
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 AND ADOPTION OF THE NEW 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, 22 August 2023 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 deliver it to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries 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.

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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, 22 August 2023 at 11:30 a.m. or any adjournment thereof (as the case may be)
“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
“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 New 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

DEFINITIONS

“Existing Share Option Scheme”	the existing share option scheme of the Company adopted pursuant the Shareholders’ resolution passed at the annual general meeting held on 22 August 2013, which will expire on 21 August 2023
“General Mandates”	the New Issue Mandate and the New Repurchase Mandate
“Grantee”	generally, a Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme
“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”	24 July 2023, 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 and other securities during the prescribed period 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)
“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 as at the date of passing of the relevant resolution granting such mandate

DEFINITIONS

“New Share Option Scheme”	the share option scheme of the Company proposed to be approved by the Shareholders at the AGM, the principal terms of which are summarized in Appendix III to this circular
“Notice of AGM”	notice convening the AGM as set out on pages AGM-1 to AGM-5 of this circular
“Offer”	the offer of the grant of an Option made in accordance with the New Share Option Scheme
“Option”	an option to subscribe for Shares granted pursuant to the New Share Option Scheme that is subsisting
“Option Period”	in respect of any particular Option, the period during which the Grantee may exercise the Option subject to the terms of the New Share Option Scheme, 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 on which an Offer is made to the Grantee
“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
“Participant”	means an Employee Participant or Related Entity Participant who is eligible to be granted Option(s) under the New Share Option Scheme
“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
“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 scheme(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“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 Hong Kong Code on Takeovers and Mergers
“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.

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, *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. Leung Wai Ho, *MH*

Mr. Siu Man Ho, Simon

Mr. Cho Wing Mou

Mr. Li Ka Fai, David, *MH*

*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

28 July 2023

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 AND
PROPOSED ADOPTION OF THE NEW 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 adoption of the New 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 26 August 2022, 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 26 August 2022 (equivalent to an aggregate of 246,328,577 Shares) (the "**2022 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 26 August 2022 (equivalent to an aggregate of 123,164,288 Shares) (the "**2022 Repurchase Mandate**").

As at the Latest Practicable Date, the 2022 General Mandate had not been utilised or refreshed. An aggregate of 27,000,000 Shares were repurchased under the 2022 Repurchase Mandate during the period from 1 September 2022 to 7 September 2022 and an aggregate of 24,540,000 Shares were repurchased (which Shares are pending cancellation as at the Latest Practicable Date) during period from 18 July 2023 to 24 July 2023. The 2022 General Mandate and the remaining 2022 Repurchase Mandate will expire at 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 as at the date of the grant of the New Repurchase Mandate) will be added to the total number of Shares which may be allotted and issued under the New Issue Mandate.

As at the Latest Practicable Date, the total number of issued Shares comprised 1,204,642,888 Shares (with 24,540,000 Shares being Shares repurchased and pending cancellation as at the Latest Practicable Date). 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 that the above-mentioned 24,540,000 Shares are cancelled before the AGM, the Company will be allowed (i) pursuant to the New Issue Mandate to allot, issue and deal with 236,020,577 Shares, representing approximately 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 118,010,288 Shares, representing approximately 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.

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
- (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.

LETTER FROM THE BOARD

3. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

As at the Latest Practicable Date, the Board consists of seven Directors, namely Mr. Tang Ching Ho, Ms. Tang Wai Man, Ms. Law Man Yee, Anita, as executive Directors, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, as independent non-executive Directors.

In accordance with Bye-Laws 84(1), Ms. Tang Wai Man (“**Ms. Tang**”), Ms. Law Man Yee, Anita (“**Ms. Law**”) and Mr. Siu Man Ho, Simon (“**Mr. Siu**”) 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, Ms. Law and Mr. Siu 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 Mr. Siu, who is an independent non-executive Directors and has offered himself for re-election at the AGM. The committee members are satisfied that Mr. Siu 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.

Mr. Siu 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 Board believes that Mr. Siu can independently express opinions on the affairs and contribute to the growth of the Group as he has not involved in any daily operations and management of the Group. In addition, throughout his directorship with the Company, Mr. Siu always makes objective and constructive advice to the development of the Group and has given independent yet informed guidance to the Company leveraging on his expertise and experience from his diversified background and professional experience through his active participation in discussion at Board and various committee meetings. The demonstration of his firm commitment to his independent role is highly recognised by the Nomination Committee and the Board.

The Board also believes that the continuous appointment of Mr. Siu as independent non-executive Director will help to maintain the stability of the Board as Mr. Siu has, over time, gained valuable insights into the business strategy and policies of the Group, and the long service of Mr. Siu will not affect the exercise of his independent judgement.

