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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the "**Board**") of Wai Yuen Tong Medicine Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2011, together with the comparative figures for the previous financial years, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2011

	Notes	**2011 HK$'000**	2010 HK$'000
Revenue	3	**639,512**	529,305
Cost of sales		**(337,902)**	(276,932)
Gross profit		**301,610**	252,373
Other income	5	**25,468**	19,943
Selling and distribution expenses		**(180,689)**	(162,526)
Administrative expenses		**(101,123)**	(79,460)
Finance costs	6	**(1,276)**	(2,354)
Gain on early redemption of an unlisted note		**—**	10,342
Change in fair value of options embedded in an unlisted note		**—**	(31,293)
Change in fair value of investments held-for-trading		**(2,305)**	9,181
Change in fair value of investment properties		**51,551**	—
Gain on disposal of a subsidiary		**29,155**	—
Impairment losses recognised in respect of goodwill		**—**	(237)
Share of results of associates		**3,170**	31,938
Profit before taxation	11	**125,561**	47,907
Income tax expense	7	**(20,666)**	(2,876)
Profit for the year		**104,895**	45,031

* *For identification purpose only*

	Note	**2011** **HK$'000**	2010 HK$'000
Other comprehensive income (expense)			
Exchange differences on translation of foreign operations arising during the year		**1,588**	869
Reclassification adjustment on disposal of a subsidiary		**(890)**	—
Gain on revaluation on transfer from property, plant and equipment to investment properties		**28,014**	—
Share of other comprehensive income of an associate		**2,339**	11,700
Income tax relating to gain on revaluation on transfer from property, plant and equipment to investment properties		**(4,622)**	—
Other comprehensive income for the year (net of tax)		**26,429**	12,569
Total comprehensive income for the year		**131,324**	57,600
Profit for the year attributable to:			
Owners of the Company		**99,133**	45,797
Non-controlling interests		**5,762**	(766)
		104,895	45,031
Total comprehensive income attributable to:			
Owners of the Company		**125,905**	58,326
Non-controlling interests		**5,419**	(726)
		131,324	57,600
Earnings per share	*8*		(restated)
— Basic and diluted		**7.65 cents**	8.16 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Note	**31.3.2011 HK$'000**	31.3.2010 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**145,975**	119,671	153,410
Prepaid lease payments		**—**	—	1,058
Investment properties		**229,900**	—	—
Goodwill		**15,335**	15,335	15,335
Interests in associates		**626,495**	608,966	148,058
Other intangible assets		**682**	839	3,749
Investment in an unlisted note		**—**	—	172,682
Derivative financial instruments		**—**	—	35,648
Loans receivable		**285,638**	204,307	—
Deferred tax assets		**3,514**	3,291	378
Deposit for acquisition of investment property		**3,528**	—	—
		1,311,067	952,409	530,318
CURRENT ASSETS				
Inventories		**95,428**	71,105	80,751
Trade and other receivables	*9*	**105,353**	68,963	75,393
Prepaid lease payments		**—**	—	274
Amounts due from associates		**2,933**	1,668	3,385
Investments held-for-trading		**126,465**	25,449	3,889
Loan receivable		**11,359**	—	—
Tax recoverable		**127**	232	2,014
Bank balances and cash		**148,504**	78,259	57,096
		490,169	245,676	222,802
Assets classified as held for sale		**—**	38,816	—
		490,169	284,492	222,802

