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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)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*) (the “**Company**”) will be held at 20/F., Alexandra House, 18 Chater Road, Central, Hong Kong on Friday, 26 August 2016 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) subject to and conditional upon fulfillment of the conditions of the Underwriting Agreement (as defined below), including passing of resolutions numbered 2 and 3 below, and the Underwriting Agreement not being terminated in accordance with its terms, the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved;

For the purpose of this resolution, “**Rights Issue**” means the issue by way of rights of not less than 948,857,166 ordinary shares (“**Shares**”) of the Company of HK\$0.01 each and not more than 949,013,133 Shares (the “**Rights Shares**”) at a subscription price of HK\$0.43 per Rights Share to qualifying shareholders of the Company (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company on the date and time by reference to which entitlement

* *For identification purpose only*

to the Rights Issue will be determined (other than those shareholders (the “**Excluded Shareholders**”) with addresses on the register of members of the Company outside Hong Kong whom the directors of the Company (the “**Directors**”), after making enquiries, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) on the basis of three (3) Rights Shares for every one (1) Share then held and otherwise pursuant to and subject to the fulfilment of the conditions set out in the underwriting agreement (the “**Underwriting Agreement**”) (a copy of which has been tabled to the SGM marked “A” and initialled by the chairman of the SGM for the purpose of identification) dated 5 July 2016 (as amended by a supplemental agreement dated 8 July 2016 and a second supplemental agreement dated 27 July 2016) and entered into among between the Company and Kingston Securities Limited (the “**Underwriter**”);

- (b) any one Director be and is hereby authorised to allot and issue the Rights Shares pursuant to and in connection with the Rights Issue notwithstanding that: (i) the Rights Shares may be offered, allotted or issued otherwise than to the Excluded Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or Excluded Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the bye-laws of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and (ii) Rights Shares which would otherwise have been made available for application by the Qualifying Shareholders or the Excluded Shareholders (as the case may be) will be made available for subscription under forms of application for excess Rights Shares;
- (c) the entering into of the Underwriting Agreement by the Company be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the underwritten Rights Shares, if any, by the Underwriter) be and are hereby approved;
- (d) any one Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Rights Issue or as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder.”

2. **“THAT:**
- (a) subject to and conditional upon the passing of resolution numbered 1 above, the waiver (the **“Whitewash Waiver”**) granted or to be granted by the executive director (the **“Executive Director”**) of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers in respect of the obligation on the part of Wang On Group Limited (**“WOG”**) to make a general offer for all the issued Shares not already owned or agreed to be acquired by WOG and persons acting in concert with it (the **“WOG Concert Group”**) which, in the absence of the Whitewash Waiver, may otherwise arise as a result of the subscription of the Rights Shares by the WOG Concert Group pursuant to the irrevocable undertaking dated 5 July 2016 given by Rich Time Strategy Limited in favour of the Company whereby Rich Time Strategy Limited agreed to subscribe or procure subscription for 209,492,205 Rights Shares and to apply or procure application, by way of excess application, for 370,000,000 Rights Shares, be and is hereby approved and confirmed; and
- (b) any one Director be and is hereby authorised to sign and execute such documents with or without amendments and do all such acts and things incidental to the Whitewash Waiver as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Whitewash Waiver.”
3. **“THAT** subject to and conditional upon completion of the Rights Issue (as defined in resolution numbered 1 above), the bond transfer agreement dated 5 July 2016 entered into between Winning Rich Investments Limited (**“Winning Rich”**, an indirectly wholly-owned subsidiary of the Company), Double Leads Investments Limited and WOG (as amended by a supplemental agreement dated 8 July 2016) (the **“Bond Transfer Agreement”**, a copy of which has been tabled to the SGM marked “B” and initialed by the chairman of the SGM for the purpose of identification) in relation to the acquisition by Winning Rich from Double Leads Investments limited a 10.0% bond due on 28 November 2019 with an outstanding principal amount of HK\$200,000,000 (the **“Bond”**) issued by China Agri-Products Exchange Limited, whose obligations under the Bond will be guaranteed in favour of Winning Rich by WOG under the Bond Transfer Agreement, for a consideration of HK\$200,000,000 subject to upward adjustments for any accrued but unpaid interest on the Bond up to and including the date of completion of the transactions contemplated under the Bond Transfer Agreement, together with the transactions contemplated thereunder, be and are hereby approved.”

4. “**THAT** the agreement dated 5 July 2016 (the “**SZ Removal Agreement**”) entered into between New Grade Limited (the “**SZ Purchaser**”, an indirectly wholly-owned subsidiary of the Company), Caffco International Ltd (“**Caffco**”) and The Sky High Plastic Works Limited (the “**SZ Vendor**”) and the five agreements, being a sewage treatment agreement, a fittings sale and purchase agreement, a fire services consultancy agreement, a laboratory design consultancy agreement and a liaison consultancy agreement, all dated 5 July 2016 (the “**SZ Supplemental Agreements**”) entered into between the SZ Purchaser and the SZ Vendor (copies of which have been tabled to the SGM marked “C” and initialed by the chairman of this SGM for the purpose of identification) in respect of, among other things, the procurement by Caffco the vacation of the SZ Properties (as defined below) and the sale of certain existing fittings on the SZ Properties and provision of consultation services by the SZ Vendor to the SZ Purchaser in relation to the acquisition by the SZ Purchaser of a factory building and two dormitory buildings erected on the Land Lot No. G12204-0126 located at Nanbu Village, Pingshan Town, Shenzhen, the People’s Republic of China (“**SZ Properties**”), details of which are set out in the announcements of the Company dated 20 July 2015, 20 October 2015, 30 December 2015, 24 February 2016, 27 April 2016 and 27 July 2016, respectively, together with the transactions contemplated thereunder, be and are hereby approved.”

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, 9 August 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
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Kowloon
Hong Kong

* *For identification purpose only*

Notes:

1. 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 represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company.
2. 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).
3. Delivery of the form of proxy will not preclude members from attending and voting in person at the SGM or any adjustment 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.
4. 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.
5. The above resolutions will be voted by way of a poll at the SGM.

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