
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 Wuyi International Pharmaceutical Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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武夷药业
Wuyi Pharmaceutical

WUYI INTERNATIONAL PHARMACEUTICAL COMPANY LIMITED

武夷國際藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1889)

- (1) GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES**
- (2) ADOPTION OF SHARE OPTION SCHEME**
- (3) INCREASE IN AUTHORISED SHARE CAPITAL**
- (4) RE-ELECTION OF RETIRING DIRECTORS**
- (5) APPOINTMENT OF DIRECTORS**
- AND**
- (6) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Room 7, 2/F, Sheraton Fuzhou Hotel, No. 23 Puxiazhou Road, Cangshan District, Fuzhou, Fujian, the People's Republic of China on Friday, 16 June 2017 at 3:00 p.m. (Hong Kong time) is set out on pages 30 to 34 of this circular.

Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for the Annual General Meeting (i.e. before Wednesday, 14 June 2017 at 3:00 p.m. (Hong Kong time)) or any adjournment thereof. Completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

11 May 2017

DEFINITIONS

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

“2007 Share Option Scheme”	the share option scheme adopted by a resolution passed by the then shareholders of the Company on 8 January 2007 and which ceased to have effect on 31 January 2017
“Annual General Meeting”	the annual general meeting of the Company to be held at Room 7, 2/F, Sheraton Fuzhou Hotel, No. 23 Puxiazhou Road, Cangshan District, Fuzhou, Fujian, the People’s Republic of China on Friday, 16 June 2017 at 3:00 p.m. (Hong Kong time), the notice of which is set out on pages 30 to 34 of this circular
“Articles of Association”	the articles of association of the Company as altered from time to time
“Authorised Share Capital Increase”	the proposed increase of the authorised share capital of the Company from HK\$32,000,000 divided into 3,200,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by creation of additional 6,800,000,000 Shares
“associate(s)”	shall have the meaning ascribed under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the business of trading in securities
“Close Associate(s)”	has the meanings ascribed to it under the Listing Rules
“Commencement Date”	in respect of any particular Share Option, the date on which the Share Option is granted or deemed to have been granted in accordance with the terms of the Share Option Scheme
“Company”	Wuyi International Pharmaceutical Company Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Core Connected Person(s)”	has the meanings ascribed to it under the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Grantee”	any Participant who has been offered and has accepted an Offer in accordance with the terms of the Share Option Scheme, or any person who, in accordance with the applicable laws of succession, is entitled to administer such Grantee’s estate in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate proposed to be granted to the Directors to allot, issue and deal with the aggregate number of Shares not exceeding 20% of the number of issued Shares as at the date of passing Resolution No. 5A
“Latest Practicable Date”	8 May 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notice”	the notice convening the Annual General Meeting which is set out on pages 30 to 34 of this circular
“Offer”	the offer of the grant of a Share Option made in accordance with the Share Option Scheme
“Offer Date”	the date on which an Offer is made to a Participant
“Option Period”	a period to be determined and notified by the Board to each Grantee and in any event such period of time shall not be more than ten years from the Commencement Date

DEFINITIONS

“Participant(s)”	(i) all full-time employees, Directors (including independent non-executive Directors) and part-time employees with weekly working hours of 10 hours and above, of the Group, (ii) substantial shareholders of each member of the Group, (iii) associates of the directors and substantial shareholders of any member of the Group, (iv) trustee of any trust pre-approved by the Board; and (v) any advisor (professional or otherwise) or consultant, distributor, supplier, agent, customer, joint venture partner, service provider to the Group, whom the Board considers, in its sole discretion, has contributed or contributes to the Group, provided that no grants shall be made to any person which would result in the Company be required under the applicable securities laws and regulations to issue a prospectus or other offer document in respect thereof, or will result in the breach by the Company or the Directors of any applicable securities laws and regulations or in any filing or other requirements arising.
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the number of issued Shares as at the date of passing Resolution No. 5B
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option(s)”	the share option(s) to subscribe for Shares on terms determined by the Directors pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme proposed to be adopted at the Annual General Meeting, the principal terms of which are set out in Appendix II to this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs

DEFINITIONS

“HK\$” Hong Kong dollars

“%” per cent.

LETTER FROM THE BOARD



武夷药业
Wuyi Pharmaceutical

WUYI INTERNATIONAL PHARMACEUTICAL COMPANY LIMITED

武夷國際藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1889)

Executive Directors:

Lin Ou Wen (*Chairman*)

Chen Cheng Qing

Hung Hoi Lan

Registered Office:

Grand Pavilion, Hibiscus Way

802 West Bay Road

P.O. Box 31119, KY1-1205

Cayman Islands

Independent Non-executive Directors:

Zhang Jie

Zhang Xue Wen

Wu Cheng Han

*Head Office and Principal Place
of Business in Hong Kong:*

Unit 1113, 11th Floor

North Tower, Concordia Plaza

1 Science Museum Road

Tsimshatsui East

Kowloon, Hong Kong

11 May 2017

To Shareholders

Dear Sir or Madam,

- (1) GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES**
- (2) ADOPTION OF SHARE OPTION SCHEME**
- (3) INCREASE IN AUTHORISED SHARE CAPITAL**
- (4) RE-ELECTION OF RETIRING DIRECTORS**
- (5) APPOINTMENT OF DIRECTORS**
- AND**
- (6) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting. These include the ordinary resolutions for: (i) granting the Directors general mandate to issue new Shares; (ii) granting the Directors

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general mandate to repurchase Shares; (iii) extension of general mandate to issue Shares; (iv) the adoption of Share Option Scheme; (v) the Authorised Share Capital Increase; (vi) re-election of retiring Directors; and (vii) appointment of Directors.

1. GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution, as set out as Resolution No. 5A, will be proposed for the Shareholders to consider and if, thought fit, to grant the Issue Mandate to the Directors to allot, issue and deal with the aggregate number of Shares not exceeding 20% of the number of issued Shares as at the date of passing of such resolution, i.e. 451,354,500 Shares (assuming no further issue or repurchase of any Share before the Annual General Meeting). The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Issue Mandate is set out in Resolution No. 5A in the Notice.

