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 2012

The board of directors (the "**Board**") of Wai Yuen Tong Medicine Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2012, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	3	**752,072**	639,512
Cost of sales		**(397,699)**	(337,902)
Gross profit		**354,373**	301,610
Other income	5	**32,045**	25,468
Selling and distribution expenses		**(222,157)**	(182,344)
Administrative expenses		**(88,083)**	(99,468)
Finance costs	6	**(2,216)**	(1,276)
Change in fair value of investments held-for-trading		**(57,328)**	(2,305)
Change in fair value of investment properties		**36,876**	51,551
Gain on disposal of a subsidiary		**–**	29,155
Impairment losses recognised in respect of an associate		**(269,473)**	–
Share of results of associates		**2,098**	3,170
(Loss) profit before taxation	7	**(213,865)**	125,561
Income tax expense	8	**(12,978)**	(20,666)
(Loss) profit for the year		**(226,843)**	104,895

* *For identification purpose only*

	Note	2012 HK$'000	2011 HK$'000
Other comprehensive income (expense)			
Exchange differences on translation of foreign operations arising during the year		**942**	1,588
Share of other comprehensive income of an associate		**15,671**	2,339
Reclassification adjustment on disposal of a subsidiary		**–**	(890)
Gain on revaluation on transfer from property, plant and equipment to investment properties		**–**	28,014
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)		**16,613**	26,429
Total comprehensive (expense) income for the year		**(210,230)**	131,324
(Loss) profit for the year attributable to:			
Owners of the Company		**(226,922)**	99,133
Non-controlling interests		**79**	5,762
		(226,843)	104,895
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(210,317)**	125,905
Non-controlling interests		**87**	5,419
		(210,230)	131,324
(Loss) earnings per share	9		
– Basic and diluted		**(11.14) cents**	7.65 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**172,554**	145,975
Investment properties		**304,000**	229,900
Goodwill		**15,335**	15,335
Interests in associates		**372,471**	626,495
Other intangible asset		**732**	682
Loans receivable		**221,341**	285,638
Deferred tax assets		**3,696**	3,514
Deposit for acquisition of investment property		**–**	3,528
		1,090,129	1,311,067
CURRENT ASSETS			
Inventories		**112,760**	95,428
Trade and other receivables	10	**140,334**	105,353
Amounts due from associates		**2,801**	2,933
Investments held-for-trading		**58,094**	126,465
Loans receivable		**82,020**	11,359
Tax recoverable		**3,100**	127
Bank balances and cash		**139,387**	148,504
		538,496	490,169
CURRENT LIABILITIES			
Trade and other payables	11	**90,935**	74,297
Bank borrowings		**69,008**	33,329
Deferred franchise income		**18**	18
Tax payable		**4,950**	3,464
		164,911	111,108
NET CURRENT ASSETS		**373,585**	379,061
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,463,714**	1,690,128
NON-CURRENT LIABILITIES			
Bank borrowings		**71,112**	85,438
Deferred tax liabilities		**22,741**	16,533
		93,853	101,971
NET ASSETS		**1,369,861**	1,588,157
CAPITAL AND RESERVES			
Share capital		**20,361**	20,361
Reserves		**1,341,690**	1,560,060
Equity attributable to owners of the Company		**1,362,051**	1,580,421
Non-controlling interests		**7,810**	7,736
TOTAL EQUITY		**1,369,861**	1,588,157

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 and investment properties, 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")

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on the analysis of the Group's financial instrument as of 31 March 2012.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013.

However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. The management is currently 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 HKFRSs 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:

	2012	2011
	HK$'000	*HK$'000*
Sales of goods	**742,107**	633,004
Rental income from investment properties	**9,110**	5,304
Management and promotion fees	**855**	1,204
	752,072	639,512

