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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Wai Yuen Tong Medicine Holdings Limited** (位元堂藥業控股有限公司*), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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WAI YUEN TONG MEDICINE HOLDINGS LIMITED

(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

**PROPOSED CAPITAL REORGANISATION,
CHANGE IN BOARD LOT SIZE
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM of the Company to be held at 17/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong on Tuesday, 15 March 2016 at 11:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you intend to attend and vote in person at the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

* For identification purpose only

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DEFINITIONS

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

“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Bye-law(s)”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby: (i) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (ii) the nominal value of all the issued Consolidated Shares shall be reduced from HK\$0.2 each to HK\$0.01 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK\$0.19 per Consolidated Share in issue
“Capital Reorganisation”	the proposed capital reorganisation of the issued share capital of the Company involving the Share Consolidation, the Capital Reduction and transferring all the credits arising from the Capital Reduction to the contributed surplus account of the Company for use by the Board in any manner permitted by Bermuda law
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size for trading from 20,000 Existing Shares to 5,000 New Shares
“Companies Act”	the Companies Act 1981 of Bermuda

DEFINITIONS

“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 whose shares are listed and traded on the main board of the Stock Exchange (Stock Code: 897)
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.20 each in the issued share capital of the Company immediately upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company prior to the implementation of the Capital Reorganisation
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, namely Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Latest Practicable Date”	16 February 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	the new ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective

* For identification purpose only

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SGM”	the special general meeting of the Company to be convened and held at 17/F., Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong on Tuesday, 15 March 2016 at 11:30 a.m. or at any adjournment thereof (as the case may be) to consider and, if thought fit, approving the Capital Reorganisation
“Share Consolidation”	the proposed share consolidation of share(s) in the issued share capital of the Company whereby every twenty (20) issued Existing Shares will be consolidated into one (1) Consolidated Share
“Share Option Scheme(s)”	any share option scheme of the Company, including the old share option scheme of the Company adopted by the Shareholders at the special general meeting held on 18 September 2003, which has been terminated on 22 August 2013, and the new share option scheme of the Company adopted by the Shareholders at the annual general meeting held on 22 August 2013
“Share Options”	the outstanding share options granted under the Share Option Scheme(s) to subscribe for Existing Shares and/or New Shares in accordance with the terms thereof
“Shareholder(s)”	the holder(s) of the Existing Share(s), Consolidated Share(s) and/or New Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Capital Reorganisation and the Change in Board Lot Size. The timetable is subject to the results of the SGM and other changes. The Company will notify the Shareholders of any significant changes to the expected timetable by way of announcement(s) as and when appropriate.

Event	Time and date
	2016
Latest time for lodging proxy forms for the SGM	11:30 a.m. on Sunday, 13 March
Expected date and time of the SGM	11:30 a.m. on Tuesday, 15 March
Announcement of results of the SGM	Tuesday, 15 March
Effective date and time of the Capital Reorganisation	9:00 a.m. on Wednesday, 16 March
Dealing in New Shares commences	9:00 a.m. on Wednesday, 16 March
Original counter for trading in the Existing Shares in board lots of 20,000 temporarily closes	9:00 a.m. on Wednesday, 16 March
Temporary counter for trading in the New Shares in board lots of 1,000 (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 16 March
First day of free exchange of existing share certificates for new share certificates for the New Shares	Wednesday, 16 March
Original counter for trading in the New Shares in new board lots of 5,000 (in the form of new share certificates) re-opens	9:00 a.m. on Friday, 1 April
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Friday, 1 April
Designated broker starts to stand in the market to provide matching service for odd lots of the New Shares	9:00 a.m. on Friday, 1 April

EXPECTED TIMETABLE

Temporary counter for trading in the New Shares
in board lots of 1,000
(in the form of existing share certificates) closes 4:00 p.m. on
Friday, 22 April

Parallel trading in the New Shares
(in the form of new share certificates and
existing share certificates) ends 4:00 p.m. on
Friday, 22 April

Designated broker ceases to stand in the market
to provide matching service for odd lots of the New Shares 4:00 p.m. on
Friday, 22 April

Last day of free exchange of existing share certificates
for the new share certificates Tuesday, 26 April

Note: All dates and time set out in this circular refer to Hong Kong dates and time.

