s), attaining of corporate goals, and/or individual performance appraisal, that must be achieved before the Option(s) can be exercised in whole or in part; and
- (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

- 3.2 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Participant concerned for a period of 14 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after this Scheme has been terminated in accordance with the terms hereof or after the Participant for whom the Offer is made has ceased to be a Participant.
- 3.3 No Offer shall be made to, nor shall any Offer be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable rules, regulations or law.
- 3.4 An Offer is deemed to be accepted when the Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted and a remittance to the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances.
- 3.5 Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a whole board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 14 days from the date on which the letter containing the Offer is delivered to that Participant in the manner indicated in paragraph 3.4, it shall be deemed to have been irrevocably declined.
- 3.6 The Company may not grant any Options after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, it may not grant any Option during the period commencing 1 month immediately before the earlier of:
- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),
- and ending on the date of the results announcement. No Option may be granted during any period of delay in publishing a results announcement.

- 3.7 Any grant of Option shall be made, if not already obtained, subject to the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of such Option and accordingly an Option shall only take effect upon listing approval in respect of Shares which may fall to be issued upon exercise of such Option being obtained.
- 3.8 Save as set out under paragraphs 3.1 and 5.3(d) and as may be provided for by the Board in the relevant grant letter for an Offer, there is no performance target attached to the Options, or any clawback mechanism for the Company to recover or withhold Options granted to any Participant that have vested.

4. SUBSCRIPTION PRICE

The Subscription Price shall be determined by the Board in its absolute discretion but in any event must not be less than the highest of:-

- (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
- (iii) the nominal value of the Shares.

5. EXERCISE OF OPTIONS

- 5.1 An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.
- 5.2 An Option may, subject to the provisions of paragraph 8, be exercised in whole or in part (but if in part only, in respect of a board lot in which the Shares are traded on the Stock Exchange from time to time or an integral multiple thereof) in the manner set out in paragraph 5.3 by the Grantee (or, as the case may be, his legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Auditors' certificate or the certificate from the

independent financial adviser to the Company pursuant to paragraph 8, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, as the case may be, his legal personal representative(s)) credited as fully paid and issue to the Grantee (or, as the case may be, his legal personal representative(s)) share certificates in respect of the Shares so allotted.

5.3 Subject to any restrictions applicable under the Listing Rules and the terms of grant thereof, an Option may be exercised by the Grantee at any time during the Option Period, provided that:-

- (a) in the event of the Grantee ceasing to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as specified in paragraph 6(f) having arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within the period of 12 months following his death;
- (b) in the event of a Grantee who is an employee or a director of the Company or another member of the Group ceasing to be a Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified in paragraph 6(f), the Option (to the extent not already exercised) shall lapse after the expiry of 14 days from the date of cessation or termination of such employment (which date shall be the Grantee's last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable;
- (c) in the event of a Grantee who is not an employee or a director of the Company or another member of the Group ceasing to be a Participant as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such Grantee within 1 month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation;
- (d) in the event of the Grantee ceasing to be a Participant by reason of the termination of his employment or directorship on one or more of the grounds specified in paragraph 6(f), his Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of termination of his employment and to the extent the Grantee has exercised the Option in whole or in part pursuant to paragraph 5.2, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;

- (e) if a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5.3(f) below) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company;
- (f) if a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice;
- (g) in the event a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than 3 days prior to the date of the proposed general meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option; and
- (h) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5.3(f) above, between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement and the Grantee (or his legal personal representative) may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than 3 days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

- 5.4 The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the memorandum of association and bye-laws of the Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which Shares are allotted other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

6. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:-

- (a) the expiry of the Option Period (subject to the provisions of this Scheme);
- (b) the expiry of the periods referred to in paragraph 5.3;
- (c) the expiry of the period referred to in paragraph 5.3(e) provided that if any court of competent jurisdiction makes an order the effect of which is to prohibit the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;
- (d) subject to the scheme of arrangement (referred to in paragraph 5.3(f)) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5.3(f);
- (e) the date of the commencement of the winding-up of the Company;
- (f) the date on which the Grantee (being an Employee Participant) ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 6(f) shall be conclusive and binding on the Grantee, and where appropriate, his legal representative(s);
- (g) the date on which the Grantee commits a breach of paragraph 5.1; and