	Note	31.3.2011 HK$'000	31.3.2010 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
CURRENT LIABILITIES				
Trade and other payables	*10*	**74,297**	62,661	60,214
Obligations under finance leases		**—**	—	9
Bank borrowings		**33,329**	48,453	63,252
Deferred franchise income		**18**	18	98
Deposit received for disposal of a subsidiary		**—**	5,000	—
Loans from a shareholder		**—**	—	25,000
Advances from non-controlling shareholders of a subsidiary		**—**	—	3,396
Tax payable		**3,464**	4,439	1,360
		111,108	120,571	153,329
Liabilities associated with assets classified as held for sale		**—**	11,013	—
		111,108	131,584	153,329
NET CURRENT ASSETS		**379,061**	152,908	69,473
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,690,128**	1,105,317	599,791
NON-CURRENT LIABILITIES				
Bank borrowings		**85,438**	—	132
Deferred tax liabilities		**16,533**	248	110
		101,971	248	242
NET ASSETS		**1,588,157**	1,105,069	599,549
CAPITAL AND RESERVES				
Share capital		**20,361**	60,719	20,104
Reserves		**1,560,060**	1,038,269	572,632
Equity attributable to owners of the Company		**1,580,421**	1,098,988	592,736
Non-controlling interests		**7,736**	6,081	6,813
TOTAL EQUITY		**1,588,157**	1,105,069	599,549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009, except for the amendments to paragraph 58 of HKFRS 5 and paragraph 80 of HKAS 39
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the consolidated financial statements of the Group.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$95,004,000 and HK$92,504,000 as at 1 April 2009 and 31 March 2010 respectively being reclassified to property, plant and equipment.

As at 31 March 2011, leasehold land that qualifies for finance lease classification has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years, and its effect on the financial positions of the Group as at 31 March 2010 and 1 April 2009 are as follows:

	31 March 2010			1 April 2009		
	Originally stated HK$'000	**Adjustments HK$'000**	**Restated HK$'000**	Originally stated HK$'000	Adjustments HK$'000	Restated HK$'000
Property, plant and equipment	**27,167**	**92,504**	**119,671**	58,406	95,004	153,410
Prepaid lease payments — non-current	**90,004**	**(90,004)**	**—**	93,562	(92,504)	1,058
Prepaid lease payments — current	**2,500**	**(2,500)**	**—**	2,774	(2,500)	274
	119,671	**—**	**119,671**	154,742	—	154,742

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$36,500,000 and HK$47,050,000 have been reclassified from non-current liabilities to current liabilities as at 31 March 2010 and 1 April 2009 respectively. As at 31 March 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$14,327,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition. Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipated that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and that the application of HKFRS 9 have no significant impact on the Group's financial assets.

The amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. The management is still in the process of assessing the impact of the amendments.

The directors of the Company anticipate that the application of the other new and revised Standards and Interpretations will have no material impact on the consolidated financial statements.

3. REVENUE

Revenue represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts, and comprises the following:

	2011	2010
	HK$'000	HK$'000
Sales of goods	**633,004**	528,132
Rental income from investment properties	**5,304**	—
Management and promotion fees	**1,204**	1,173
	639,512	529,305

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the goods and services they provide. For management purposes, the Group operates in four business units, each of which constitutes an operating segment. Each of the Group's reportable and operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other reportable and operating segments. The Group's operating and reportable segments under HKFRS 8 are as follows:

(a) production and sale of Chinese pharmaceutical and health food products — manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of "Wai Yuen Tong" and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the People's Republic of China (the "**PRC**") and Hong Kong;

(b) production and sale of Western pharmaceutical and health food products — processing and sale of western pharmaceutical products and personal care products under the brand name of "Madame Pearl's" and "Pearl's", respectively;

(c) production and sale of bottled birds' nest drinks and herbal essence products — processing and sale of bottled birds' nest drinks, dried birds' nest, herbal essence, health tonics and other health products; and

(d) property investment — investment in commercial premises for rental income.

Information regarding the above segments is reported below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment.

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Production and sale of bottled birds' nest drinks and herbal essence products		Property investment		Elimination		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
REVENUE												
External sales	**462,674**	372,429	**137,158**	135,305	**34,376**	21,571	**5,304**	—	**—**	—	**639,512**	529,305
Inter segment sales*	**543**	2,640	**1,490**	820	**50,109**	32,904	**1,734**	—	**(53,876)**	(36,364)	**—**	—
	463,217	375,069	**138,648**	136,125	**84,485**	54,475	**7,038**	—	**(53,876)**	(36,364)	**639,512**	529,305
RESULTS												
Results, excluding impairment losses recognised in respect of goodwill	**35,747**	18,408	**19,346**	15,368	**(324)**	(1,895)	**2,928**	—			**57,697**	31,881
Impairment losses recognised in respect of goodwill	**—**	(237)	**—**	—	**—**	—	**—**	—			**—**	(237)
Segment results	**35,747**	18,171	**19,346**	15,368	**(324)**	(1,895)	**2,928**	—			**57,697**	31,644
Other income											**25,468**	19,943
Unallocated expenses											**(37,899)**	(21,494)
Finance costs											**(1,276)**	(2,354)
Gain on early redemption of an unlisted note											**—**	10,342
Change in fair value of options embedded in an unlisted note											**—**	(31,293)
Change in fair value of investments held-for-trading											**(2,305)**	9,181
Change in fair value of investment properties											**51,551**	—
Gain on disposal of a subsidiary											**29,155**	—
Share of results of associates											**3,170**	31,938
Profit before taxation											**125,561**	47,907