LETTER FROM THE BOARD



WAI YUEN TONG MEDICINE HOLDINGS LIMITED

(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

Executive Directors:

Mr. Tang Ching Ho, JP (Chairman)

Mr. Chan Chun Hong, Thomas (Managing Director)

Ms. Tang Mui Fun

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Mr. Leung Wai Ho, MH

Mr. Siu Man Ho, Simon

Mr. Cho Wing Mou

Mr. Li Ka Fai, David

Head office and principal place

of business in Hong Kong:

5/F., Wai Yuen Tong Medicine Building

9 Wang Kwong Road

Kowloon Bay

Kowloon

Hong Kong

19 February 2016

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION,
CHANGE IN BOARD LOT SIZE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Company's announcement dated 1 February 2016 relating to the Capital Reorganisation and Change in Board Lot Size.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information on the Capital Reorganisation and the Change in Board Lot Size and to give you notice of the SGM at which a special resolution will be proposed to consider and, if thought fit, approve the Capital Reorganisation. A notice of the SGM containing the resolution to be proposed at the SGM is set out on pages SGM-1 to SGM-3 of this circular.

CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which involves:

- (1) a proposed Share Consolidation whereby every twenty (20) Existing Shares in issue will be consolidated into one (1) Consolidated Share;
- (2) a proposed Capital Reduction whereby: (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (b) the nominal value of all the issued Consolidated Shares shall be reduced from HK\$0.2 each to HK\$0.01 each and the issued share capital of the Company shall be reduced by HK\$0.19 per Consolidated Share in issue; and
- (3) transferring all the credits arising from the Capital Reduction to the contributed surplus account of the Company for use by the Board in any manner permitted by Bermuda law.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$600,000,000.00 comprising 60,000,000,000 Existing Shares of HK\$0.01 each, of which 6,325,714,453 Existing Shares have been issued and fully paid or credited as fully paid.

Immediately following the Capital Reorganisation, the authorised share capital of the Company will be HK\$600,000,000.00 divided into 60,000,000,000 New Shares of HK\$0.01 each, of which 316,285,722 New Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be HK\$3,162,857.22 (assuming that no Existing Shares are issued or repurchased from the Latest Practicable Date until the effective date of the Capital Reorganisation). A credit of HK\$60,094,287.31 will arise as a result of the Capital Reduction. Such credit (which includes any credit arising as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation) will be transferred to the contributed surplus account of the Company.

LETTER FROM THE BOARD

Assuming no Existing Shares are issued or repurchased from the Latest Practicable Date until the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately after the Share Consolidation becoming effective	Immediately after the Capital Reorganisation becoming effective
Nominal value of each share in issue	HK\$0.01 per Existing Share	HK\$0.20 per Consolidated Share	HK\$0.01 per New Share
Issued and fully paid up share capital or credited as fully paid up	HK\$63,257,144.53 divided into 6,325,714,453 Existing Shares	HK\$63,257,144.53 divided into 316,285,722.65 Consolidated Shares <i>(Note)</i>	HK\$3,162,857.22 divided into 316,285,722 New Shares

Note: The fractional share of 0.65 will be cancelled pursuant to the Capital Reduction.

Under the Bermuda law, contributed surplus is a distributed reserve and the Directors may apply the contributed surplus of the Company in any manner permitted by the Companies Act and the Bye-laws.

Fractional entitlement to the New Shares

Any fractional Consolidated Share to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholder, but will be aggregated, sold and retained for the benefit of the Company. Any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) the passing of the necessary special resolution by the Shareholders approving the Capital Reorganisation at the SGM;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective and the New Shares which may fall to be allotted and issued upon exercise of the Share Options outstanding and to be granted under the Share Option Scheme(s); and
- (c) compliance with Section 46(2) of the Companies Act to effect the Capital Reduction, which includes the publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act.

