

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your 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)**

**PROPOSALS FOR REFRESHMENT OF 10% GENERAL LIMIT ON  
GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME,  
GRANT OF NEW ISSUE MANDATE AND  
NEW REPURCHASE MANDATE,  
RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at The Palace Rooms, Basement 1, The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 29 August 2017 at 11:30 a.m. is set out on pages AGM-1 to AGM-5 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 return it to the Company's branch share registrar and transfer office in Hong Kong, 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 AGM 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 AGM 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

28 July 2017

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at The Palace Rooms, Basement 1, The Royal Garden, 69 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, on Tuesday, 29 August 2017 at 11:30 a.m. or at any adjournment thereof (as the case may be) to consider and, if thought fit, approve, <i>inter alia</i> , (i) the refreshment of the Scheme Mandate Limit; (ii) the grant of the New Issue Mandate and the New Repurchase Mandate; and (ii) the re-election of the retiring Directors
“Board”	the board of the Directors
“Bye-law(s)”	the bye-laws of the Company
“Capital Reorganisation”	the capital reorganisation of the then issued share capital of the Company involving (i) share consolidation; (ii) capital reduction; and (iii) 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 detailed in the Company’s announcements dated 1 February 2016, 18 February 2016 and 15 March 2016 and the Company’s circular dated 9 February 2016) which became effective on 16 March 2016
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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)
“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
“Director(s)”	the director(s) of the Company

\* For identification purpose only

## DEFINITIONS

“Eligible Person(s)”	means:  (i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or  (b) any individual for the time being seconded to work for,  any member of the Group or any substantial shareholder or any company controlled by a substantial shareholder; or  (ii) any holder of any securities issued by any member of the Group; or  (iii) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; and, shall include any company controlled by one or more persons belonging to any of the above classes of participants
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 July 2017, 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 Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with additional Shares and other securities up to a maximum of 20% of the total number of Shares in issue 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 general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase Shares during the prescribed period on the Stock Exchange up to a maximum of 10% of the total number of Shares in issue as at the date of passing of the relevant resolution granting such mandate
“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
“Rights Issue”	the rights issue of 948,857,166 rights Shares at the subscription price of HK\$0.43 per rights Share completed by the Company on 29 September 2016, on the basis of three rights Shares for every one Share, details of which were set out in the announcement and the prospectus of the Company dated 8 July 2016 and 8 September 2016, respectively
“Scheme Mandate Limit”	the maximum number of Shares (being up to 10% of the Shares in issue as at the date of the relevant general meeting) which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme as at the date of adoption of the Share Option Scheme or as refreshed from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option(s)”	share option(s) granted or to be granted to the entitled persons to subscribe for Share(s) under the Share Option Scheme and any other share option scheme(s) of the Company
“Share Option Scheme”	the existing share option scheme adopted by the Company pursuant to a resolution passed by the Shareholders at the annual general meeting held on 22 August 2013
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“subsidiary(ies)”	a subsidiary(ies) for the time being of the Company within the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Wang On”	Wang On Group Limited (宏安集團有限公司)*, a controlling Shareholder and a holding company of the Company holding 51.32% equity interest in the Company and 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)
“Wang On Group”	Wang On and its subsidiaries and parties acting in concert with it (as defined under the Takeovers Code)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

\* *For identification purpose only*

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

28 July 2017

*To the Shareholders and, for information purpose only,  
the holders of the Share Options*

Dear Sir or Madam,

**PROPOSALS FOR REFRESHMENT OF 10% GENERAL LIMIT ON  
GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME,  
GRANT OF NEW ISSUE MANDATE AND  
NEW REPURCHASE MANDATE,  
RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information and to seek your approval, *inter alia*, on (i) the refreshment of the Scheme Mandate Limit; (ii) the grant of the New Issue Mandate and the New Repurchase Mandate; and (iii) the re-election of the retiring Directors. A notice of the AGM containing the resolutions to be proposed at the AGM is set out on pages AGM-1 to AGM-5 of this circular.