The Issue Mandate will remain in effect 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 Articles of Association or any applicable law to be held; and (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

2. GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution, as set out as Resolution No. 5B, will be proposed for the Shareholders to consider and if, thought fit, to grant the Repurchase Mandate to enable the Directors to exercise all the powers of the Company to repurchase Shares subject to the criteria set out in this circular. Shareholders should note that the maximum number of Shares that may be repurchased will be 10% of the number of issued Shares as at the date of passing of such resolution. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Repurchase Mandate is set out in Resolution No. 5B in the Notice.

An explanatory statement containing all relevant information relating to the Repurchase Mandate and as required pursuant to the Listing Rules is set out in Appendix I to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

3. EXTEND GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution, as set out as Resolution No. 6, will be proposed for the Shareholders to consider and if, thought fit, to extend the Issue Mandate by adding an amount representing the aggregate number of Shares repurchased by the Company pursuant to the Repurchase Mandate being approved to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate provided that such extended amount in aggregate will not exceed 10% of the number of issued Shares on the date of the resolution

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approving the Issue Mandate. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the extension of the Issue Mandate is set out in Resolution No. 6 in the Notice.

4. INCREASE IN AUTHORISED SHARE CAPITAL

The Board intends to put forward a proposal to the Shareholders to increase the authorised ordinary share capital of the Company from HK\$32,000,000 divided into 3,200,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares, by the addition of HK\$68,000,000 divided into 6,800,000,000 new Shares, which (when issued) will rank pari passu in all respects with all the existing Shares (the “**Authorised Share Capital Increase**”). The proposed increase in authorised share capital is subject to Shareholders’ approval by way of an ordinary resolution at the Annual General Meeting. As none of the Shareholders has any material interest in the Authorised Share Capital Increase, no Shareholder is required to abstain from voting for this resolution at the Annual General Meeting.

As at the Latest Practicable Date, 2,256,772,500 Shares were in issue. The increase in authorised share capital is necessary and will facilitate the Company being able to carry out any future equity-related fund-raising or other share transactions when the right opportunity arises and is in the interests of the Company and the Shareholders as a whole.

The Company will continue to evaluate its funding requirements and business needs from time to time and may consider issuing new securities, including but not limited to new Shares. As at the Latest Practicable Date, the Company has no immediate plan to issue any new securities or carry out any other fund raising activities.

5. PROPOSED ADOPTION OF A SHARE OPTION SCHEME

The 2007 Share Option Scheme

The 2007 Share Option Scheme was adopted by the passing of a resolution by the then shareholders of the Company on 8 January 2007. Pursuant to the terms of the 2007 Share Option Scheme, it was valid and effective for a period of 10 years from 8 January 2007. The 2007 Share Option Scheme expired on 31 January 2017.

As at the Latest Practicable Date, there were 164,000,000 outstanding options granted but not yet exercised under the 2007 Share Option Scheme.

Adoption of the Share Option Scheme

Since the expiry of the 2007 Share Option Scheme on 31 January 2017, no new share option scheme has been adopted by the Company. The Board now proposes to adopt the Share Option Scheme.

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The Board considers that in order to enable the Group to motivate the Participants to utilize their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain an ongoing relationship with the Participants whose contributions are or will be beneficial to the long term growth of the Group, it is important that the Group should be permitted to provide them, where appropriate, with an incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the success of the business of the Group. In view of the above, the Board considers that the adoption of the Share Option Scheme is in the best interests of the Company and the Shareholders as a whole. The Board, therefore, proposes to recommend to the Shareholders at the Annual General Meeting to approve the adoption of the Share Option Scheme.

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of Share Options; and
- (ii) the passing of an ordinary resolution of the Shareholders in the Annual General Meeting for the approval for the adoption of the Share Option Scheme and to authorize the Directors to grant Share Options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any Share Options granted under the Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in the Shares, representing 10% of the issued Shares as at the date of the Annual General Meeting to be issued pursuant to the exercise of Share Options to be granted under the Share Option Scheme.

As at the Latest Practicable Date, the Board has no immediate plan to grant any share options under the Share Option Scheme after it has subsequently become unconditional.

A summary of the principal terms of the Share Option Scheme is set out in Appendix II to this circular. This serves as a summary of the terms of the Share Option Scheme but does not constitute the full terms of the same. The full terms of the Share Option Scheme can be inspected at the Company's registered and principal office at Unit 1113, 11th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong from the date of this circular up to and including the date of the Annual General Meeting and at the Annual General Meeting.

Valuation of the Options

The Directors consider that it is not appropriate to state the value of all the Share Options that can be granted under the Share Option Scheme as if they had been granted on the Latest Practicable Date given that the variables which are crucial for the calculation of the value of such Share Options have not been determined. Such

LETTER FROM THE BOARD

variables include but are not limited to the subscription price, the exercise period and lock-up period (if any), and the predetermined performance target (if any). The Directors believe that any calculation of the value of the Share Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Operation of the Share Option Scheme

The Board will assess the eligibility of the Participants based on their individual performance, time commitment, responsibilities and employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution to the profits of the Group during the financial year.

The Share Option Scheme does not specify a minimum period for which a Share Option must be held nor a performance target which must be achieved before a Share Option can be exercised. However, the Board may, at its sole discretion, determine such terms and impose such other restrictions on the grant of a Share Option. The Share Option Scheme also sets out the basis of determining the subscription price of a Share Option. Subject to the Listing Rules, the Board has the discretion in determining the subscription price in respect of any Share Option.

The Directors, therefore, consider that the aforesaid criteria and rules will enable the Directors to properly operate and regulate the Share Option Scheme and, thus, help serve the purpose of the Share Option Scheme and to preserve the value of the Company.

Maximum number of Shares to be issued

Subject to the adoption of the Share Option Scheme by the Shareholders, the total number of Shares which may be issued upon the exercise of all the Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the total issued Shares as at the date of adoption of the Share Option Scheme.

Based on 2,256,772,500 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued Shares before the Annual General Meeting, the maximum number of Shares to be issued upon the exercise of the Share Options that may be granted under the Share Option Scheme is 225,677,250 Shares (the “**Scheme Mandate Limit**”).