LETTER FROM THE BOARD

Reasons for the Capital Reorganisation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the Company approaches the extremity of HK\$0.01, the Stock Exchange reserves the right to require the Company either to change the trading method or to proceed with a consolidation of its shares.

In view of the recent trading price of the Existing Shares, the Board proposes to implement the Capital Reorganisation.

The Board is of the opinion that the Capital Reorganisation will enable the Company to comply with the trading requirements under the Listing Rules and will provide the Company with greater flexibility in possible fund raisings in the future. Furthermore, the credit in the contributed surplus account arising from the Capital Reduction will enable the Company to set off its accumulated losses as may arise from time to time and may be applied in the future for distribution to the Shareholders or in any manner permitted by the Companies Act and the Bye-laws. As at the Latest Practicable Date, the Company does not have any concrete plan for fund raising.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Effects of the Capital Reorganisation

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No working capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Listing application and dealings

An application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the Share Option(s) outstanding and to be granted under the Share Option Scheme(s).

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

LETTER FROM THE BOARD

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The New Shares in issue will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, which is expected to be on Wednesday, 16 March 2016, Shareholders may, during the prescribed period between Wednesday, 16 March 2016 and Tuesday, 26 April 2016 (both dates inclusive), submit existing share certificates for the Existing Shares, which is in grey colour, to the Hong Kong Branch Share Registrar, **Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong**, to exchange, at the expense of the Company, for new share certificates for the New Shares, which will be in brown colour. It is expected that the new share certificates for the New Shares will be available for collection within 10 Business Days from the date of submission for the exchange. Thereafter, the existing share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each share certificate of Existing Shares cancelled or each new share certificate issued for New Shares, whichever number of certificates issued or cancelled is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Friday, 22 April 2016 and thereafter will not be accepted for delivery, trading and settlement purposes. Nevertheless, certificates of Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates of New Shares at any time.

Arrangements for trading of odd lots and matching services

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Share Consolidation and the Change in Board Lot Size, the Company has appointed Kingston Securities Limited of Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong as an agent to provide matching services, on a best effort basis, to the Shareholders for the sale and purchase of odd lots of New Shares at the relevant market price per New Share and the matching period commences from 9:00 a.m. on Friday, 1 April 2016 to 4:00 p.m. on Friday, 22 April 2016 (both dates inclusive). Shareholders who wish to take advantage of this facility either to dispose of their odd lots of the New Shares or top up to a full board lot may, directly or through their brokers, contact Ms. Rosita Kiu of Kingston Securities Limited at (852) 2298 6215 during office hours. Holders of odd lots of the New Shares should note that successful matching

LETTER FROM THE BOARD

of the sale and purchase of odd lots of the New Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Shareholders holding the New Shares in odd lots should note that the matching of the sale and purchase of odd lots of the New Shares is on a best effort basis and successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed.

Adjustments in relation to the Share Options

As at the Latest Practicable Date, the Company has 1,077,434 outstanding Share Options granted under the Share Option Scheme(s), which entitle holders thereof to subscribe for 1,077,434 Existing Shares. The Capital Reorganisation may cause adjustments to the exercise prices of the Share Options and the number of New Shares to be issued under the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme(s). The Directors will determine any adjustments required to be made in respect the above as a result of the Capital Reorganisation. The Company will make further announcement about the adjustments in due course.

Save for the aforesaid, there are no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convertible or exchangeable into Existing Shares as at the Latest Practicable Date.

CHANGE IN BOARD LOT SIZE

The Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size of the Existing Shares to 5,000 New Shares upon the Capital Reorganisation becoming effective.

Based on the closing price of HK\$0.053 per Existing Share as quoted on the Stock Exchange as at the Latest Practicable Date, the estimated market value per board lot of 5,000 New Shares will be HK\$5,300 assuming the Capital Reorganisation becomes effective. The Board is of the view that the Change in Board Lot Size would reduce the effective minimum trading transaction size which enables the Company to attract more investors, improve the trading liquidity of the New Shares and broaden the Shareholder base.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation and the Change in Board Lot Size was set out on pages 4 to 5 of this circular.