* *Inter segment sales are charged on terms determined and agreed between group companies.*

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned by each segment without allocation of other income, central administration costs, change in fair value of investment properties, share of results of associates, change in fair value of investments held-for-trading, change in fair value of options embedded in an unlisted note, gain on disposal of a subsidiary, gain on early redemption of an unlisted note and finance costs. This is the measure reported to the chief operation decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Production and sale of bottled birds' nest drinks and herbal essence products		Property investment		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS AND LIABILITIES										
ASSETS										
Assets excluding goodwill	**129,747**	200,624	**59,849**	69,191	**22,902**	16,666	**354,272**	—	**566,770**	286,481
Goodwill	**7,700**	7,700	**7,635**	7,635	**—**	—	**—**	—	**15,335**	15,335
Segment assets	**137,447**	208,324	**67,484**	76,826	**22,902**	16,666	**354,272**	—	**582,105**	301,816
Interests in associates									**626,495**	608,966
Loans receivable									**296,997**	204,307
Investments held-for-trading									**126,465**	25,449
Tax recoverable									**127**	232
Deferred tax assets									**3,514**	3,291
Bank balances and cash									**148,504**	78,259
Unallocated assets									**17,029**	14,581
Consolidated total assets									**1,801,236**	1,236,901
LIABILITIES										
Segment liabilities	**50,307**	39,428	**8,713**	19,858	**8,278**	7,751	**2,388**	—	**69,686**	67,037
Bank borrowings									**118,767**	48,624
Tax payable									**3,464**	4,439
Deferred tax liabilities									**16,533**	248
Deposit received for disposal of a subsidiary									**—**	5,000
Advances from non-controlling shareholders of a subsidiary									**—**	3,314
Unallocated liabilities									**4,629**	3,170
Consolidated total liabilities									**213,079**	131,832

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, loans receivable, investments held-for-trading, tax recoverable, deferred tax assets, bank balances and cash and unallocated assets representing property, plant and equipment and deposits, prepayment and other receivables of investment holding companies.

- all liabilities are allocated to operating segments other than current and deferred tax liabilities, bank borrowings, advances from non-controlling shareholders of a subsidiary, deposit received for disposal of a subsidiary, and unallocated liabilities representing other payables of investment holding companies.

Other segment information

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Production and sale of bottled birds' nest drinks and herbal essence products		Property investment		Unallocated		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (restated)
Amounts included in the measure of segment profit or loss or segment assets:												
Additions to non-current assets *(Note)*	**6,057**	3,246	**11**	1,843	**308**	151	**180,549**	—	**205**	702	**187,130**	5,942
Depreciation of property, plant and equipment	**6,555**	10,613	**3**	2,693	**1,281**	1,182	**1,376**	—	**1,673**	2,071	**10,888**	16,559
Amortisation of other intangible assets	**179**	176	**—**	633	**—**	—	**—**	—	**—**	—	**179**	809
Amortisation of prepaid lease payments	**—**	—	**—**	229	**—**	—	**—**	—	**—**	—	**—**	229
Recognition (reversal) of allowance for trade and other receivables	**6,066**	(85)	**(187)**	(59)	**(48)**	38	**—**	—	**15,000**	—	**20,831**	(106)
Recognition (reversal) of allowance for obsolete inventories	**466**	(329)	**(148)**	—	**(207)**	411	**—**	—	**—**	—	**111**	82
Amount regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets												
Finance costs	**298**	1,223	**132**	342	**14**	77	**832**	—	**—**	712	**1,276**	2,354
Interest income	**14**	12	**—**	24	**—**	1	**—**	—	**19,811**	12,499	**19,825**	12,536

Note: Non-current assets included additions to goodwill, investment properties, property, plant and equipment, prepaid lease payments and other intangible assets.