The Company may seek approval of the Shareholders in general meetings to refresh the Scheme Mandate Limit. Notwithstanding that the Scheme Mandate Limit may be refreshed, the Board shall not grant Share Options which would result in the maximum aggregate number of Shares which may be issued upon exercise of all the outstanding Share Options granted but yet to be exercised under the Share Option Scheme and any other share option schemes of the Company exceeding, in aggregate, 30% of the issued Shares from time to time. As at the Latest Practicable Date, such 30% limit represented 677,031,750 Shares.

LETTER FROM THE BOARD

None of the Directors are appointed as trustees of the Share Option Scheme or have a direct or indirect interest in the trustees of the Share Option Scheme.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution approving the Share Option Scheme.

6. RE-ELECTION OF RETIRING DIRECTORS AND APPOINTMENT OF DIRECTORS

Re-election of Retiring Directors

Mr. Lin Ou Wen disposed all his equity interests of the Company in 2016, Mr. Lin Ou Wen intends to spend more time with family and give himself a period of rest. Due to above reason, Mr. Lin Ou Wen has not offered himself for re-election and will retire from office after the conclusion of the Annual General Meeting. Mr. Lin Ou Wen promises he will not engage in any business related to pharmaceutical industry after his retirement, so far he do not have any future plan.

Mr. Zhang Jie, Mr. Zhang Xue Wen and Mr. Wu Cheng Han were appointed by the Board as the independent non-executive Directors with effect from 30 June 2016. Mr. Chen Cheng Qing and Ms. Hung Hoi Lan were appointed by the Board as executive Directors with effect from 17 February 2017. Mr. Zhang Jie, Mr. Zhang Xue Wen, Mr. Wu Cheng Han, Mr. Chen Cheng Qing and Ms. Hung Hoi Lan, being Directors appointed by the Board to fill the casual vacancies on the Board or as additions to the existing Board, shall retire in accordance with Article 86(3) of the Articles of Association and, being eligible, offer themselves for re-election at the Annual General Meeting.

Mr. Chen Cheng Qing and Ms. Hung Hoi Lan, being eligible, have offered themselves for re-election at the Annual General Meeting. Their particulars are set out in Appendix III to this circular. However, due to personal commitments on other businesses, Mr. Zhang Jie, Mr. Zhang Xue Wen and Mr. Wu Cheng Han have not offered themselves for re-election and will retire from office after the conclusion of the Annual General Meeting. Mr. Zhang Jie intends to focus on his job in the financial consultancy firm; Mr. Zhang Xue Wen intends to devote more time in his research work in the Institute of Law of the Fujian Academy of Social Science; and Mr. Wu Chang Han intends to concentrate his time as the doctor in the Second People's Hospital of Fujian University of Traditional Chinese Medicine.

Under Resolution No. 2, the re-election of retiring Directors will be individually voted on by the Shareholders.

Appointment of Directors

Under Resolution No. 3, the appointment of each of Mr. Wang Zi Hao, Mr. Tu Fang Kui and Professor Zhang Rong Qing as an independent non-executive Director will be put forward for shareholders' approval at the Annual General Meeting.

LETTER FROM THE BOARD

Particulars of the retiring Directors proposed to be re-elected and Directors proposed to be appointed at the Annual General Meeting are set out in Appendix III to this circular in accordance with the relevant requirements under the Listing Rules.

7. ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting is set out on pages 30 to 34 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of Issue Mandate and the Repurchase Mandate, the extension of Issue Mandate, the adoption of the Share Option Scheme, the Authorised Share Capital Increase, the re-election of retiring Directors and the appointment of Directors.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the form of proxy to the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for the Annual General Meeting (i.e. before Wednesday, 14 June 2017 at 3:00 p.m. (Hong Kong time)) or any adjournment thereof. Completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

8. LISTING RULES REQUIREMENT

According to Rule 13.39(4) of the Listing Rules, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, any vote of Shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the Annual General Meeting will be taken by way of poll.

9. 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 Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

10. RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the grant of the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate, the adoption of Share Option Scheme, the Authorised Share Capital Increase, the re-election of retiring Directors and the appointment of Directors are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all of the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

By Order of the Board

Wuyi International Pharmaceutical Company Limited

Lin Ou Wen

Chairman

The following explanatory statement contains all the information required pursuant to Rule 10.06 of the Listing Rules to be given to all Shareholders relating to the resolution to be proposed at the Annual General Meeting authorising the Repurchase Mandate.

1. EXERCISE OF THE REPURCHASE MANDATE

It is proposed that up to 10% of the Shares in issue at the date of the passing of the Repurchase Mandate may be repurchased. As at the Latest Practicable Date, the number of Shares in issue was 2,256,772,500. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares would be issued or repurchased after the Latest Practicable Date and up to the date of passing of such resolution, the Directors would be authorised to repurchase up to 225,677,250 Shares (being 10% of the Shares in issue) during the period up to (a) conclusion of the next annual general meeting of the Company or (b) the expiration of the period within which the next annual general meeting of the Company is required by law or its Articles of Association to be held or (c) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

2. REASONS FOR REPURCHASE

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will benefit the Company and provide the Company the flexibility to make such repurchase when appropriate. Such repurchases may, depending on market conditions and funding arrangements at the time, enhance the net assets value of the Company and/or earnings per Share.

3. IMPACT ON WORKING CAPITAL AND GEARING LEVEL

As compared with the financial position of the Company as at 31 December 2016 (being the date of its latest published audited financial statements), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. The Directors confirm that no repurchase would be made to such extent which would have a material adverse impact on the working capital or gearing position of the Company.

4. FUNDING OF REPURCHASES

The Company is empowered by its memorandum of association, the Articles of Association and the applicable laws of the Cayman Islands to repurchase its Shares. The Cayman Islands law provides that repurchase may be made out of profits of the Company, out of the Company's share premium account, out of proceeds of a fresh issue of Shares made for such purpose of the repurchase, or, if so authorised by the Articles of Association and subject to the provisions of the Cayman Islands law, out of capital. The amount of premium payable on repurchase may only be paid out of profits of the Company or the share premium account of the Company before or at the time the Shares are repurchased or, if so authorised by the Articles of Association and subject to the provisions of the Cayman

Islands law, out of capital. Under the Cayman Islands law, unless otherwise provided, the Shares so repurchased will be treated as cancelled but the aggregate amount of authorised share capital will not be reduced so that the Shares may be subsequently re-issued.

5. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, none of the Directors nor any of the Close Associates of any Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by Shareholders, to sell any Shares held by him/her/it to the Company.

As at the Latest Practicable Date, no Core Connected Person has notified the Company that he/she/it has a present intention to sell any Shares held by him/her/it to the Company nor has he/she undertaken not to sell any Shares held by him/her to the Company in the event that the Repurchase Mandate is granted.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed Repurchase Mandate in accordance with the Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum of association of the Company and the Articles of Association.

7. EFFECT OF TAKEOVERS CODE

If as a result of a share repurchase exercised pursuant to the 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 the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 and Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Cyber Success Global Investments Limited ("Cyber Success") and Mr. Chen Cheng Qing are the only substantial Shareholders (as defined under the Listing Rules) of the Company. As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Cyber Success held 436,303,000 Shares (representing approximately 19.33% of the issued Shares) and Mr. Chen Cheng Qing, a Director and the sole shareholder of Cyber Success, was interested or deemed to be interested in 436,303,000 Shares (representing approximately 19.33% of the issued Shares). In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the proposed Repurchase Mandate, then (if the present shareholdings otherwise remained the same) the shareholdings of Cyber Success and Mr. Chen Cheng Qing would both be increased to approximately 21.5%. Such increase will not give rise to an obligation on part of any of the above Shareholders to make a mandatory general offer under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in takeover obligations. The Directors also have no intention to repurchase Shares which would result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

8. SHARE PURCHASE MADE BY THE COMPANY

During each of six months preceding the Latest Practicable Date, no Share has been repurchased by the Company, whether on the Stock Exchange or otherwise.

9. SHARE PRICES

The monthly highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months, were as follows:-

	Shares	
	Highest Price <i>HK\$</i>	Lowest Price <i>HK\$</i>
2016		
April	0.350	0.290
May	0.355	0.265
June	0.300	0.255
July	0.325	0.260
August	0.305	0.270
September	0.330	0.255
October	0.355	0.310
November	0.340	0.300
December	0.330	0.275
2017		
January	0.315	0.260
February	0.310	0.275
March	0.295	0.265
April	0.315	0.245
May (up to the Latest Practicable Date)	0.330	0.305

The following is a summary of the principal terms of the Share Option Scheme, but does not form part of, nor is it intended to be part of, the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

(A) ADMINISTRATION

The Share Option Scheme is subject to the administration by the Board, and the decision of the Board shall be final and binding on all parties. The Board, subject to the Listing Rules, shall have the right (i) to interpret and construe the provisions of the Share Option Scheme, (ii) to determine the eligibility of the persons who will be granted Share Options under the Share Option Scheme, and the number and subscription price of Share Options granted thereto, (iii) to make such appropriate and equitable adjustments to the terms of Share Options granted under the Share Option Scheme as it deems necessary, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Share Option Scheme.

The Board shall have an absolute discretion to impose performance targets before any Share Option can be exercised taking into account objectives of the Share Option Scheme.

(B) WHO MAY JOIN

The Board may, at its absolute discretion, offer any Participants options to subscribe for such number of new Shares as the Board may determine at an exercise price to be determined in accordance with paragraph (C) below. Upon acceptance of the Share Option, the Grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

(C) PRICE OF SHARES

The subscription price for Shares under the Share Option Scheme will be determined by the Board in its absolute discretion and notified to each Grantee and will be no less than the highest of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Offer Date which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the Offer Date; and
- (iii) the nominal value of a Share.

(D) MAXIMUM NUMBER OF SHARES

- (i) The limit on the number of Shares which may be issued upon the exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not, in

aggregate, exceed 30% of the Shares in issue from time to time. No Share Option may be granted under the Share Option Scheme if the grant would result in the aforesaid overall limit being exceeded.

- (ii) Subject to sub-paragraph (i) above, the total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue on the date of approval of the Share Option Scheme (“Scheme Limit”) unless approval of the Shareholders has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Share Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Limit.
- (iii) Subject to sub-paragraph (i) above, the Company may refresh the Scheme Limit at any time subject to Shareholders’ approval in general meeting, provided that the limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders’ approval. Share Options previously granted under the Share Option Scheme and other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or other share option scheme or exercised share options) will not be counted or the purpose for calculating the limit as refreshed. A circular containing information and the disclaimer required under the Listing Rules must be sent to the Shareholders.
- (iv) Subject to sub-paragraph (i) above, the Company may also seek separate Shareholders’ approval in general meeting for granting Share Options beyond the Scheme Limit provided the Share Options in excess of the Scheme Limit are only granted to Participants specifically identified by the Company before such approval is sought. A circular must be sent to Shareholders containing a generic description of the specified Participants who may be granted such Share Options, the number and terms of the Share Options to be granted, the purpose of granting the Share Options to the specified Participants with an explanation as to how the terms of such Share Options serve such purpose, and such other information required under the Listing Rules. In the event that the Shareholders’ approve the grant of Share Options in excess of the Scheme Limit to the specified Participant, the Commencement Date shall be deemed to be the date of the Offer in relation to such grant.
- (v) Unless approved by the Shareholders in general meeting of the Company, the total number of Shares issued and to be issued upon exercise of the Share Options granted to each Participant (including both exercised and outstanding Share Options) in any 12-month period must not exceed 1% of relevant class of the Shares in issue from time to time. Any further grant of Share Options to such Participant which would result in the Shares issued and to be issued upon exercise of all Share Options granted and to be granted to such Participant (including exercised, canceled and outstanding Share Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of

the relevant class of Shares in issue, must be subject to Shareholders' approval with such Participant and his or her close associates (or associate if such Participant is a connected person) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the Participant, the number and terms of the Share Options granted and to be granted and such other information as required under the Listing Rules. The number and terms (including the subscription price) of Share Options to be granted to such Participant must be fixed before the Shareholders' approval is sought and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price. In the event that the Shareholders approve the grant of Share Options in excess of the 1% limit to the such Participant, the Commencement Date shall be deemed to be the date of the Offer in relation to such further grant.