- (h) subject to paragraph 5.3, the date the Grantee ceases to be a Participant for any other reason.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 7.1 Subject to paragraphs 7.2, (i) the maximum number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and all other options and awards under any other share schemes of the Company must not, in the absence of Shareholders' approval, in aggregate exceed 10 % of the Shares in issue as at the Adoption Date (the "**Scheme Mandate Limit**")~~;~~ and (ii) the maximum number of Shares which may be issued in respect of all options and awards granted to the Service Providers under the Scheme and any other share schemes adopted by the Company must not in aggregate exceed 5% of the Shares in issue as at the Adoption Date, provided always that any utilization under the Service Provider Sublimit shall be regarded as utilization within the Scheme Mandate Limit (the "**Service Provider Sublimit**"). Options lapsed in accordance with the terms of this Scheme and (as the case may be) such other share schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. Options granted under the Scheme which have been cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. For the avoidance of doubt, where the Company cancels Options granted under this Scheme to a Participant, and makes a new grant to the same Participant, such new grant may only be made with available Scheme Mandate Limit and Service Provider Sublimit (as applicable).
- 7.2 (a) The Scheme Mandate Limit referred to in paragraph 7.1 may be refreshed at any time by obtaining approval of the Shareholders in general meeting after 3 years from the Adoption Date (or, as the case maybe, the last refreshment of such limit) provided that the new Scheme Mandate Limit as refreshed (the "**New Scheme Mandate Limit**") must not exceed 10% of the Shares in issue at the date of the Shareholders' approval of such New Scheme Mandate Limit (and the Service Provider Sublimit as "refreshed" shall not exceed 5% of the Shares in issue as at the date of approval of the refreshed Service Provider Sublimit by the Shareholders in general meeting). Options previously granted under this Scheme or any other share schemes of the Company (including those outstanding, cancelled, lapsed in accordance with this Scheme or exercised options) will not be counted for the purpose of calculating the total number of Shares underlying the New Scheme Mandate Limit. All other provisions under this Scheme applicable to the Scheme Mandate Limit shall also apply to any New Scheme Mandate Limit.

- (b) The Scheme Mandate Limit referred to in paragraph 7.1 may also be refreshed within any 3-year period from the Adoption Date (or, as the case maybe, the last refreshment of such limit) by obtaining approval of the Shareholders in general meeting PROVIDED THAT in such case, any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at such general meeting and subject to compliance with other applicable requirements under the Listing Rules.

7.3 Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to Participants if:-

- (a) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and
- (b) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to the Shareholders containing the name of each specified Participant who may be granted such Options, the number and terms (which must be fixed before Shareholders' approval) of the Options to be granted, the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose and such other information required under the Listing Rules; and
- (c) in respect of any grant of Options subject to this paragraph, the date of the Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of determining the Subscription Price.

7.4 Where any grant of Options to a Participant would result in the Shares issued and to be issued in respect of all options or awards granted to such Participant (excluding any options or awards lapsed in accordance with the terms of the share schemes of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (the "**Individual Limit**"), such grant must be separately approved by Shareholders in general meeting with such Participant and his/her close associates (or associates if the Participant is a connected person) abstaining from voting. The identity of the Participant, number and terms of the Options to be granted shall be fixed before Shareholders' approval and the Company shall send a circular to the Shareholders which shall contain the information required by the Listing Rules. In respect of any grant of Options subject to this paragraph, the date of the Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of determining the Subscription Price.