Geographical information

The Group's operations are carried out in Hong Kong (country of domicile), other regions in the PRC and Singapore.

The following is an analysis of the Group's revenue from external customers by geographical location of the customers and information about its non-current assets by geographical location of the assets:

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000 (restated)
Hong Kong	**454,988**	368,601	**1,017,847**	739,461
The PRC, other than Hong Kong	**140,368**	127,641	**574**	855
Singapore	**26,167**	14,907	**3,494**	4,075
Others	**17,989**	18,156	**—**	420
	639,512	529,305	**1,021,915**	744,811

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

During the years ended 31 March 2011 and 2010, no revenues from customers contributed over 10% of the total sales of the Group.

5. OTHER INCOME

	2011	2010
	HK$'000	HK$'000
Effective interest income on investment in an unlisted note due from an associate	**—**	6,150
Effective interest income on loans receivable	**17,891**	6,348
Interest income on bank deposits	**18**	38
Interest income on investments held-for-trading	**1,916**	—
Total interest income	**19,825**	12,536
Dividends from investments held-for-trading	**242**	253
Exchange gain, net	**—**	657
Franchise income	**90**	170
Gain on disposal of property, plant and equipment	**9**	—
Processing fee income	**1,369**	1,101
Sub-lease rental income	**2,724**	3,061
Sundry income	**1,209**	2,165
	25,468	19,943

6. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on:		
Advances from non-controlling shareholders of a subsidiary	**—**	224
Bank borrowings wholly repayable within five years	**982**	1,400
Bank borrowings not wholly repayable within five years	**294**	—
Loans from a shareholder	**—**	712
Obligations under finance leases	**—**	2
Others	**—**	16
	1,276	2,354

7. INCOME TAX EXPENSE

	2011 HK$'000	2010 HK$'000
Income tax recognised in profit or loss:		
Current tax		
Hong Kong	**7,744**	5,703
Other jurisdictions	**2,713**	194
	10,457	5,897
Under(over)provision in prior years		
Hong Kong	**92**	70
Other jurisdictions	**(218)**	(311)
	(126)	(241)
Deferred taxation		
Current year	**10,335**	(2,780)
	20,666	2,876
Income tax recognised in other comprehensive income:		
Deferred taxation		
Arising from gain on revaluation on transfer from property, plant and equipment to investment properties	**4,622**	—

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Singapore Income Tax is calculated at 17% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax ("EIT") rate of one of the Group's subsidiaries established in the PRC is 25% from 1 January 2008 onwards. In addition, the EIT rate of two of the Group's subsidiaries established in the PRC increased from 15% to 25% progressively from 1 January 2008 onwards. The relevant tax rates for the Group's subsidiaries in the PRC range from 22% to 25% (2010: 20% to 25%).

A PRC subsidiary is exempted from the PRC income tax for profits earned for the year ended 31 December 2008, followed by a 50% reduction for profits earned between 1 January 2009 to 31 December 2011 as approved by the PRC tax bureau. PRC income tax of this subsidiary is calculated at 12.5% of the estimated profit for the year.

PRC income tax is calculated at 22% for one of the other two PRC subsidiaries during the year ended 31 March 2011. No provision for the PRC income tax of this subsidiary has been made during the year ended 31 March 2010 as the assessable profits were wholly absorbed by tax losses brought forward. For the remaining one of the two PRC subsidiaries, no provision for the PRC income tax has been made as there were no assessable profits for both years.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2011	2010
	HK$'000	HK$'000
Profit before taxation	**125,561**	47,907
Tax at the domestic income tax rate of 16.5%	**20,718**	7,905
Tax effect of share of results of associates	**(523)**	(5,270)
Tax effect of expenses not deductible for tax purpose	**6,926**	7,090
Tax effect of income not taxable for tax purpose	**(5,841)**	(3,956)
Tax effect of tax losses not recognised	**127**	440
Overprovision in prior years	**(126)**	(241)
Utilisation of tax losses previously not recognised	**(385)**	(331)
Utilisation of deductible temporary differences previously not recognised	**(38)**	(2,389)
Tax effect of deductible temporary differences not recognised	**10**	466
Effect of tax exemption granted to a PRC subsidiary	**—**	(3)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(250)**	(715)
Others	**48**	(120)
Income tax expense for the year	**20,666**	2,876