The Board, having considered the nomination of the Nomination Committee, recommends the retiring Directors, Ms. Tang, Ms. Law and Mr. Siu for re-election and the proposed Director 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.

LETTER FROM THE BOARD

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. 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 ADOPTION OF NEW SHARE OPTION SCHEME

The Existing Share Option Scheme, which was adopted on 22 August 2013, will expire on 21 August 2023. As of the Latest Practicable Date, there was no outstanding share options granted under the Existing Share Option Scheme.

Following the expiry of the Existing Share Option Scheme, the Directors propose for the Company to adopt the New Share Option Scheme, which will enable the Company to grant Options to Participants as incentives or rewards for their contribution or potential contribution to the success of the Group's operations.

The New Share Option Scheme takes effect subject to (i) the passing of a resolution by the shareholders of WOG to approve the New Share Option Scheme, and (ii) the passing of a resolution by the Shareholders to approve and adopt the New Share Option Scheme and to authorise the Board to grant the Option under the New Share Option Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any Options granted under the New Share Option Scheme. The relevant resolution will be proposed for the Shareholders' approval at the AGM.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the New Share Option Scheme is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wyth.net) up to and including the date of the AGM, and will be available for inspection at the AGM.

Purpose

The purpose of the New 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.

Participants

On and subject to the terms of the New Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Participants as the Board may in its absolute discretion select.

LETTER FROM THE BOARD

The 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. 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.

The scope of Participants under the New Share Option Scheme includes Employee Participants and Related Entity Participants. The Directors (including the independent non-executive Directors) are of the view that apart from the contributions from employees and directors of members of the Group, the success of the Group might also be attributed to the efforts and contributions/potential contributions from non-employees including the Related Entity Participants (including, for example, directors and employees of associated companies of the Company). The eligibility of Related Entity Participants to participate is consistent with the purpose of the New Share Option Scheme, namely 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, which is achieved by the Participants holding on to equity incentives with aligned interest as the Shareholders.

Scheme Mandate Limit

The Scheme Mandate Limit, i.e. the maximum number of Shares which may be issued upon exercise of all options and awards to be granted under the New Share Option Scheme and 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 date of adoption of the New Share Option Scheme. The Scheme Mandate Limit may be refreshed in accordance with the provisions set out in the New Share Option Scheme.

As at the Latest Practicable Date, the total number of Shares in issue is 1,204,642,888 Shares (with 24,540,000 Shares being Shares repurchased and pending cancellation as at the Latest Practicable Date). Assuming there is no change in the number of Shares in issue during the period (save for cancellation of the above-mentioned 24,540,000 Shares) between the Latest Practicable Date and the date of adoption of the New Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and (if any) other share scheme(s) (as such term is defined under the Listing Rules) of the Company is 118,010,288 Shares.

LETTER FROM THE BOARD

Vesting Period

The minimum period for which an Option must be held before it can be exercised is determined by the Board, which shall generally not be less than 12 months. To ensure the practicability in fully attaining the purpose of the New Share Option Scheme, the Board is of the view that (a) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the grantees, such as those set out in paragraphs 5(i) of Appendix III to this circular; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances. The vesting period of 12 months which may be shortened under certain circumstances aligns with the purpose of the New Share Option Scheme by encouraging the Participants to perform exceptionally for accelerated vesting.

Subscription Price

The basis for determining the subscription price for the Option is set out in the rules of the New Share Option Scheme (see paragraph 6 of Appendix III to this circular). Such basis will serve to preserve the value of the Company and encourage the Participants to acquire proprietary interests in the Company. The basis of the subscription price complies with the requirements of the Listing Rules and is consistent with the purpose of the New Share Option Scheme as it encourages the Participants to contribute to the Group and benefit from an increase in market price of the Shares.

Performance targets and clawback mechanism

If and to the extent that any performance target is required to be achieved by any grantee before an Option is capable of being exercised, particulars of such targets shall be specified in the offer of an Option. The Board may determine such performance target at its sole and absolute discretion, which may include, without limitation, (i) business performance and financial performance of the Group or specific business unit(s); (ii) attaining of corporate goals and/or (iii) individual performance appraisal. Save as stated in the New Share Option Scheme (see paragraphs 5 and 11 of Appendix III to this circular) or unless otherwise as may be provided by the Board in the relevant letter of offer of an Option, 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.

General

As at the Latest Practicable Date, the Company has not engaged any trustee for the administration of the New Share Option Scheme.