\* For identification purpose only

## LETTER FROM THE BOARD

### REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Company adopted the Share Option Scheme pursuant to the resolutions passed by the Shareholders at the annual general meeting held on 22 August 2013 in accordance with the requirements set out in Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to enable the Group to continue to grant Share Options to the selected Eligible Persons as incentives or rewards to their contribution and potential contribution to the Group upon termination of the previous share option scheme adopted by the Company on 18 September 2003. As at the Latest Practicable Date, save as disclosed herein, the Company did not have any other share option scheme(s).

The Scheme Mandate Limit was refreshed and approved at the annual general meeting held on 20 August 2015 and allowed the Company to grant Share Options entitling holders to subscribe for Shares not exceeding 10% of the number of the issued Shares as at the date of approving the Scheme Mandate Limit, which amounted to 632,571,445 Share Options (the “**2015 Refreshed Mandate**”), and was thereafter be adjusted to 31,628,572 Share Options as a result of the Capital Reorganisation becoming effective on 16 March 2016. The 2015 Refreshed Mandate had neither been used nor refreshed up to the Latest Practicable Date.

Since the adoption of the Share Option Scheme and up to the Latest Practicable Date, no Share Option had been granted under the Share Option Scheme and thus there was no outstanding Share Option as at the Latest Practicable Date.

Immediately after the Rights Issue completed on 29 September 2016, the number of issued Shares was materially increased from 316,285,722 to 1,265,142,888.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme, the share option scheme adopted on 18 September 2003 and any other share option scheme(s) of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No share options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded. Unless the 10% general limit on grant of Share Options under the Share Option Scheme is “refreshed” at the AGM, up to 31,628,572 Shares may be issued pursuant to the grant of further Share Options under the existing scheme limit of the Share Option Scheme, which represents approximately 2.5% of the total number of Shares in issue as at the Latest Practicable Date. Accordingly, the Directors are of the view that in order to provide incentives and rewards to the Eligible Persons for their contribution to, and continuing efforts to promote the interests of, the Group by granting Share Options to them, the Scheme Mandate Limit should be refreshed to provide the Company with greater flexibility.

As at the Latest Practicable Date, there were 1,265,142,888 Shares in issue. Assuming that (i) no Shares are/will be issued or repurchased by the Company from the Latest Practicable Date up to the date of the AGM; and (ii) the refreshment of the Scheme Mandate Limit is approved by the Shareholders at the AGM, the refreshed Scheme Mandate Limit will allow the Company to issue under the Share Option Scheme a maximum of 126,514,288 Shares. In view of the aforesaid, the Directors believe that it is in the interest of the Company and the Shareholders to refresh the Scheme Mandate Limit.



## LETTER FROM THE BOARD

### Conditions

The refreshment of the Scheme Mandate Limit is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholder at the AGM to approve, among other things, the refreshment of the Scheme Mandate Limit;
- (b) the passing of an ordinary resolution by the shareholders of Wang On an ordinary resolution to approve the refreshment of the Scheme Mandate Limit at the annual general meeting of Wang On; and
- (c) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, 10% of the total number of Shares in issue at the date of approval of the refreshment of the Scheme Mandate Limit which may be issued upon exercise of any Share Option granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, any Shares, representing 10% of the total number of Shares in issue as at the date of the AGM, which may fall to be issued upon the exercise of any Share Option that may be granted under the refreshed Scheme Mandate Limit.

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

At the Company's last annual general meeting held on 9 August 2016, the Directors were granted (i) a general mandate to allot, issue and deal with an aggregate number of not exceeding 20% of the total number of Shares in issue as at 9 August 2016 (equivalent to an aggregate of 63,257,144 Shares) (the "**2016 General Mandate**"); and (ii) a general mandate to repurchase Shares up to a maximum 10% of the total number of Shares in issue as at 9 August 2016 (equivalent to the an aggregate of 31,628,572 Shares) (the "**2016 Repurchase Mandate**").

As at the Latest Practicable Date, the 2016 General Mandate and the 2016 Repurchase Mandate had not been utilised and refreshed and they will expire at the conclusion of the AGM.