8. EARNINGS PER SHARE

For the year ended 31 March 2011, the calculation of the basic and diluted earnings per share is based on the following data:

	2011	2010
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**99,133**	45,797

	Number of shares 2011	Number of shares 2010
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,296,609,837**	561,177,810

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the years ended 31 March 2010 and 2011 has been retrospectively adjusted for the effect of the consolidation of shares and the bonus element of the rights issue and bonus issue, respectively.

The computations of diluted earnings per share do not assume the exercise of the outstanding share options of the Company as the exercise prices of those options are higher than the average market price of the shares of the Company for both years.

9. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	HK$'000
Trade receivables	**68,561**	61,777
Less: accumulated impairment	**(3,260)**	(16,690)
	65,301	45,087
Less: Amounts classified as assets held for sale	**—**	(3,315)
	65,301	41,772
Deposits, prepayments and other receivables	**55,052**	31,343
Less: accumulated impairment	**(15,000)**	(3,000)
	40,052	28,343
Less: Amounts classified as assets held for sale	**—**	(1,152)
	40,052	27,191
Total trade and other receivables	**105,353**	68,963

The Group allows an average credit period of 60 days to 120 days to its trade customers. The following is an aged analysis of trade receivables (net of impairment loss) presented based on the invoice date at the reporting date. The analysis includes those classified as part of a disposal group held for sale.

	2011	2010
	HK$'000	HK$'000
0–30 days	**38,385**	19,472
31–60 days	**10,249**	12,148
61–120 days	**15,586**	9,993
Over 120 days	**1,081**	3,474
	65,301	45,087

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. 88% (2010: 80%) of the trade receivables that are neither past due nor impaired are with good credit quality.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$7,670,000 (2010: HK$9,135,000) which are past due at the reporting date for which the Group has not provided for impairment loss as the directors assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired based on the due date:

	2011	2010
	HK$'000	HK$'000
0–30 days	**6,495**	5,667
31–60 days	**932**	1,907
61–120 days	**157**	288
121–180 days	**86**	1,273
	7,670	9,135

The Group has provided fully for all receivables over 180 days because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable.

Movement in the allowance for doubtful debts

	2011	2010
	HK$'000	HK$'000
Balance at the beginning of the year	**19,690**	19,792
Exchange realignment	**8**	4
Recognition (reversal) of impairment losses on trade and other receivables	**20,831**	(106)
Amounts written off as uncollectible	**(22,269)**	—
Balance at the end of the year	**18,260**	19,690

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$3,260,000 (2010: HK$16,690,000) that are considered irrecoverable by the management after consideration on the credit quality of those individual customers based on their settlement records, the amounts subsequently received after year end and the aging of these receivables. The Group does not hold any collateral over these balances.

Included in the allowance for doubtful debts are individually impaired other receivables with an aggregate balance of approximately HK$15,000,000 (2010: HK$3,000,000). At 31 March 2011, the amount represents full impairment of outstanding advances to a former subsidiary which are considered irrecoverable by the management as the amount was advanced before the subsidiary was disposed of in the current year and has not been subsequently settled after the end of the reporting period. The Group does not hold any collateral over these balances.

At the end of the reporting period, the trade and other receivables that are denominated in currencies, other than the functional currencies of respective group entities, are set out below:

	2011 **HK$'000**	2010 HK$'000
HK$	**358**	74
SGD	**94**	879
USD	**3**	58

10. TRADE AND OTHER PAYABLES

	2011 **HK$'000**	2010 HK$'000
Trade payables	**38,551**	27,963
Other payables	**35,746**	42,226
	74,297	70,189
Less: Amounts classified as liabilities associated with assets classified as held for sale	**—**	(7,528)
	74,297	62,661

The aged analysis of trade payables presented based on the invoice date is as follows. The analysis includes those classified as part of a disposal group held for sale.