- 7.5 If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all options (including Options under this Scheme) and awards to be granted under this Scheme and any other share schemes of the Company under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 7.6 Each grant of Option(s) to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of such Option(s)).
- 7.7 If a grant of Options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) would result in the Shares issued and to be issued in respect of all options (including Options under this Scheme) and awards granted (excluding any options and awards lapsed in accordance with the terms of the Scheme or other share schemes of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Options is required to be approved by Shareholders at a general meeting of the Company, with voting to be taken by way of a poll. The grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The number and terms of the Options to be granted (including the Subscription Price) shall be fixed before Shareholders' approval and the Company shall send a circular to Shareholders which shall contain the information and the independent non-executive Directors' views required by the Listing Rules.
- 7.8 Any change in the terms of an Option granted to a Director, chief executive or substantial shareholder of the Company or (any of their respective associates) must be approved by Shareholders in the manner as set out in Rule 17.04(4) of the Listing Rules if the initial grant of the Option requires such approval (except where the changes take effect automatically under the existing terms of the Scheme).

8. REORGANISATION OF CAPITAL STRUCTURE

8.1 In the event of any alteration to the capital structure of the Company whilst any Option remains exercisable, arising from capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, such corresponding alterations (if any) shall be made in:-

- (a) the number or nominal amount of Shares subject to the Scheme and/or Options granted thereunder; and/or
- (b) the Subscription Price for the Shares subject to the Option so far as unexercised;

provided that:-

- (i) any such adjustments give a Grantee the same proportion of the equity capital, rounded to the nearest whole Share, of the Company as that to which that Grantee was previously entitled; and
- (ii) notwithstanding paragraph 8.1(i) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor that is calculated taking into account guidance/interpretation of the Listing Rules as may be issued by the Stock Exchange from time to time,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

8.2 The Company shall engage the Auditors or an independent financial adviser to certify in writing to the Board, either generally or as regards any particular Grantee, that the adjustments made by the Company under paragraph 8.1 satisfy the requirements set out in paragraphs 8.1(i) and 8.1(ii) above. The capacity of the Auditors or the independent financial adviser to the Company (as the case may be) in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or financial adviser (as the case may be) shall be borne by the Company.

- 8.3 If there has been any alteration in the capital structure of the Company as referred to in paragraph 8.1, the Company shall within 28 days after receipt of the Auditors' certificate or the certificate of the independent financial adviser to the Company as referred to in paragraph 8.2, inform each Grantee of such alteration and of any adjustment to be made in accordance with the Auditors' certificate or the certificate of the independent financial adviser to the Company obtained by the Company for such purposes.

9. SHARE CAPITAL

- 9.1 The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.
- 9.2 The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

10. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditors or the independent financial adviser to the Company who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial adviser to the Company shall be shared equally between the Company and the relevant Grantee.

11. ALTERATION OF THIS SCHEME

This Scheme may be altered in any respect by a resolution of the Board provided that any alterations to the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions of this Scheme relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Participants must be approved by the Shareholders in general meeting. Any change to the terms of any Options granted to a Participant shall be approved by the Board, the remuneration committee of the Board, the independent non-executive Directors and/or the Shareholders (as the case maybe) if the initial grant of Options was approved by the Board, the remuneration committee of the Board, the independent non-executive Directors and/or the Shareholders (as the case maybe), except where the alterations take effect automatically under the existing terms of the Scheme. The Scheme so altered must still comply with Chapter 17 of the Listing Rules. Any change to the authority of the Board to alter the terms of the Scheme must be approved by Shareholders in general meeting.

12. CANCELLATION

Any Options granted but not exercised may be cancelled if the Grantee so agrees. Where the Company cancels the Options and issues new Options to the same Grantee, the issue of such new Options may only be made under this Scheme or any other share schemes of the Company (excluding the cancelled Options) within the Scheme Mandate Limit and the Service Provider Sublimit (as applicable).

13. TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of this Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of this Scheme shall remain in full force and effect in respect of Options which are granted during the life of this Scheme and which remain unexpired immediately prior to the termination of the operation of this Scheme.