To facilitate future allotment and issue of Shares by the Directors on behalf of the Company, the Directors will seek the approval of the Shareholders for the grant of:

- (a) the New Issue Mandate;
- (b) the New Repurchase Mandate; and
- (c) if the New Issue Mandate is granted, a general mandate to add the aggregate number of Shares repurchased by the Company under the New Repurchase Mandate to the New Issue Mandate, subject to a maximum of 10% of the total number of Shares in issue as at the date of passing of the relevant resolution.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, the total number of Shares in issue was 1,265,142,888. Upon the passing of the relevant resolutions at the AGM and assuming no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company would be allowed (i) pursuant to the New Issue Mandate to allot, issue and deal with 253,028,577 Shares, representing 20% of the total number of Shares in issue as at the date of passing of the relevant resolution; and (ii) pursuant to the New Repurchase Mandate to repurchase 126,514,288 Shares, representing 10% of the total number of Shares in issue as at the date of passing of the relevant resolution. The Directors have no immediate plans to allot and issue any Shares under the New Issue Mandate.

An explanatory statement giving certain information in respect of the New Repurchase Mandate as required under the Listing Rules to be included in this circular is set out in Appendix I to this circular.

### RE-ELECTION OF THE RETIRING DIRECTORS

The Board currently consists of seven Directors, namely Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun, as the executive Directors, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, as the independent non-executive Directors.

In accordance with Bye-law 87 of the Bye-laws, Mr. Tang Ching Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David will retire as Directors by rotation at the AGM and, being eligible, offer themselves for re-election. Mr. Cho Wing Mou had served the Company as an independent non-executive Director for more than nine years and pursuant to the Corporate Governance Code under Appendix 14 to the Listing Rules, his further appointment as an independent non-executive Director should be subject to a separate resolution to be approved by the Shareholders. Nonetheless, the Company believes that Mr. Cho can independently express opinions on the affairs and contribute to the growth of the Group for the reason that Mr. Cho has been continuously meeting the independence guidelines set out in Rule 3.13 of the Listing Rules and has not involved in any daily operations and management of the Group. Biographical details of each of Mr. Tang Ching Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David required to be disclosed pursuant to the Listing Rules are set out in Appendix II to this circular.

If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received in accordance with the Bye-laws after the printing of this circular, the Company will issue a supplement circular to inform Shareholders of the details of such additional candidate(s) proposed.

### 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

## LETTER FROM THE BOARD

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.

### THE AGM

A notice of the AGM, which is convened for the purpose of considering and, if thought fit, approving, among other things, (i) the refreshment of the Scheme Mandate Limit; (ii) the grant of the New Issue Mandate and the New Repurchase Mandate; and (iii) the re-election of the retiring Directors, is set out on pages AGM-1 to AGM-5 of this circular.

The Directors are not aware of any Shareholder who is required to abstain from voting at the AGM. Pursuant to Rule 13.39(4) of the Listing Rules and/or the Bye-laws, the voting on all proposed resolutions set out in the notice of the AGM 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 AGM.

A form of proxy for use by the Shareholders at the AGM is enclosed with 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 return it to the Company's branch share registrar and transfer office in Hong Kong, 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 AGM 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 AGM 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 (i) the refreshment of the Scheme Mandate Limit; (ii) the grant of the New Issue Mandate and the New Repurchase Mandate; and (iii) the re-election of the retiring Directors are in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of the resolutions set out in the notice of the AGM contained herein.

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

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

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the total number of Shares in issue was 1,265,142,888, and the number of the outstanding Share Options was 39,170. If such outstanding Share Options are exercised in full on or prior to the date of passing of the resolution in respect of the New Repurchase Mandate, a further 39,170 Shares will be in issue.

Subject to the passing of the relevant resolution(s) as set out in the notice of the AGM and assuming that no further Shares are/will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of AGM, the Directors will be authorised to repurchase up to a maximum of 126,514,288 Shares pursuant to the New Repurchase Mandate. Assuming that all outstanding Share Options are exercised in full on or before the date of passing of the resolution in respect of the New Repurchase Mandate and assuming no further Shares are/will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the total number of Shares in issue will be 1,265,182,058 and the Directors will be authorised to repurchase up to representing a maximum of 126,518,205 Shares.

## **2. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases 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 repurchases will benefit the Company and the Shareholders as a whole.

## **3. FUNDING OF REPURCHASES**

The Company must fund the repurchase entirely from the Company's available cash flow or working capital facilities legally available for such purpose in accordance with its memorandum of association, the Bye-laws, the laws of Bermuda and other applicable laws.

