

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DESPATCH OF CIRCULAR, CHANGE OF BOARD LOT SIZE, EXPECTED TIMETABLE AND TRADING ARRANGEMENTS

SUMMARY

The circular dated 13 May 2005 in relation to the Capital Reorganisation and change of board lot size will be despatched to the Shareholders and, for information only, the holders of the 2005 Convertible Notes on 13 May 2005.

Details of the change of board lot size, expected timetable and trading arrangements for the implementation of the Capital Reorganisation are included in this announcement.

Reference is made to the announcement (the "Announcement") and the circular (the "Circular") of the Company dated 20 April 2005 and 13 May 2005 respectively in relation to the Capital Reorganisation and change of board lot size. Terms used in this announcement shall have the same meanings as those defined in the Circular unless the context requires otherwise.

DESPATCH OF CIRCULAR

The Directors announce that the Circular will be despatched to the Shareholders and, for information only, the holders of the 2005 Convertible Notes on 13 May 2005.

CHANGE OF BOARD LOT SIZE

Currently, the Shares are traded on the Stock Exchange in board lots of 2,000 Existing Shares. The Company announced in the Announcement that the board lot size shall be changed to 4,000 New Shares following the Share Consolidation. In order to allow the New Shares being traded in a more reasonable board lot size and value, the Board has resolved to further increase the board lot size to 6,000 New Shares following the Share Consolidation. The New Shares, when issued, will rank *pari passu* in all respects with each other and any other Shares.

EXPECTED TIMETABLE

	<i>2005 (Note)</i>
Latest time for lodging proxy form for SGM	9:30 a.m on Monday, 6 June
SGM	9:30 a.m. on Wednesday, 8 June
Effective date for Capital Reorganisation	9:30 a.m. on Thursday, 9 June
Original counter for trading in Existing Shares in board lots of 2,000 Existing Shares temporarily closes	9:30 a.m. on Thursday, 9 June
Temporary counter for trading in New Shares in board lots of 200 New Shares opens (in the form of existing share certificates for Existing Shares)	9:30 a.m. on Thursday, 9 June
First day for free exchange of existing share certificates for new share certificates	Thursday, 9 June

Original counter for trading in New Shares in board lots of 6,000 New Shares re-opens (in the form of new share certificates for New Shares)	9:30 a.m. on Thursday, 23 June
Parallel trading in New Shares commences (in the form of existing share certificates for Existing Shares and new share certificates for New Shares)	9:30 a.m. on Thursday, 23 June
First day of operation of odd lot trading facility	9:30 a.m. on Thursday, 23 June
Temporary counter for trading in New Shares in board lots of 200 New Shares closes (in the form of existing share certificates for Existing Shares)	4:00 p.m. on Friday, 15 July
Parallel trading in New Shares ends (in the form of existing share certificates for Existing Shares and new share certificates for New Shares)	4:00 p.m. on Friday, 15 July
Last day of operation of odd lot trading facility	4:00 p.m. on Friday, 15 July
Latest time for lodging certificates for Existing Shares in exchange for certificates for New Shares free of charge	Wednesday, 20 July

Note: All times refer to Hong Kong local time

TRADING ARRANGEMENTS

Upon the Capital Reorganisation becoming effective, all existing pink share certificates for any number of Existing Shares in issue immediately before the effective date of the Capital Reorganisation will be deemed to be share certificates of the Company and will be effective as documents of title. Every 10 Existing Shares will be deemed to represent 1 New Share. New yellow share certificates of the Company will be issued for the New Shares. Dealings in the Consolidated Shares are expected to commence on Thursday, 9 June 2005. Parallel trading arrangements will be established on the Stock Exchange for dealings in the New Shares in the form of the existing pink share certificates and in the form of the new yellow share certificates. The trading arrangements proposed for dealings in the New Shares are set out as follows:

- (i) with effect from 9:30 a.m. on Thursday, 9 June 2005, the original counter for trading in Shares in existing board lots of 2,000 Existing Shares will be closed temporarily. A temporary counter for trading in New Shares represented by existing pink share certificates in board lots of 200 New Shares will be established. Every existing certificate for whatever number of Existing Shares will be deemed to be a certificate, and will be effective as a document of title valid for settlement and delivery for trading transacted from 9:30 a.m. on Thursday, 9 June 2005 to 4:00 p.m. on Friday, 15 July 2005 (both dates inclusive) for New Shares in the amount equal to one tenth of that number of Existing Shares. The existing pink share certificates for the Existing Shares can only be traded at this temporary counter;
- (ii) with effect from 9:30 a.m. on Thursday, 23 June 2005, the original counter will be reopened for trading in the New Shares in board lots of 6,000 New Shares. Only new yellow share certificates for the New Shares can be traded at this counter;
- (iii) with effect from 9:30 a.m. on Thursday, 23 June 2005 to 4:00 p.m. on Friday, 15 July 2005, both days inclusive, there will be parallel trading at the counters mentioned in (i) and (ii) above; and
- (iv) the temporary counter for trading in New Shares represented by existing pink share certificates in board lots of 200 Consolidated Shares will be removed after the close of trading on Friday, 15 July 2005. Thereafter, trading will only be in New Shares represented by new yellow share certificates in board lots of 6,000 New Shares and the existing pink share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes.