Application(s) will be made, as and when appropriate, by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be issued pursuant to the exercise of Options granted pursuant to the New Share Option Scheme.

LETTER FROM THE BOARD

5. THE AGM

The Notice of the AGM is set out on pages AGM-1 to AGM-5 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 2023;
- (ii) (a) re-elect Ms. Tang Wai Man as a Director;

(b) re-elect Ms. Law Man Yee, Anita as a Director;

(c) re-elect Mr. Siu Man Ho, Simon as a Director;

(d) 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; and
- (vii) approve and adopt the proposed New Share Option Scheme.

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 Secretaries 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.

LETTER FROM THE BOARD

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 adoption of the New 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.

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 contact@waiyuentong.com or by telephone at (852) 2312 8202 on or before 15 August 2023.

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 1,204,642,888 Shares in issue (with 24,540,000 Shares being Shares repurchased and pending cancellation as at the Latest Practicable Date) and there was no outstanding share options granted under 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, 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 and that the above-mentioned 24,540,000 Shares are cancelled before the date of the AGM, the Directors will be authorised to repurchase a maximum of 118,010,288 Shares pursuant to the New Repurchase Mandate.

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 2023, in the event that the New Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period.

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 trading price HK\$	Lowest trading price HK\$
2022		
July	0.390	0.305
August	0.390	0.305
September	0.390	0.315
October	0.365	0.315
November	0.340	0.300
December	0.360	0.305
2023		
January	0.360	0.310
February	0.365	0.315
March	0.400	0.320
April	0.415	0.350
May	0.450	0.365
June	0.455	0.405
July (up to and including the Latest Practicable Date)	0.455	0.385

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.

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. 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 67.26% of the total number of Shares in issue in the Company on that date; 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 50.67% interest in WOG and thus he and his associates are also deemed to be interested in approximately 67.26% 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 74.74% of the total issued share capital of the Company. 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 New Repurchase Mandate to such an extent as would trigger the obligation under Rule 26 of the Takeovers Code to make a mandatory offer nor to such extent as to reduce the amount of Shares held by the public to less than 25%.

7. SHARE REPURCHASE MADE BY THE COMPANY

Save for a total of 24,540,000 Shares repurchased during the period from 18 July 2023 to 24 July 2023, 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.

Details of these repurchases are set out as follows:

Date	No. of Shares	Price per Share (HK\$)
18 July 2023	4,920,000	0.425
19 July 2023	4,620,000	0.430
20 July 2023	5,000,000	0.435
21 July 2023	5,000,000	0.440
24 July 2023	5,000,000	0.445

APPENDIX II BIOGRAPHICAL DETAILS OF THE RETIRING DIRECTORS

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 (“**Ms. Tang**”), aged 32, 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. She is a director of several subsidiaries of the Group. Ms. Tang is responsible for sales and marketing, channel sales and retail operation in Hong Kong and Macau of the Group. She graduated from University of Edinburgh, United Kingdom with a Master of Arts with Honors in Business Studies. Prior to joining the Group, she has worked for WOG since July 2014 as an assistant to the chairman and other experience in financial analysis, sales and marketing and business development in a number of corporate bodies in Hong Kong and the United Kingdom. She is the daughter of Mr. Tang Ching Ho, the Chairman and Managing Director and a controlling shareholder of the Company.

Ms. Tang has entered into a service agreement with the Company for no fixed term unless terminated by giving not less than six months’ prior notice in writing by either party on the other without payment of compensation (other than statutory compensation). Pursuant to a service agreement entered into between Ms. Tang and the Company, she is entitled to an annual remuneration of HK\$1,673,180 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 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) does not connected 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.

APPENDIX II BIOGRAPHICAL DETAILS OF THE RETIRING DIRECTORS

Ms. Law Man Yee, Anita, Executive Director

Ms. Law Man Yee, Anita (“**Ms. Law**”), aged 60, joined the Group in 2004 and is the Assistant General Manager – Purchasing Processing of the Group. She was appointed as an executive Director and a member of the executive committee of the Company on 8 February 2021. She is a director of several subsidiaries of the Group. Ms. Law is responsible for overall strategic planning, sales and marketing, raw material sourcing and retail operation in Hong Kong, Macau and the Mainland China. She has extensive experience in pharmaceutical industry covering strategic planning, sales and marketing, new products development and production management.

Ms. Law has entered into a letter of appointment with the Company for no fixed term unless terminated by giving not less than six months’ prior notice in writing by either party on the other without payment of compensation (other than statutory compensation). Pursuant to a service agreement entered into between Ms. Law and the Company, she is entitled to an annual remuneration of HK\$660,400 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. Law’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, Ms. Law (i) did not hold any other directorships in any listed public companies in the last three years; (ii) does not connected 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. Law 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.