There will not be any material adverse impact on the working capital requirement or gearing level of the Company as compared with the positions disclosed in the audited consolidated financial statements set out in the Company's annual report for the year ended 31 March 2017 in the event that the New Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period.

As set out above, the New Repurchase Mandate will only be exercised when the Directors believe that such purchases will benefit the Company and the Shareholders as a whole.

**4. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, have any present intention, in the event that the New Repurchase Mandate is approved by the Shareholders at the AGM, to sell Shares to the Company under the New Repurchase Mandate.

No core connected person has notified the Company that he has a present intention to sell any Shares to the Company, or that he has undertaken not to sell any Shares held by him to the Company, in the event that the New Repurchase Mandate is granted by the Shareholders at the AGM.

**5. SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

**6. DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company pursuant to the New Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of the Company, the Bye-laws and the applicable laws of Bermuda so far as the same may be applicable.

**7. EFFECT OF THE TAKEOVERS CODE**

If, on the exercise of the power to repurchase 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 purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of such increase, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and to the best knowledge and belief of the Directors, the substantial shareholder, namely Wang On Group, was interested or deemed to be interested in approximately 51.32% of the total number of Shares in issue. In the event that the Directors should exercise in full the power to repurchase Shares under the New Repurchase Mandate and if there is no other change in the issued share capital of the Company, the shareholding of Wang On Group in the Company will be increased to approximately 57.03% of the total number of Shares in issue. The Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any repurchases made under the New Repurchase Mandate.

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

**8. SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the last twelve months are as follows:

<b>Month</b>	<b>Price per Share</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2016</b>		
July	0.779A	0.501A
August	0.528A	0.425A
September	0.490	0.385
October	0.445	0.380
November	0.450	0.395
December	0.415	0.365
<b>2017</b>		
January	0.380	0.355
February	0.375	0.350
March	0.425	0.355
April	0.405	0.360
May	0.385	0.360
June	0.420	0.365
July (up to and including the Latest Practicable Date)	0.400	0.365

*A: The prices are adjusted immediately upon completion of the Rights Issue.*

*The biographical details of Mr. Tang Ching Ho, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, who are proposed, and being eligible, to be re-elected at the AGM are set out as follows:*

### EXECUTIVE DIRECTOR

**Mr. Tang Ching Ho**, SBS, JP, aged 55, was appointed as an executive Director and the Chairman of the Company in August 2001. He is also an authorised representative and a member of the remuneration committee, the nomination committee and the executive committee of the Company. He is responsible for the strategic planning, policy making and business development of the Group. He has extensive experience in corporate management. He is also the chairman of Wang On. Mr. Tang is the committee member of the 12th National Committee of the Chinese People's Political Consultative Conference ("CPPCC") and is also appointed as a committee member and convener of the tenth and the eleventh plenary sessions of the CPPCC Guangxi Zhuang Autonomous Region Committee and the Life Chairman and the Chairman of Social Affairs of Federation of Hong Kong Guangxi Community Organisations Limited. He is the brother of Ms. Tang Mui Fun, an executive Director.

Pursuant to the service agreement entered into between the Company and Mr. Tang Ching Ho, he is entitled to a remuneration of approximately HK\$12.0 million per annum and is also entitled to a yearly performance bonus on the basis of 3% of the audited consolidated net profit after taxation of the Group. Such fee is determined with reference to his contribution to the Group. The term of Mr. Tang's appointment is subject to the retirement by rotation and re-election at any subsequent annual general meeting of the Company in accordance with the provisions of the Bye-laws.