(E) GRANT OF SHARE OPTIONS

Any Offer must not be made after inside information has come to the Company's knowledge until such inside information has been announced pursuant to the requirements of the applicable laws and regulations. In particular, during the period commencing one month immediately before the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving of the Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) 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.

(F) TERMS AND CONDITIONS OF SHARE OPTIONS

A Share Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the Option Period but may not be exercised after the expiry of ten years from the Commencement Date. There is no general requirement that a Share Option must be held for any minimum period before it can be exercised and there is no specific performance targets which must be achieved before Share Options can be exercised stipulated under the terms of the Share Option Scheme. The Board is currently unable to determine such restrictions on the exercise of the Share Option, but the Board may impose restrictions on the exercise of a Share Option during the Option Period including, if appropriate:

- (i) the minimum period for which all or part of a Share Option may be exercised;

- (ii) performance targets which must be achieved before the Share Options can be exercised.

(G) GRANT OF OPTIONS TO CONNECTED PERSON

The grant of Share Options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates requires the approval of the independent non-executive Directors (excluding an independent non-executive Director who is the Grantee of the Share Options). Where any grant of Share Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director or any of their respective associates will result in the Shares issued and to be issued upon exercise of all Share Options already granted and to be granted (including Share Options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of the grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such grant of Share Options must be subject to approval by the Shareholders and a circular containing the information as required under the Listing Rules must be sent to the Shareholders. The Participant, his or her associate and all core connected persons (as defined in the Listing Rules) of the Company must abstain from voting in favour at such general meeting.

The requirements for the granting of Share Options to a Director or chief executive of the Company set out above do not apply where the Participant is only a proposed director or chief executive of the Company.

(H) RIGHTS ARE PERSONAL TO GRANTEE

A Share Option is personal to the Grantee and is not assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest, whether legal or beneficial, in favour of any other person over or in relation to any Share Option or enter into agreement for doing so.

(I) RIGHTS ON CEASING EMPLOYMENT FOR OTHER REASONS

If the Grantee who is an employee of any member of the Group ceases to be an employee for any reason other than on his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph (O)(v) below, the Grantee may exercise the Share Option within three months following the date of cessation up to the Grantee's entitlement at the date of cessation (to the extent not already exercised). The date of cessation of employment shall be the last actual working day with the relevant company in the Group whether salary is paid in lieu of notice or not.

(J) RIGHTS ON DEATH

In the event the Grantee who is an employee of any member of the Group dies before exercising the Share Option in full and none of certain events which would be a ground for termination of his or her employment under paragraph (O)(v) below arises, the legal personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Share Option up to the entitlement of the Grantee as at the date of death (to the extent not already exercised).

(K) EFFECTS OF ALTERATIONS TO CAPITAL

In the event of capitalization issue, rights issue, consolidation, subdivision or reduction of share capital of the Company, howsoever, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding Share Option and/or the limits set out in paragraph (D)(i) and (D)(ii) above as the auditors of the Company or an independent financial advisor shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the notes thereto.

Any such alterations will be made on the basis that a Grantee shall have the same proportion of the issued share capital of the Company (as interpreted in accordance with the Supplementary Guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to Share Option Schemes, or such other guidelines and supplementary guidance on the interpretation of the Listing Rules issued or as may be issued by the Stock Exchange from time to time). No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(L) RIGHTS ON GENERAL OFFER

In the event of a general offer (otherwise than by a scheme of arrangement) being made to all shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) to acquire all or part of the issued Shares and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, the Grantee (or his or her legal personal representatives) shall be entitled to exercise the Share Option in full (to the extent not already exercised even though the Option Period has not come into effect during the occurrence of the general offer) at any time within one month after the date on which the offer becomes or is declared unconditional.

In the event of a general offer, by way of scheme of arrangement, being made to all the shareholders and has been approved by the necessary number of shareholders at the requisite meetings, the Grantee (or his or her legal personal representatives) may thereafter (but before such time as shall be notified by the Company) exercise the Share Option (to the extent not already exercised) to its full extent or to the extent specified in such notice.

(M) RIGHTS ON A COMPROMISE OR ARRANGEMENT

Other than a scheme of arrangement contemplated in sub-paragraph (L) above, in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with the 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 a scheme or arrangement and the Grantee (or his or her legal personal representatives) may by notice in writing to the Company accompanied by the remittance for the subscription price in respect of the relevant Share Option (such notice to be received by the Company not later than four Business Days prior to the proposed meeting) exercise the Share Option (to the extent not already exercised) either 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 the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof.

(N) RIGHTS ON WINDING UP

In the event a notice is given by the Company to its Shareholders to convene a shareholders' meeting for the purpose of considering and, if though 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 or her legal personal representatives) may by notice in writing to the Company (such notice to be received by the Company not later than four Business Days prior to the proposed Shareholders' meeting) exercise the Share Option (to the extent not already exercised) either 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 the Business Day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.

(O) LAPSE OF SHARE OPTION

A Share 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;
- (ii) the expiry of the periods referred to in paragraphs (I), (J) or (N) above;
- (iii) the expiry of the period referred to in paragraph (L) above provided that if any court of competent jurisdiction makes an order the effect of which is to prevent the offeror from acquiring Shares in the offer, the relevant period within which Share 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 becoming effective, the expiry of the period referred to in paragraph (L) above;

- (v) the date on which the Grantee who is an employee of any member of the Group ceases to be an employee by reason of the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or has been in breach of a material term of the relevant employment contract, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (vi) the date of the commencement of the winding-up of the Company;
- (vii) the date on which the Grantee in breach of paragraph (H) above;
- (viii) subject to the compromise or arrangement becoming effective, the expiry of the period referred to in paragraph (M) above; and
- (ix) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer (if any), unless otherwise resolved to the contrary by the Board.

(P) RANKING OF SHARES

The Shares to be allotted upon the exercise of a Share Option will be subject to the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of exercise of the Share Option and in particular will rank in full for all dividends or other distributions declared paid or made on or after the date of exercise of the Share Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the Share Option.

Unless the context otherwise requires, references to “Shares” in the Share Option Scheme include references to Shares in the Company of any such nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time.