Mr. Siu Man Ho, Simon, Independent Non-executive Director

Mr. Siu Man Ho, Simon (“**Mr. Siu**”), aged 49, joined the Company as an independent non-executive Director in August 2001. He is a member of the audit committee and the nomination committee of the Company and the chairman of the remuneration committee of the Company. Mr. Siu is a practising solicitor of the High Court of Hong Kong. He obtained a Bachelor of Laws degree from the University of Hong Kong in 1996 and is a partner of a law firm, namely Sit, Fung, Kwong & Shum, and a China-Appointed Attesting Officer. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu is also an independent non-executive director of Litu Holdings Limited (formerly known as Brilliant Circle Holdings International Limited) (stock code: 1008), Shuang Yun Holdings Limited (stock code: 1706) and HKE Holdings Limited (stock code: 1726), all of which are listed on the Main Board of the Stock Exchange.

APPENDIX II BIOGRAPHICAL DETAILS OF THE RETIRING DIRECTORS

Mr. Siu has entered into a letter of appointment with the Company. In accordance with the terms of the letter of appointment, Mr. Siu 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 Mr. Siu'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, Mr. Siu (i) did not hold any other directorships in any listed public companies in the last three years; (ii) does not connected 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 Mr. Siu 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.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved at the AGM but such summary does not form part of, nor is it intended to be, part of the New Share Option Scheme. For details on the New Share Option Scheme, please refer to the copy of the New Share Option Scheme which is published on, among others, the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wyth.net) for display from the date of this circular up to and including the date of the AGM:

1. PURPOSE

The purpose of the New 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.

2. WHO MAY JOIN

On and subject to the terms of the New Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Participants as the Board may in its absolute discretion select.

The 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. 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.

3. ADMINISTRATION

The New Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the New Share Option Scheme or its interpretation or effect shall (save as otherwise provided therein) be final and binding on all parties. The Board shall have the right to:

- (a) interpret and construe the provisions of the New Share Option Scheme;
- (b) determine the persons (if any) who shall be offered Options under the New Share Option Scheme, and the number of Shares and subscription price, subject to the terms of the New Share Option Scheme;
- (c) subject to approval by the Shareholders to alter the New Share Option Scheme, make such adjustments to the terms of the options granted under the New Share Option Scheme to the relevant Participant(s) who accept an Offer in accordance with the terms of the New Share Option Scheme as the Board deems necessary, and whereupon the Board 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 New Share Option Scheme provided that the same are not inconsistent with the provisions of the New Share Option Scheme and the Listing Rules.

4. PAYMENT ON ACCEPTANCE

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(s). Such remittance is not refundable under any circumstances.

5. GRANT OF OPTION AND LIFE OF NEW SHARE OPTION SCHEME

On and subject to the terms of the New Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the date of adoption of the New Share Option Scheme to make an Offer to any Participant as the Board may in its absolute discretion select to take up option(s) pursuant to which such Participant may, upon acceptance of such Offer, subscribe for such number of Shares at such subscription price as the Board may determine during the Option Period.

The Offer shall specify the terms on which the Option is to be granted and shall include:-

- (i) the minimum period as determined by the Board for which an Option must be held before it can be exercised, which shall generally 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.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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 one 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 the results announcement.

Subject to the other provisions therein, the New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the New Share Option Scheme, after which period no further options shall be offered or granted under the New Share Option Scheme but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the New Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.

6. 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:

- (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant of the Options, which must be a business day;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant of the Options; and
- (c) the nominal value of the Shares.

7. EXERCISE OF OPTION

The Option Period, i.e. the period during which an Option shall be exercised, is determined and notified by the Board in its absolute discretion at the time of grant, but such period must not be more than 10 years from the date of grant of the relevant Option.

8. TRANSFERABILITY

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.

9. RIGHTS ON DEATH

In the event of the Grantee ceasing to be a Participant by reason of his death before exercising his option in full, 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.

10. RIGHTS ON CEASING TO BE A PARTICIPANT FOR REASONS OTHER THAN DEATH OR DISMISSAL

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 sub-paragraph (17)(vi), 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.

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 one 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.

11. RIGHTS ON DISMISSAL

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 sub-paragraph (17)(vi), 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, 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.

12. RIGHTS ON TAKEOVER

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) 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 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.

13. RIGHTS ON SCHEME OF ARRANGEMENT

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.

14. RIGHTS ON WINDING-UP

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.