Under the SFO, Mr. Tang Ching Ho is taken to be interested in the interests of the Company as he is taken to be interested in an aggregate of 9,984,356,772 shares in Wang On, representing approximately 51.76% of all the issued Wang On's shares, by virtue of his own beneficial shareholding, the shareholding interests of his spouse in Wang On, the shareholding interests of a company wholly and beneficially owned by him, and his deemed interests by virtue of being the founder of Tang's Family Trust. Wang On is taken to be interested in the Shares held by Rich Time Strategy Limited. Rich Time Strategy Limited, an indirectly wholly-owned subsidiary of Wang On, which was the beneficial owner of 649,322,940 Shares. Therefore, Mr. Tang Ching Ho was deemed to be interested in 649,322,940 Shares held by Wang On for the sole purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, Mr. Tang did not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders, and Mr. Tang had not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. As at the Latest Practicable Date, Mr. Tang Ching Ho and his associates, holding 51.76% interest in Wang On, which in turn held 649,322,940 Shares, representing 51.32% interests in the Company. Therefore, Mr. Tang Ching Ho was deemed to

be interested in 649,322,940 Shares held by Wang On for the sole purpose of Part XV of the SFO. Save as disclosed above, as at the Latest Practicable Date, he did not have any interest in the Shares within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Tang involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and the Directors are not aware of any other matters regarding the re-election of Mr. Tang that needs to be brought to the attention of the Shareholders.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Cho Wing Mou**, aged 76, joined the Company as an Independent non-executive Director in September 2001. He is a member of the audit committee and the remuneration committee of the Company and the chairman of the nomination committee of the Company. Mr. Cho was formerly a director and deputy general manager of Hua Chiao Commercial Bank Limited and a deputy general manager of The China State Bank Limited. He was a committee member of the 8th Political Consultative Conference Guangxi and is also a committee member of the 4th plenary session of the Guangxi Yulin Committee of the CPPCC, Life Chairman of Hong Kong Guangxi Yulin Friendship Association and Life Chairman of Gee Tuck General Association Hong Kong Limited.

Mr. Cho has entered into a letter of appointment with the Company for not more than three years. In accordance with the terms of the service contract, Mr. Cho is entitled to a Director's fee of HK\$120,000 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 Mr. Cho's appointment is subject to the retirement by rotation and re-election at any subsequent annual general meeting of the Company in accordance with the provisions of the Bye-laws.

As at the Latest Practicable Date, Mr. Cho did not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders nor have any interest in the Shares within the meaning of Part XV of the SFO. Also, as at the Latest Practicable Date, he did not hold any other positions with the Company or any member of the Group. Save as disclosed above, Mr. Cho had not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

There is no information which is discloseable nor is/was Mr. Cho involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and the Directors are not aware of any other matters regarding the re-election of Mr. Cho that needs to be brought to the attention of the Shareholders.

**Mr. Li Ka Fai, David**, aged 62, joined the Company as an Independent non-executive Director on 17 March 2015. He is the chairman of the audit committee of the Company. Mr. Li is currently the deputy managing partner of Li, Tang, Chen & Co. CPA (Practising). He is a



fellow member of the Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, U.K., The Institute of Chartered Secretaries and Administrators, U.K., as well as The Institute of Chartered Accountants in England and Wales. Mr. Li is an independent non-executive director and the chairman of the audit committee of Shanghai Industrial Urban Development Group Limited (stock code: 563). Mr. Li is also an independent non-executive director, the chairman of the audit committee, member of the nomination committee and member of the remuneration committee of China-Hongkong Photo Products Holdings Limited (stock code: 1123), Cosmopolitan International Holdings Limited (stock code: 120) and Goldlion Holdings Limited (stock code: 533), an independent non-executive director, member of the audit committee, member of the nomination committee and the chairman of the remuneration committee of China Merchants Port Holdings Company Limited (formerly known as China Merchants Holdings (International) Company Limited) (stock code: 144), and an independent non-executive director, member of the audit committee and member of the remuneration committee of AVIC International Holding (HK) Limited (stock code: 232), all of such companies are being listed in Hong Kong. Save as disclosed above, Mr. Li did not hold any other directorship in listed companies in the past three years preceding the Latest Practicable Date.

Mr. Li has entered into a letter of appointment with the Company for not more than three years. In accordance with the terms of the service contract, Mr. Li is entitled to a Director's fee of HK\$120,000 per annum and will also be entitled to a fee in the amount of HK\$60,000 per annum determined with reference to his duties as a member of the audit committee of the Company. The term of Mr. Li's appointment is subject to the retirement by rotation and re-election at any subsequent annual general meeting of the Company in accordance with the provisions of the Bye-laws.