(Q) CANCELLATION OF SHARE OPTIONS GRANTED

Any Share Options granted but not exercised may be canceled if the Grantee so agrees and new Share Options may be granted to the Grantee provided such new Share Options fall within the limits prescribed by paragraph (D) above and otherwise comply with the terms of the Share Option Scheme. If such cancellation has been approved by shareholders of the Company in general meeting, such Share Options which were canceled may be re-issued after such cancellation, provided that re-issued Share Options (to the extent not yet granted

and excluding the canceled Share Options) shall only be granted in compliance with the terms of the Share Option Scheme and within the New Scheme Limit (as refreshed from time to time).

(R) PERIOD OF SHARE OPTION SCHEME

The Share Option Scheme will remain valid for a period of 10 years commencing on the date on which Share Option Scheme becoming unconditional (save that the Company, by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme). After termination, no further Share Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Share Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(S) ALTERATION TO SHARE OPTION SCHEME

The provisions of the Share Option Scheme may be altered in any respect by resolution of the Board except that provisions of the Share Option Scheme relating to matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Participants or Grantees without the prior approval of the Shareholders in general meeting with Grantees and their associates abstaining from voting.

Any alteration to the terms and conditions of the Share Option Scheme which is of a material nature or any change to the terms of the Share Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The amended terms of the Share Option Scheme or the Share Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

(T) TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Share Options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall in all other respects remain in full force and effect. Share Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

(U) OTHERS

The Share Options do not carry any right to vote in general meeting of the Company, or any right to dividend, or any other rights whether or not arising on the liquidation of the Company.

(V) CONDITIONS OF THE SHARE OPTION SCHEME

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of Share Options; and
- (ii) the passing of an ordinary resolution of the Shareholders in a general meeting for the approval for the adoption of the Share Option Scheme and to authorize the Directors to grant Share Options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any Share Options granted under the Share Option Scheme.

Application will be made to the Listing Committee for the approval of the listing of and permission to deal in the Shares which fall to be issued, pursuant to the exercise of the Share Options granted under the Share Option Scheme.

APPENDIX III BIOGRAPHY OF (I) RETIRING DIRECTORS AND (II) PROPOSED DIRECTOR TO BE APPOINTED

PARTICULARS OF THE DIRECTORS

The following are the particulars of the (i) retiring Directors proposed to be re-elected and (ii) Directors proposed to be appointed at the Annual General Meeting:

Re-election of retiring Directors

Mr. Chen Cheng Qing (陳成慶) (“Mr. Chen”)

Mr. Chen Cheng Qing, aged 39, is a substantial shareholder of the Company and an entrepreneur with more than 20 years of experience in business management in the People’s Republic of China. Mr. Chen is currently the chairman of Guizhou Changtong Cable Co., Ltd.* (貴州長通線纜有限公司), the vice president of Pingba District Federation of Industry and Commerce* (平壩區工商聯合會), the executive vice president of Anshun Zhejiang Federation of Commerce* (安順浙江商會), a member of Pingba District Committee of the Chinese People’s Political Consultative Conference* (中國人民政治協商會議平壩區委員會) and the vice president of Guizhou Wenzhou Federation of Commerce* (貴州溫州商會).

As at the Latest Practicable Date, Mr. Chen was deemed to be interested in 436,303,000 shares in the Company, representing approximately 19.33% of the total number of issued Shares and registered in the name of Cyber Success Global Investments Limited (“Cyber Success”), in which its entire issued capital is solely and beneficially owned by Mr. Chen. Mr. Chen is also the sole director of Cyber Success.

Mr. Chen has entered into a service contract with the Company for an initial term of one year commencing from 17 February 2017, which is automatically renewable for successive terms of one year each and may be terminated by either party giving not less than three months’ prior notice. The Director’s fee payable to Mr. Chen will be determined by the Board pursuant to the authority granted by the Shareholders at the Annual General Meeting with reference to his experience, duties and responsibilities, the prevailing market conditions and the recommendation from the Remuneration Committee. Pursuant to the terms of the service contract, Mr. Chen’s current remuneration, including any bonus payment, is HK\$240,000 per annum.

As at the Latest Practicable Date, to the best knowledge and belief of the Company and save as disclosed above, Mr. Chen (i) has not held any directorships in any public listed companies in the past three years; (ii) did not have or was not deemed to have any interest or short position (within the meaning of Part XV of the Securities and Futures Ordinance) in any shares, underlying shares or debentures of the Company or its associated corporations; (iii) did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; and (iv) did not hold other positions within the Group.

* Translated name for illustrative purpose only

APPENDIX III BIOGRAPHY OF (I) RETIRING DIRECTORS AND (II) PROPOSED DIRECTOR TO BE APPOINTED

Save as disclosed in this circular, Mr. Chen has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election nor is there any information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Ms. Hung Hoi Lan (洪海瀾) (“Ms. Hung”)

Ms. Hung Hoi Lan, aged 27, graduated from Sun Yat-Sen University with a bachelor’s degree in marketing in 2011. She later obtained a master degree of science in hospitality with tourism management from University of Birmingham in 2013. She started operating wine business ran by her family during her studies in the United Kingdom and has joined the business development department of Hilton Beijing since 2013.

Ms. Hung has entered into a service contract with the Company for an initial term of one year commencing from 17 February 2017, which is automatically renewable for successive terms of one year each and may be terminated by either party giving not less than three months’ prior notice. The Director’s fee payable to Ms. Hung will be determined by the Board pursuant to the authority granted by the Shareholders at the Annual General Meeting with reference to her experience, duties and responsibilities, the prevailing market conditions and the recommendation from the Remuneration Committee. Pursuant to the terms of the service contract, Ms. Hung’s current remuneration, including any bonus payment, is HK\$240,000 per annum.

As at the Latest Practicable Date,, to the best knowledge and belief of the Company and save as disclosed above, Ms. Hung (i) has not held any directorships in any public listed companies in the past three years; (ii) did not have or was not deemed to have any interest or short position (within the meaning of Part XV of the Securities and Futures Ordinance) in any shares, underlying shares or debentures of the Company or its associated corporations; (iii) did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; and (iv) did not hold other positions within the Group.