15. RIGHTS ON COMPROMISE OR ARRANGEMENT

In the event of a compromise or arrangement, other than a scheme of arrangement, 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.

16. RANKING

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.

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.

17. LAPSE OF OPTION

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

- (i) the expiry of the Option Period (subject to the provisions of the New Share Option Scheme);
- (ii) the expiry of the periods referred to in paragraphs (9), (10), (11), (14) and (15);
- (iii) the expiry of the period referred to in paragraph (12) 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;
- (iv) subject to the scheme of arrangement referred to in paragraph (13) becoming effective, the expiry of the period for exercising the option as referred to in paragraph (13);
- (v) the date of the commencement of the winding-up of the Company;
- (vi) the date on which the Grantee (if an employee or Director of the Company or another member of the Group) 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 sub-paragraph (17)(vi) shall be conclusive and binding on the Grantee, and where appropriate, his legal representative(s);

(vii) the date on which the Grantee commits a breach of paragraph (8); and

(viii) subject to paragraph (10), the date the Grantee ceases to be a Participant for any other reason.

18. MAXIMUM NUMBER OF SHARES

(a) Scheme Mandate Limit

The Scheme Mandate Limit, i.e. the maximum number of Shares which may be issued upon exercise of all options and awards to be granted under the New Share Option Scheme and 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 date of adoption of the New Share Option Scheme. Options lapsed in accordance with the terms of the New Share Option 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. Options granted under the Scheme which have been cancelled shall be regarded as having utilised the Scheme Mandate Limit or the relevant part thereof. 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.

(b) Refreshment of Scheme Mandate Limit

The Scheme Mandate Limit referred to in sub-paragraph (18)(a) above may be refreshed at any time by obtaining approval of the Shareholders in general meeting after 3 years from the adoption date of the New Share Option Scheme (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.

Options previously granted under the New Share Option Scheme or any other share schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the New Share Option 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 the New Share Option Scheme applicable to the Scheme Mandate Limit shall also apply to any New Scheme Mandate Limit.

The Scheme Mandate Limit may also be refreshed within any 3-year period from the adoption date of the New Share Option Scheme (or, as the case maybe, the last refreshment of such limit) 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.

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 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.

(c) Grant to Specified Grantees

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

- (i) 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
- (ii) 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 Participants 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 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.

(d) Individual Limit

Where any grant of Options to a Participant would result in the Shares issued and to be issued in respect of all options (including the 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.

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)).

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 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.

19. EFFECTS OF REORGANISATION OF CAPITAL STRUCTURE

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 (i) the number or nominal amount of Shares subject to the Option granted under the New Share Option Scheme; and/or (ii) the subscription price for the Shares subject to the Option so far as unexercised, provided that:

- (a) 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
- (b) notwithstanding the 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 Hong Kong 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.

20. ALTERATION OF THE NEW SHARE OPTION 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.

21. CANCELLATION OF OPTION

Any options granted but not exercised may be cancelled if the Grantee so agrees. Where the Company cancels Options and issues new Options to the same Grantee, the issue of such new Options may only be made under the New Share Option Scheme or any other share scheme of the Company (excluding the cancelled Options) within the Scheme Mandate Limit. For the avoidance of doubt, Options granted under the New Share Option Scheme which have been cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

22. TERMINATION OF THE NEW SHARE OPTION SCHEME

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

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, 22 August 2023, 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 2023.
2. To re-elect the following retiring Directors:
 - (i) Ms. Tang Wai Man as a Director;
 - (ii) Ms. Law Man Yee, Anita as a Director;
 - (iii) Mr. Siu Man Ho, Simon as a 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 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**”), 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
 - (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,

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shall not exceed the aggregate of (aa) 20% of the total number of Shares 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 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 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 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 in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

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- (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 28 July 2023 (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 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.”

5. “**THAT**

a share option scheme, the terms of which are set out in the document marked “**A**” produced to the meeting and for the purpose of identification signed by the chairman of this meeting hereof, be and are hereby approved and adopted and that the directors of the Company be authorised to grant option, subject to such conditions as the directors of the Company may impose, thereunder and to allot and issue shares pursuant to the New Share Option Scheme and take all such step as may be necessary or desirable to implement the New Share Option Scheme.”

By Order of the Board
WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)
Cheung Chin Wa Angus
Company Secretary

Hong Kong, 28 July 2023

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 register of members of the Company will be closed from Thursday, 17 August 2023 to Tuesday, 22 August 2023 (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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m., on Wednesday, 16 August 2023.
- (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 28 July 2023. 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 Secretaries 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 28 July 2023 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*