FREE EXCHANGE OF CERTIFICATES FOR THE NEW SHARES

Subject to the Capital Reorganisation becoming effective on or about Thursday, 9 June 2005, Shareholders may, during Thursday, 9 June 2005 to Wednesday, 20 July 2005 (both dates inclusive), submit existing pink share certificates for the Existing Shares to the Registrar for exchange, at the expense of the Company, for new yellow share certificates for the New Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate for the Existing Shares cancelled or each new share certificates issued for the New Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for the New Shares at any time.

It is expected that new certificates for the New Shares will be available for collection within a period of 10 business days after the submission of the existing share certificates for the Existing Shares to the Registrar for exchange. Unless otherwise instructed, new share certificates will be issued in board lots of 6,000 New Shares each. New share certificates for the New Shares will be yellow in colour to distinguish them from the existing share certificates for the Existing Shares which are pink in colour.

ARRANGEMENTS OF ODD LOT FACILITIES

Odd lots of New Shares may arise as a result of the Share Consolidation. In order to alleviate the difficulties in trading odd lots of New Shares, the Company has appointed Kingston Securities Limited, to act as its agent to match, on a “best effort” basis, the sale and purchase of odd lots of New Shares arising from the Share Consolidation from Thursday, 23 June 2005 up to and including Friday, 15 July 2005. Such arrangement is to facilitate Shareholders who wish to dispose of or top up their odd lots of New Shares. Shareholders who wish to take advantage of this facility should contact Ms. Rosita Kiu of Kingston Securities Limited at Suite 2801, 28/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong (telephone number: 22986215) during the period. Shareholders should note that the matching of the sale and purchase of odd lots of New Shares is not guaranteed.

GENERAL

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in any doubt about the facility described above.

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Tang Ching Ho and Mr. Chan Chun Hong, Thomas, a non-executive director, namely Mr. Leung Wai Ho, and three independent non-executive Directors, namely Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou.

By Order of the Board
Wai Yuen Tong Medicine Holdings Limited
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 13 May 2005

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Wai Yuen Tong Medicine Holdings Limited (the “**Company**”) will be held at 3503, 35/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 8 June 2005 at 9:30 a.m. or at any adjournment thereof, for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution of the Company:

SPECIAL RESOLUTIONS

THAT, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting the permission to deal in, shares of HK\$0.01 each in the issued share capital of the Company upon the Capital Reorganisation (as defined below) becoming effective, with effect from 9:30 a.m. on the next business day (not being a Saturday) after the date on which this resolution is passed (the “**Effective Date**”): –

- (a) every ten (10) shares of HK\$0.01 each in the capital of the Company in issue on the Effective Date be consolidated into one (1) share of HK\$0.10 each in the capital of the Company (the “**Consolidated Share**”) (the “**Consolidation**”);
- (b) subject to and forthwith upon the Consolidation taking effect, the issued share capital of the Company be reduced by canceling paid up capital to the extent of HK\$0.09 on each of the Consolidated Shares (the “**Capital Reduction**”) so that each Consolidated Share shall be treated as one fully-paid up share of HK\$0.01 each in the capital of the Company (the “**Reduced Share**”) and any liability of the holders of Reduced Shares to make any further contribution to the capital of the Company on each such Reduced Share shall be treated as satisfied; and
- (c) subject to and forthwith upon the Capital Reduction taking effect, the credit arising from the Capital Reduction be applied to the contributed surplus of the Company where it may be utilized by the directors of the Company in accordance with the bye-laws of the Company and all applicable laws, including to set off the accumulated losses of the Company (the “**Application of Credit**”); and

- (d) the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Consolidation, the Capital Reduction and the Application of Credit (collectively, the “**Capital Reorganisation**”).

By Order of the Board
Wai Yuen Tong Medicine Holdings Limited
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 13 May 2005

Notes:

- (1) A member of the Company entitled to attend and vote at the above meeting may appoint a proxy or more than one proxy to attend and vote on his behalf. A form of proxy for use at the above meeting is enclosed herewith. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing. If the appointer is a corporation, the form of a proxy must be under its common seal or under the hand of an officer, attorney or other person authorized to sign the proxy.
- (3) In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or authority, must be deposited at the Hong Kong branch share registrar of the Company, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the above meeting or any adjournment.
- (4) Completion and delivery of the form of proxy will not preclude members from attending and voting at the above meeting or any adjournment thereof, in which case the form of proxy shall be deemed to be revoked.
- (5) As at the date of this notice, the board of directors of the company comprises two executive directors, namely Mr. Tang Ching Ho and Mr. Chan Chun Hong, Thomas, a non-executive director, namely Mr. Leung Wai Ho, and three independent non-executive Directors, namely Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou.

Please also refer to the published version of this announcement in The Standard.