Save as disclosed in this circular, Ms. Hung has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with her re-election nor is there any information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Appointment of Directors

Mr. Wang Zi Hao (王子豪) (“Mr. Wang”)

Mr. Wang Zi Hao, aged 33, a member of the Association of Chartered Certified Accountants (ACCA). Mr. Wang obtained a bachelor’s degree in accounting from Queen’s University of Belfast in United Kingdom in 2006 and obtained a Master of Laws in Corporate and Financial Law from University of Hong Kong in 2016. Mr. Wang served in KPMG Advisory (China) Limited for over 5 years, provided advisory services to various

APPENDIX III BIOGRAPHY OF (I) RETIRING DIRECTORS AND (II) PROPOSED DIRECTOR TO BE APPOINTED

listed company and large-scaled state-owned enterprises. Mr. Wang has been working in Tencent Technology (Shenzhen) Company Limited since 2013. Mr. Wang was the member of the account specialist in China Emissions Exchange since 2015.

Subject to the approval by the Shareholders at the Annual General Meeting, the Company will enter into a service contract or letter of appointment with Mr. Wang. The initial length of services with the Company will be for 3 years, from the date of Annual General Meeting up to the date on which the annual general meeting of the Company for the year 2019 being held. The Company has yet to fix the remuneration of Mr. Wang and will seek approval from the Shareholders at the Annual General Meeting for the authorisation to the Board to determine the remuneration of Mr. Wang and the authorisation to any one Director to enter into a service contract or letter of appointment with Mr. Wang. The Board will consider Mr. Wang's duties in the Company with reference to the salary of the other independent non-executive Directors in determining Mr. Wang's remuneration.

Save as disclosed above, Mr. Wang (i) has not held any directorships in any public listed companies in the past three years; (ii) did not have or was not deemed to have any interest or short position (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company or its associated corporations; and (iii) did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; and (iv) did not hold other positions within the Group.

There is no information in relation to Mr. Wang that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of Listing Rules and there is no other matter in relation to the appointment of Mr. Wang that needs to be brought to the attention of the Shareholders.

Mr. Tu Fang Kui (屠方魁) (“Mr. Tu”)

Mr. Tu Fang Kui, aged 54, is the chairman of Shenzhen Farad Electric Co., Ltd with more than 20 years of experience in business management. Mr. Tu obtained a master degree of Business Administration from Shanghai Jiao Tong University. He is the member of the Shenzhen Chinese People's Political Consultative Conference, the vice president of Shenzhen General Chamber of Commerce and the vice president of Shenzhen Electric Trade Association. Mr. Tu was awarded as young science and technology experts of Shenzhen.

Subject to the approval by the Shareholders at the Annual General Meeting, the Company will enter into a service contract or letter of appointment with Mr. Tu. The initial length of services with the Company will be for 3 years, from the date of Annual General Meeting up to the date on which the annual general meeting of the Company for the year 2019 being held. The Company has yet to fix the remuneration of Mr. Tu and will seek approval from the Shareholders at the Annual General Meeting for the authorisation to the Board to determine the remuneration of Mr. Tu and the authorisation to any one Director to enter into a service contract or letter of appointment with Mr. Tu. The Board will consider Mr. Tu's duties in the Company with reference to the salary of the other independent non-executive Directors in determining Mr. Tu's remuneration.

**APPENDIX III BIOGRAPHY OF (I) RETIRING DIRECTORS AND
(II) PROPOSED DIRECTOR TO BE APPOINTED**

Save as disclosed above, Mr. Tu (i) has not held any directorships in any public listed companies in the past three years; (ii) did not have or was not deemed to have any interest or short position (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company or its associated corporations; and (iii) did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; and (iv) did not hold other positions within the Group.

There is no information in relation to Mr. Tu that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of Listing Rules and there is no other matter in relation to the appointment of Mr. Tu that needs to be brought to the attention of the Shareholders.

Professor Zhang Rong Qing (張榮慶) (“Prof. Zhang”)

Professor Zhang Rong Qing, aged 60. He was graduated from Suzhou Medical College in 1982 with a Bachelor degree of medicine and received PhD of animal physiology and biochemistry in Nanjing Agricultural University in 1993. Prof. Zhang has worked as professor in Tsinghua University since 1998, and he has been the associate dean of School of life science in Tsinghua University. He is currently a director of the Institute of Biomedical Research in Yangtze Delta Region of Tsinghua University in ZheJiang, deputy director of the Teaching Guidance Committee of Biological Technology and Bio-engineering of the Ministry of Education, the member of the 3rd and 4th Advisory Group of Experts of the “973” Plan in the field of agriculture of the Ministry of science and technology. Prof. Zhang has received many awards and patents in science and technology. He is a well-known senior expert in the field of marine biochemistry & molecular biology, marine natural drug & gene engineering, and marine biological enzyme. Prof. Zhang has been an independent director of Shenzhen Hepalink Pharmaceutical Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002399), since May 2014. He is also an independent director of Shandong Oriental Ocean Sci-tech Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002086), since April 2017.

Subject to the approval by the Shareholders at the Annual General Meeting, the Company will enter into a service contract or letter of appointment with Prof. Zhang. The initial length of services with the Company will be for 3 years, from the date of Annual General Meeting up to the date on which the annual general meeting of the Company for the year 2019 being held. The Company has yet to fix the remuneration of Prof. Zhang and will seek approval from the Shareholders at the Annual General Meeting for the authorisation to the Board to determine the remuneration of Prof. Zhang and the authorisation to any one Director to enter into a service contract or letter of appointment with Prof. Zhang. The Board will consider Prof. Zhang’s duties in the Company with reference to the salary of the other independent non-executive Directors in determining Prof. Zhang’s remuneration.

**APPENDIX III BIOGRAPHY OF (I) RETIRING DIRECTORS AND
(II) PROPOSED DIRECTOR TO BE APPOINTED**

Save as disclosed above, Prof. Zhang (i) has not held any directorships in any public listed companies in the past three years; (ii) did not have or was not deemed to have any interest or short position (within the meaning of Part XV of the SFO) in any shares, underlying shares or debentures of the Company or its associated corporations; and (iii) did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; and (iv) did not hold other positions within the Group.