	2011 **HK$'000**	2010 HK$'000
0–30 days	**25,508**	16,589
31–60 days	**11,857**	8,681
61–120 days	**457**	1,754
Over 120 days	**729**	939
	38,551	27,963

The credit period on purchase of goods is 30–60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

At the end of the reporting period, the trade and other payables that are denominated in currencies, other than the functional currencies of respective group entities, are set out below:

	2011 HK$'000	2010 HK$'000
RMB	**4,019**	3,886
USD	**443**	605
HK$	**1,891**	1,815
AUD	**—**	110

11. PROFIT BEFORE TAXATION

	2011 HK$'000	2010 HK$'000 (restated)
Profit before taxation has been arrived at after charging (crediting):		
Directors' remuneration	**4,462**	3,800
Other staff costs		
— Salaries and other benefits	**96,887**	80,886
— Share-based payments excluding directors	**332**	539
— Retirement benefit scheme contributions other than directors	**5,960**	5,923
Total staff costs	**107,641**	91,148
Recognition (reversal) of allowance for trade and other receivables	**20,831**	(106)
Amortisation of other intangible assets, included in selling and distribution expenses	**179**	809
Amortisation of prepaid lease payments	**—**	229
Auditor's remuneration		
— Current year	**1,800**	2,062
— Overprovision in prior year	**(414)**	(588)
	1,386	1,474
Cost of inventories recognised as an expense (including allowance for obsolete inventories of HK$111,000 (2010: HK$82,000))	**337,902**	276,932
Depreciation of property, plant and equipment	**10,888**	16,559
Exchange loss (gain), net	**420**	(657)
(Gain) loss on disposal of property, plant and equipment	**(9)**	7
Management fee paid to a shareholder	**996**	996
Research and development expenses	**967**	1,234
Gross rental income	**(5,304)**	—
Less: direct outgoing expenses	**29**	—
	(5,275)	—

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the financial year ended 31 March 2011, the Group recorded a turnover and a profit attributable to equity owners of the Company of approximately HK$639.5 million (2010: approximately HK$529.3 million) and approximately HK$99.1 million (2010: approximately HK$45.8 million), respectively.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK0.3 cents (2010: nil) per ordinary share for the year ended 31 March 2011 to shareholders on the register of members of the Company as of Tuesday, 9 August 2011. The final dividend will be paid on or around Thursday, 18 August 2011, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Tuesday, 9 August 2011. No interim dividend was made for the six months ended 30 September 2010 (30 September 2009: nil).

CLOSURE OF REGISTER

The register of members of the Company will be closed from Friday, 5 August 2011 to Tuesday, 9 August 2011, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the proposed final dividend and be qualified to attend and vote at the forthcoming annual general meeting, all shareholders are required to lodge their transfers with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration by no later than 4:00 p.m. on Thursday, 4 August 2011.

BUSINESS REVIEW

For the year ended 31 March 2011, the Group achieved excellent results and recorded a turnover of approximately HK$639.5 million (2010: approximately HK$529.3 million), representing a growth of approximately 20.8% over the previous year. The profit attributable to equity owners of the Company was approximately HK$99.1 million (2010: approximately HK$45.8 million), a year-on-year increase of approximately 116.4%. The significant increase in profit was the combined effect of the growth of the underlying operating profit derived from the manufacturing and sale of Chinese and Western pharmaceutical and health food products, capital appreciation of the Group's portfolio of investment properties and gain on disposal of a subsidiary, namely Hunan Xiangya Pharmaceutical Company Limited ("**Hunan Xiangya**").

(1) Chinese Pharmaceutical Products

Turnover for the year increased by approximately 24.2% from approximately HK$372.4 million to approximately HK$462.7 million. The achievement was the result of customers' confidence in our quality products, expansion of our products range, introduction of a customer loyalty program, the incentive scheme for our staff, a series of marketing campaigns and an increase in the number of

Mainland Chinese tourists visiting Hong Kong. These resulted in better same store sales growth and a generally better performing retail business. To strengthen our position in the Chinese medicine and health food products industry, the Group plans to open an integrated Chinese medical centre in Hong Kong in the coming year, namely Wai Yuen Tong Practicare Imperial, in addition to the existing traditional Chinese medical clinics operated within our retail shops.