LETTER FROM THE BOARD

WARNING

Shareholders should take note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed "Conditions of the Capital Reorganisation". Therefore, the Capital Reorganisation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE SGM

The SGM will be held at 17/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong, on Tuesday, 15 March 2016 at 11:30 a.m. A notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular.

No Shareholder has any material interest in the Capital Reorganisation. The Directors are not aware of any Shareholder who is required to abstain from voting at the SGM. Pursuant to Rule 13.39(4) of the Listing Rules and/or the Bye-laws, the voting on the proposed resolution set out in the notice of the SGM will be taken by way of a poll and an announcement on the poll results will be published by the Company on the websites of the Stock Exchange and the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules after the SGM.

A form of proxy for use by the Shareholders at the SGM is enclosed with this circular and is also published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.wyth.net. Whether or not you intend to attend and vote in person at the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors are of the opinion that the Capital Reorganisation is in the interest of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of the resolution set out in the notice of the SGM contained herein.

LETTER FROM THE BOARD

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 or this circular misleading.

DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum of association and the Bye-laws;
- (b) the annual reports of the Company for the two financial years ended 31 March 2014 and 2015;
- (c) the interim report of the Company for the six months ended 30 September 2015;
- (d) the circular dated 4 December 2015 issued by the Company pursuant to the requirements set out in Chapter 14A of the Listing Rules since 31 March 2015; and
- (e) this circular.

Yours faithfully,
For and on behalf of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Tang Ching Ho
Chairman

* For identification purpose only

NOTICE OF THE SGM



WAI YUEN TONG MEDICINE HOLDINGS LIMITED

(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (the “**Company**”) will be held at 17/F., Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong, on Tuesday, 15 March 2016 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

“**THAT**, conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and the permission to deal in, the New Shares (as defined below); and (ii) compliance with Section 46(2) of the Companies Act 1981 of Bermuda to effect the Capital Reduction (as defined below), with effect from 9:00 a.m. on the next business day after the date on which this resolution is passed by the shareholders of the Company (the “**Shareholders**”):

- (a) every twenty (20) issued shares of nominal value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) issued share of nominal value of HK\$0.20 (the “**Consolidated Share(s)**”) (the “**Share Consolidation**”);
- (b) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled and the nominal value of all the issued Consolidated Shares shall be reduced from HK\$0.2 each to HK\$0.01 each (the “**New Share(s)**”) and the issued share capital of the Company shall be reduced by HK\$0.19 per Consolidated Share in issue (the “**Capital Reduction**”);

* For identification purpose only

NOTICE OF THE SGM

- (c) the credit arising from the Capital Reduction be credited to the contributed surplus account of the Company for use by the directors of the Company (the “**Directors**”) in any manner permitted by Bermuda law and the bye-laws of the Company; and
- (d) any one Director be and is authorised to approve, sign and execute such documents and take any and all steps, and to do and/or procure to be done any and all acts and things which in his/her opinion may be necessary, desirable or expedient to implement and carry into effect this resolution, including, without limitation, to aggregate, sell and retain for the benefit of the Company all fractional New Shares to which each Shareholder is otherwise entitled.”

By Order of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Mak Yuen Ming, Anita
Company Secretary

Hong Kong, 19 February 2016

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

*Head office and principal place of
business in Hong Kong:*
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

* For identification purpose only

NOTICE OF THE SGM

Notes:

1. A form of proxy for use at the SGM is enclosed.
2. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint one proxy or, if such member is a holder of more than one share of the Company, more than one proxy to attend and, to vote in his stead. A proxy need not be a member of the Company.
3. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be).
4. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such holders may vote at the SGM either personally or by proxy in respect of such share(s) as if he/she was solely entitled thereto provided that if more than one of such joint holders be present at the SGM whether personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such share(s) shall be accepted to the exclusion of the vote(s) of the other joint holders.
6. The above resolution will be voted by way of a poll at the SGM.