14. MISCELLANEOUS

14.1 The Company shall bear the costs of establishing and administering this Scheme.

14.2 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares.

14.3 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong for the time being and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time.

14.4 Any notice or other communication served by post:-

- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
- (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

Any notice or other communication served by either party by hand shall be deemed to be served when delivered.

- 14.5 A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of his Option. A Grantee shall pay all tax and discharge all other liabilities to which he may become subject to as a result of the participation in this Scheme or the exercise of any Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme. A Grantee shall, on demand, indemnify the Company fully against all claims and demands which may be made against the Company (whether alone or jointly with other party or parties) for or in respect of or in connection with any failure on the part of the Grantee to obtain any necessary consent referred to hereinabove or to pay tax or other liabilities referred to hereinabove and against all incidental costs and expenses which may be incurred or spent by the Company.
- 14.6 The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the other provisions of this Scheme. The Board shall also have the power to delegate its powers to grant Options to Participants and to determine the Subscription Price, to any of the Company's directors or any committee established by the Board from time to time.
- 14.7 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any employee and the rights and obligations of any employee under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 14.8 No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option pursuant to this Scheme, unless and until Shares are actually issued to the Grantee pursuant to his exercise of such Option.
- 14.9 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

- End of this Scheme -

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WAI YUEN TONG MEDICINE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

SHARE OPTION SCHEME

Conditionally adopted pursuant to
an ordinary resolution of Shareholders dated 22 August 2023 and amended on ● 2025

NOTICE OF THE AGM



WAI YUEN TONG MEDICINE HOLDINGS LIMITED

(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (the “**Company**”) will be held at Garden Room A-D, 2/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 19 August 2025, at 11:30 a.m. (the “**AGM**”) for the following purposes:

ORDINARY BUSINESSES

1. To receive, consider and adopt the audited consolidated financial statements of the Company, the report of the directors of the Company (individually, a “**Director**” and collectively, the “**Directors**”) and the report of the independent auditor of the Company (the “**Auditor**”) for the year ended 31 March 2025.
2. To re-elect the following retiring Directors:
 - (i) Ms. Tang Wai Man as a Director;
 - (ii) Professor Sit Wing Hang as a Director; and
 - (iii) to authorise the board of Directors (the “**Board**”) to fix the remuneration of the Directors.
3. To re-appoint Ernst & Young as the Auditor and to authorise the Board to fix their remuneration.

NOTICE OF THE AGM

SPECIAL BUSINESSES

To consider and, if thought fit, pass with or without modification, the following resolutions as ordinary resolutions:

4. (A) “THAT

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereafter defined of this resolution) of all the powers of the Company to allot, issue, grant, distribute, dispose of and otherwise deal with additional shares of HK\$0.01 each in the share capital of the Company (the “Shares”) (including any sale or transfer of Treasury Shares out of treasury), and to make, issue or grant offers, agreements and options (including bonds, warrants, notes, securities or debentures convertible into Shares or options) and rights of exchange or conversion which would or might require the exercise of such powers either during or after the Relevant Period, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make, issue or grant offers, agreements and options (including bonds, warrants, notes, securities or debentures convertible into Shares or options) and rights of exchange or conversion which would or might require the exercise of such powers either during or after the Relevant Period;
- (c) the aggregate number of Shares allotted, issued, granted, distributed, disposed of or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed, disposed of or otherwise dealt with (whether pursuant to an option, a conversion or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereafter defined); or
 - (ii) an exercise of any option granted under any share option scheme; or

NOTICE OF THE AGM

(iii) any scrip dividend or other 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 (the “**Bye-Laws**”); or

(iv) an exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares,

shall not exceed the aggregate of (aa) 20% of the total number of Shares (excluding Treasury Shares, if any) in issue at the date of the passing of this resolution; and (bb) (if the Directors are so authorized by a separate ordinary resolution of the shareholders of the Company) the aggregate share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the total number of Shares (excluding Treasury Shares, if any) in issue at the date of the passing of this resolution), the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or any applicable law of Bermuda 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 of the Company (the “**Shareholders**”) in a general meeting.