(2) Western Pharmaceutical Products

Turnover grew approximately 1.4% from approximately HK$135.3 million to approximately HK$137.2 million. It was mainly due to the disposal of Hunan Xiangya in April 2010. Besides the cough syrup products under the brand "Madame Pearl's", the Group has successfully launched personal care products under its secondary brand "Pearls" which were well received by the market.

(3) Bottled Birds' Nest Drinks Products

Turnover for the year increased by approximately 59.3% from approximately HK$21.6 million to approximately HK$34.4 million. Improved consumer sentiments and management's and staff's sales efforts accounted for the improved results.

(4) Investment Properties

The Group acquired six properties in Hong Kong during the year under review. Five of the properties were acquired from the indirect wholly-owned subsidiaries of Wang On Group Limited ("**Wang On**"), a shareholder of the Company whose shares are listed on the main board of the Stock Exchange. Some of the Group's properties were leased out for commercial purpose while some were used by its retail shops. Management believes in the long term prospect of commercial properties in Hong Kong and considers that our investment property portfolio adds stability and strength to the Group's income base.

Besides, on 11 March 2011, the Group entered into a provisional sale and purchase agreement with an independent third party for the purchase of an investment property located in North Point, Hong Kong, at a cash consideration of HK$35.28 million. The acquisition will be completed on or before 30 June 2011. Details of the property acquisition are set out in the company's announcement dated 14 March 2011.

Furthermore, on 2 June 2011, the Group entered into a provisional sale and purchase agreement with an independent third party for the purchase of a property located in Lai Chi Kok Road, Kowloon, Hong Kong, at a cash consideration of HK$26.0 million. The acquisition will be completed on or before 15 August 2011. Details of the property acquisition are set out in the company's announcement dated 3 June 2011.

(5) Investment in PNG Resources Holdings Limited ("PNG") (formerly known as LeRoi Holdings Limited)

As at the beginning of the year under review, the Group had a 49.00% shareholding interest in PNG, a company listed on the main board of the Stock Exchange, which is principally engaged in forestry and logging operations in Papua New Guinea, property development in the PRC and retailing of the fresh pork meat and related produce in Hong Kong. During the year, the Group acquired further 45,000,000 shares of PNG and its shareholding in PNG increased from 49.00% to 49.59% as at the end of the year under review.

As at 31 March 2011, the Group granted loans with an aggregate principal amount of HK$215.0 million to PNG. The loans are unsecured, interest bearing at a fixed rate of 8% per annum and repayable between 9 July 2011 and 12 November 2013.

FINANCIAL REVIEW

Fund Raising, Capital Structure, Liquidity and Gearing

(1) *Placing of New Shares*

On 12 April 2010, the Company entered into a placing agreement with a placing agent to place, on a best efforts basis, up to 1,200 million shares to independent investors at a price of HK$0.053 per share. The placing was completed on 22 April 2010 and the entire 1,200 million shares were successfully placed. Aggregate net proceeds of approximately HK$61.8 million were raised which were intended to be applied towards the repayment of interest bearing debts, expansion of the Group's Chinese and Western health food and pharmaceutical business (including, if and when attractive opportunities arise, the acquisition of appropriate retail premises for use by the retail network) and meeting the general working capital requirements of the Group.

(2) *Capital Reorganisation and Rights Issue*

On 5 August 2010, the Company proposed a capital reorganisation and rights issue (with bonus issue) whereby (i) every 25 shares of par value of HK$0.01 each in the issued share capital of the Company would be consolidated into one consolidated share of par value of HK$0.25; (ii) the par value of each of the issued consolidated shares would be reduced from HK$0.25 to HK$0.01; (iii) five rights shares were to be offered for every one consolidated share at HK$0.207 per rights share; and (iv) one bonus share would be issued for every five rights shares taken up. The capital reorganisation and rights issue were completed on 21 September 2010 and 27 October 2010, respectively.

The net proceeds of the rights issue were approximately HK$292.0 million and were intended to be used for (a) repayment of the Group's borrowings; (b) expansion of the Group's Chinese and Western health food and pharmaceutical business; (c) funding the acquisition of the entire issued share capital of five companies, which were indirect wholly-owned subsidiaries of Wang On, and which held five properties in Hong Kong; and (d) financing possible investment opportunities in the future and as general working capital. Details of these were set out in the announcement jointly issued by the Company and Wang On and in the circular and the prospectus issued by the Company on 9 August 2010, 27 August 2010 and 6 October 2010, respectively. The acquisition of the entire share capital of the five companies was completed on 28 October 2010.