As at the Latest Practicable Date, Mr. Li did not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders nor have any interest in the Shares within the meaning of Part XV of the SFO. Also, as at the Latest Practicable Date, he did not hold any other positions with the Company or any member of the Group. Save as disclosed above, Mr. Li had not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

There is no information which is discloseable nor is/was Mr. Li involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and the Directors are not aware of any other matters regarding the re-election of Mr. Li that needs to be brought to the attention of the Shareholders.

## 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 (the “AGM”) of Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司\*) (the “Company”) will be held at The Palace Rooms, Basement 1, The Royal Garden, 69 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, on Tuesday, 29 August 2017 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

### ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and the auditors of the Company for the year ended 31 March 2017.
2. To re-elect the following retiring directors:
  - (i) Mr. Tang Ching Ho as an executive Director;
  - (ii) Mr. Cho Wing Mou as an independent non-executive Director;
  - (iii) Mr. Li Ka Fai, David as an independent non-executive Director; and
  - (iv) to authorise the board of directors (the “**Board**”) to fix the remuneration of the Directors.
3. To re-appoint Ernst & Young as auditors of the Company and to authorise the Board to fix their remuneration.

**AS SPECIAL BUSINESS**, to consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions of the Company:

4. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the shares of HK\$0.01 each in the share capital of the Company (the “**Shares**”) to be issued pursuant to the exercise of share options which may be granted under the New Scheme Limit (as defined below), the refreshment of the scheme limit of the Company’s share option scheme adopted on

\* For identification purpose only

## NOTICE OF THE AGM

22 August 2013 and all other share option scheme(s) of the Company, up to 10% of the number of Shares in issue as at the date of passing of this resolution (the “**New Scheme Limit**”) be and is hereby approved and any Director, or any two Directors if affixation of the common seal of the Company is necessary, be and is/are hereby authorised to do all such acts and execute all such documents to effect the New Scheme Limit.”

5. (A) “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares be and is hereby generally and unconditionally approved;
- (b) the aggregate Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of Shares in issue at the date of the passing of 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 laws of Bermuda or the Company’s bye-laws (the “**Bye-law(s)**”) to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(B) “**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional Shares, and to make, issue or grant offers, agreements and options (including bonds, warrants and 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;

## NOTICE OF THE AGM

- (b) the approval in paragraph (a) above 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 and securities or debentures convertible into Shares or options) and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, granted, distributed or otherwise dealt with (whether pursuant to an option, a conversion or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as hereinafter defined);
  - (ii) the exercise of the rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares;
  - (iii) the exercise of any Share Option under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; and
  - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the Bye-laws in force from time to time,

shall not exceed the aggregate of (aa) 20% of the total number of shares of the Company in issue at the date of the passing of this resolution; and (bb) (if the Directors are so authorised 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 of the Company 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 Bermuda law or the Bye-laws to be held; or

## NOTICE OF THE AGM

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“**Rights Issue**” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or stock exchange in any territory outside Hong Kong).”

(C) “**THAT** conditional upon the passing of the resolutions numbered 5(A) and 5(B) above, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares pursuant to the resolution numbered 5(B) above be and is hereby extended by the addition to the number of Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate an amount representing the aggregate share capital of the Company repurchased or agreed to be repurchased by the Company since the granting of the general mandate pursuant to resolution numbered 5(A) above, provided that such amount shall not exceed 10% of the total number of Shares in issue at the date of the passing of this resolution.”

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, 28 July 2017

*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

\* *For identification purpose only*

## NOTICE OF THE AGM

*Notes:*

1. A form of proxy for use at the AGM is enclosed.
2. The register of members of the Company will be closed from Thursday, 24 August 2017 to Tuesday, 29 August 2017 (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 Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m., Wednesday, 23 August 2017.
3. Any member of the Company entitled to attend and vote at the AGM 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.
4. 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 AGM or any adjournment thereof (as the case may be).
5. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the AGM 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.
6. Where there are joint holders of any shares of the Company, any one of such holders may vote at the AGM either personally 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 personally or by proxy, the person whose name stands first on the register of members of the Company in respect of such shares shall be accepted to the exclusion of the votes of the other joint holders.
7. All of the above resolutions will be voted by way of a poll at the AGM.