There is no information in relation to Prof. Zhang that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of Listing Rules and there is no other matter in relation to the appointment of Prof. Zhang that needs to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



武夷药业
Wuyi Pharmaceutical

WUYI INTERNATIONAL PHARMACEUTICAL COMPANY LIMITED

武夷國際藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1889)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Annual General Meeting”) of the shareholders of Wuyi International Pharmaceutical Company Limited (the “Company”) will be held at Room 7, 2/F, Sheraton Fuzhou Hotel, No. 23 Puxiazhou Road, Cangshan District, Fuzhou, Fujian, the People’s Republic of China on Friday, 16 June 2017 at 3:00 p.m. (Hong Kong time) for the following purposes:

1. To receive and consider the audited financial statements of the Company and its subsidiaries and the reports of directors and auditors of the Company for the year ended 31 December 2016.
2. To re-elect the retiring directors of the Company, each as separate resolution, and authorise the board of directors of the Company to fix their remuneration.
3. To consider and, if thought fit, pass the following resolutions as an Ordinary Resolutions:
 - A. “**THAT:** Mr. Wang Zi Hao be appointed as an independent non-executive director of the Company with immediate effect to fill the vacancy created by the retirement of Mr. Zhang Jie.”
 - B. “**THAT:** Mr. Tu Fang Kui be appointed as an independent non-executive director of the Company with immediate effect to fill the vacancy created by the retirement of Mr. Zhang Xue Wen.”
 - C. “**THAT:** Professor Zhang Rong Qing be appointed as an independent non-executive director of the Company with immediate effect to fill the vacancy created by the retirement of Mr. Wu Cheng Han.”
4. To re-appoint Crowe Horwath (HK) CPA Limited as auditors of the Company and authorise the board of directors of the Company to fix their remuneration.
5. As special business, to consider and, if thought fit, to pass the following as ordinary resolutions:

NOTICE OF ANNUAL GENERAL MEETING

A. **“THAT**

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company (the “Director(s)”) during the Relevant Period (as defined below) of all powers to allot, issue and deal with the additional shares in the capital of the Company, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and warrants which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or
 - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed the aggregate of 20% of the number of issued shares of the Company as at the date of this resolution and the said approval shall be limited accordingly;

- (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 articles of association of the Company or any applicable law to be held; and

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

“Rights Issue” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion 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 the Hong Kong Special Administrative Region of the People’s Republic of China).”

B. “THAT

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange, be and is hereby generally and unconditionally approved and authorised;
 - (b) the aggregate number of shares of the Company 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 number of issued shares of the Company as at the date of passing this resolution and the said approval shall be limited accordingly; and
 - (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
6. As special business, to consider and, if thought fit, to pass the following as ordinary resolution:

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“**THAT** conditional upon resolutions nos. 5A and 5B being passed, the aggregate number of shares of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 5B shall be added to the aggregate number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 5A above.”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular of the Company dated 11 May 2017, the terms of which are set out in the printed document marked “A” produced to the Annual General Meeting and for the purpose of identification signed by the Chairman hereof (the “Share Option Scheme”), the Share Option Scheme be approved and adopted to be the share option scheme of the Company, and that the Directors be authorised, at their absolute discretion subject to the terms and conditions of the Share Option Scheme, to administer and grant options thereunder and to allot and issue shares pursuant to the Share Option Scheme, to alter and/or modify the rules of the Share Option Scheme from time to time provided that such alteration and/or modification is effected in accordance with the provision of the Share Option Scheme and subject to relevant Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited applicable to the Company, and to take all such steps as may be necessary or desirable to implement the Share Option Scheme.”

8. As special business, to consider and, if thought fit, to pass the following as ordinary resolution:

“**THAT** the authorised ordinary share capital of the Company be increased from HK\$32,000,000 divided into 3,200,000,000 Shares of par value HK\$0.10 each, to HK\$100,000,000 divided into 10,000,000,000 Shares of par value HK\$0.10 each, by the addition of HK\$68,000,000, dividing into 6,800,000,000 new shares of par value HK\$0.10 each.”

By Order of the Board
Wuyi International Pharmaceutical Company Limited
Lin Ou Wen
Chairman

Hong Kong, 11 May 2017

Notes:

- (1) Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. All proxies must be deposited with the Company’s share registrar, Computershare Hong Kong Investor Services

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Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the Annual General Meeting (i.e. before Wednesday, 14 June 2017 at 3:00 p.m. (Hong Kong time)) or any adjournment thereof.

- (2) The register of members will be closed from Thursday, 8 June 2017 to Friday, 16 June 2017 (both days inclusive). In order to be qualified for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Wednesday, 7 June 2017.
- (3) With reference to resolution no. 2 above, Mr. Chen Cheng Qing and Ms. Hung Hoi Lan will retire in accordance with the articles of association of the Company and each of them, being eligible, offers himself/herself for re-election at the Annual General Meeting.
- (4) With reference to resolution no. 3, Mr. Zhang Jie, Mr. Zhang Xue Wen and Mr. Wu Cheng Han, who shall retire in the Annual General Meeting and due to other commitment, will not seek for re-election. In this respect, the Nomination Committee has recommended to the Board the appointment of each of Mr. Wang Zi Hao, Mr. Tu Fang Kui and Professor Zhang Rong Qing as an independent non-executive director to fill the vacancy created by the retirement of Mr. Zhang Jie, Mr. Zhang Xue Wen and Mr. Wu Cheng Han. Details of Mr. Wang Zi Hao, Mr. Tu Fang Kui and Professor Zhang Rong Qing who are proposed to be appointed at the Annual General Meeting are set out in Appendix III to this circular.
- (5) With reference to resolutions nos. 5 and 6 above, the Directors wish to state that they have no immediate plans to repurchase any existing shares or to issue any new shares or warrants pursuant to the relevant mandate.
- (6) The Annual General Meeting is expected to take not more than half day. Shareholders who attend shall bear their own traveling and accommodation expenses.
- (7) As at the date of this announcement, the board of directors of the Company comprises 3 Executive Directors, namely, Mr. Lin Ou Wen (Chairman) and Mr. Chen Cheng Qing and Ms. Hung Hoi Lan, and 3 Independent Non-executive Directors, namely, Mr. Zhang Jie, Mr. Zhang Xue Wen and Mr. Wu Cheng Han.