“**Rights Issue**” means an offer of Shares or an issue of options, warrants or other securities of the Company giving the right to subscribe for 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

NOTICE OF THE AGM

of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

(B) “**THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below of this resolution) of all the powers of the Company to repurchase Shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate of Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the total number of Shares (excluding Treasury Shares, if any) in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or any applicable laws of Bermuda 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 a general meeting.”

- (C) “**THAT** conditional upon resolution 4(A) and resolution 4(B) as set out in this notice of the AGM dated 25 July 2025 (the “**AGM Notice**”) being passed, the aggregate number of Shares which are repurchased by the Company under the authority granted pursuant to resolution 4(B) as set out in the AGM Notice (up to a maximum of 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the date of passing of resolution 4(B) as set out in the AGM Notice) shall be added to the total number of Shares that may be allotted and issued or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution 4(A) as set out in the AGM Notice.”

NOTICE OF THE AGM

5. “THAT

- (a) the proposed amendments (the “**Proposed Amendments**”) to the Share Option Scheme (as defined in the circular of the Company dated 25 July 2025 (the “**Circular**”)), the amended terms of which are set out in the section headed “Appendix III – Proposed Amendments to the Share Option Scheme” in the Circular, be and are hereby approved, confirmed and adopted; and
- (b) the directors of the Company be and is/are hereby authorised to execute all such documents and do all such other acts and things as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to effect the Proposed Amendments and any of the foregoing.”

6. “THAT

- (a) the proposed adoption of the Service Provider Sublimit (as defined in the Circular) be and is hereby approved and confirmed; and
- (b) the directors of the Company be and is/are hereby authorised to execute all such documents and do all such other acts and things as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to effect the Service Provider Sublimit and any of the foregoing.”

By Order of the Board
WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)
Ng Yee Man Fiona
Company Secretary

Hong Kong, 25 July 2025

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

*Head office and principal place of
business in Hong Kong:*
Suite 3101, 31/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

NOTICE OF THE AGM

Notes:

- (1) The record date for determining the eligibility of shareholders (except holders of Treasury Shares, if any) to attend and vote at the AGM is Tuesday 19 August 2025. The register of members of the Company will be closed from Thursday, 14 August 2025 to Tuesday, 19 August 2025 (both days inclusive) during which period no transfer of share(s) will be effected. In order to determine the eligibility to attend and vote at the AGM or any adjourned meeting thereof (as the case may be), all transfer of Share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 13 August 2025.
- (2) A member entitled to attend and vote at the AGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more Shares may appoint more than one proxy to attend and vote on his/her behalf. A proxy needs not be a member of the Company.
- (3) A form of proxy for use at the AGM is enclosed with the circular of the Company to the Shareholders dated 25 July 2025. In order to be valid, the form of proxy completed in accordance with the instructions set out therein, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding of the AGM or any adjournment thereof (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish and in such event the form of proxy shall be deemed to be revoked.
- (4) In the case of joint holders of any Shares, any one of such joint holders may vote at the AGM, either in person or by proxy, in respect of such Shares as if he/she was solely entitled thereto, provided that if more than one of such joint holders be present at the AGM whether in person or by proxy, the person whose name stands first in the register of members of the Company in respect of the joint holding shall be accepted to the exclusion of the votes of the other joint holders.
- (5) An explanatory statement regarding the general mandate for the repurchase of Shares sought in resolution 4(B) (as set out in the AGM Notice) is set out in appendix I to the circular of the Company dated 25 July 2025 to the Shareholders of which this notice forms part.
- (6) All of the above resolutions will be voted by way of a poll at the AGM.
- (7) The Chinese language version of this notice is translated from the English version. In the event of any discrepancies or conflicts between the contents of the Chinese version and the English version of this notice, the English version shall prevail.

* *For identification purpose only*