(3) *Liquidity and Gearing*

As at 31 March 2011, the Group's total borrowings (including those classified as part of a disposal group held for sale) amounted to approximately HK$118.8 million (2010: approximately HK$51.9 million) which included bank borrowings of approximately HK$118.8 million (2010: approximately HK$48.6 million) and advances from non-controlling shareholders of a subsidiary of HK$ nil (2010: approximately HK$3.3 million). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the Company, was approximately 7.5% (2010: approximately 4.7%).

MAJOR ACQUISITION

On 6 August 2010, Guidepost Investments Limited ("**Guidepost**"), an indirect wholly-owned subsidiary of the Company, and East Run Investment Limited ("**East Run**"), an indirect wholly-owned subsidiary of Wang On, entered into a sale and purchase agreement, as supplemented by a deed executed between Wang On, East Run and Guidepost on 9 August 2010, pursuant to which, Guidepost agreed to acquire and East Run agreed to dispose of the entire issued share capital and the shareholder loans in its five subsidiaries, each of which holds a property in Hong Kong, at an aggregate consideration of approximately HK$117.8 million. The consideration was satisfied in cash out of the proceeds from the aforesaid rights issue and the acquisition was completed on 28 October 2010.

FOREIGN EXCHANGE

The Board is of the opinion that the Group has no material foreign exchange exposure. All bank borrowings are denominated in Hong Kong dollars. The revenue of the Group being mostly denominated in Renminbi, Hong Kong and Singapore dollars, matches the currency requirements of the Group's operating expenses. The Group therefore does not engage in any hedging activities.

CAPITAL COMMITMENT

As at 31 March 2011, the Group had capital commitment of approximately HK$31.9 million (2010: approximately HK$0.6 million) in respect of the acquisition of property, plant and equipment and investment property, which were contracted for but not provided in the consolidated financial statements.

CONTINGENT LIABILITIES

As at 31 March 2011, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 March 2011, the Group had 654 (2010: 682) employees, of whom approximately 67% (2010: approximately 64%) were located in Hong Kong. The Group remunerates its employees based on their performance and the prevailing market rates. The Group also operates a share option scheme under which the Directors may grant share options to the employees of the Group. The Group's total staff costs for the year were approximately HK$107.6 million (2010: approximately HK$91.1 million).

PROSPECTS

As the business environment in Hong Kong continues to improve, the directors are optimistic about the Group's prospects. The Group will continue to diversify its product range as well as its investment property portfolio so as to enhance the competitiveness of its brands and its products, and strengthen its income base.

Rising labour and raw material costs as well as rental expenses in Hong Kong are all expected to increase the Group's operating costs. The Group will strengthen cost control measures which include exploring new suppliers to ensure raw materials procured are of high quality and at competitive prices, improving our production efficiency and relocating some of our retail shops to lower our overall rental expenses. The Group will also consider acquiring appropriate retail premises to minimise the effect of the rising trend in retail rentals.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has adopted the principles and complied with the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the financial year ended 31 March 2011. Further details of the Company's corporate governance practices are set out in corporate governance report to be contained in the Company's 2011 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all directors, the Company confirmed that all directors had complied with the required standard set out in the Model Code throughout the financial year under review.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting processes and internal controls. During the year, the Audit Committee has reviewed with management and the auditors the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the audited consolidated financial statements and reports for the year ended 31 March 2011. The Audit Committee comprises Mr. Yuen Chi Choi, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou, all of them are the independent non-executive directors of the Company. Mr. Yuen Chi Choi was elected as the chairman of the Audit Committee.

ANNUAL GENERAL MEETING

The 2011 annual general meeting of the shareholders of the Company will be held at the Palace Rooms, B1, The Royal Garden, 69 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 9 August 2011 at 10:00 a.m. and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange at (*www.hkex.com.hk*) and the Company at (*www.wyth.net*). The 2011 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Tang Ching Ho
Chairman

Hong Kong, 17 June 2011

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

* *For identification purpose only*