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 reportable and operating 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 reportable and 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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**554,757**	462,674	**156,849**	137,158	**31,356**	34,376	**9,110**	5,304	**–**	–	**752,072**	639,512
Inter segment sales *	**–**	543	**1,659**	1,490	**41,553**	50,109	**4,424**	1,734	**(47,636)**	(53,876)	**–**	–
	554,757	463,217	**158,508**	138,648	**72,909**	84,485	**13,534**	7,038	**(47,636)**	(53,876)	**752,072**	639,512
RESULTS												
Segment results	**54,020**	35,747	**10,901**	19,346	**(1,848)**	(324)	**4,473**	2,928			**67,546**	57,697
Other income											**32,045**	25,468
Unallocated expenses											**(23,413)**	(37,899)
Finance costs											**(2,216)**	(1,276)
Change in fair value of investments held-for-trading											**(57,328)**	(2,305)
Change in fair value of investment properties											**36,876**	51,551
Gain on disposal of a subsidiary											**–**	29,155
Impairment losses recognised in respect of an associate											**(269,473)**	–
Share of results of associates											**2,098**	3,170
(Loss) profit before taxation											**(213,865)**	125,561

* *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, gain on disposal of a subsidiary, impairment losses recognised in respect of an associate and finance costs. There were asymmetrical allocations to the reportable and operating segments because the Group does not allocate change in fair value of investment properties to the segment in which those investment properties are allocated. This is the measure reported to the Group's executive directors, the chief operating decision makers 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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**180,176**	129,747	**76,056**	59,849	**16,466**	22,902	**448,710**	354,272	**721,408**	566,770
Goodwill	**7,700**	7,700	**7,635**	7,635	**–**	–	**–**	–	**15,335**	15,335
Segment assets	**187,876**	137,447	**83,691**	67,484	**16,466**	22,902	**448,710**	354,272	**736,743**	582,105
Interests in associates									**372,471**	626,495
Loans receivable									**303,361**	296,997
Investments held-for-trading									**58,094**	126,465
Tax recoverable									**3,100**	127
Deferred tax assets									**3,696**	3,514
Bank balances and cash									**139,387**	148,504
Unallocated assets									**11,773**	17,029
Consolidated total assets									**1,628,625**	1,801,236
LIABILITIES										
Segment liabilities	**66,174**	50,307	**11,951**	8,713	**5,979**	8,278	**2,398**	2,388	**86,502**	69,686
Bank borrowings									**140,120**	118,767
Tax payable									**4,950**	3,464
Deferred tax liabilities									**22,741**	16,533
Unallocated liabilities									**4,451**	4,629
Consolidated total liabilities									**258,764**	213,079

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 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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:												
Additions to non-current assets *(Note)*	**12,900**	6,057	**56**	11	**52**	308	**64,628**	180,549	**58**	205	**77,694**	187,130
Depreciation of property, plant and equipment	**7,055**	6,555	**12**	3	**1,219**	1,281	**3,778**	1,376	**1,639**	1,673	**13,703**	10,888
Amortisation of other intangible assets	**196**	179	**–**	–	**–**	–	**–**	–	**–**	–	**196**	179
(Reversal of) allowance for trade and other receivables	**(88)**	6,066	**–**	(187)	**36**	(48)	**–**	–	**–**	15,000	**(52)**	20,831
(Reversal of) allowance for obsolete inventories	**(294)**	466	**33**	(148)	**202**	(207)	**–**	–	**–**	–	**(59)**	111
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	**200**	298	**173**	132	**–**	14	**1,843**	832	**–**	–	**2,216**	1,276
Interest income	**21**	14	**–**	–	**–**	–	**53**	–	**23,768**	19,811	**23,842**	19,825

Note: Non-current assets included additions to goodwill, investment properties, property, plant and equipment 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.

Information about the Group's revenue from external customers is presented based on the geographical location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets:

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**546,389**	454,988	**862,217**	1,017,847
The PRC, other than Hong Kong	**162,564**	140,368	**514**	574
Singapore	**21,675**	26,167	**2,361**	3,494
Others	**21,444**	17,989	**–**	–
	752,072	639,512	**865,092**	1,021,915

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

Information about major customers

During the years ended 31 March 2012 and 2011, no revenues from customers contributed over 10% of the total sales of the Group.

5. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Effective interest income on loans receivable	**23,144**	17,891
Interest income on bank deposits	**283**	18
Interest income on investments held-for-trading	**415**	1,916
Total interest income	**23,842**	19,825
Dividends from investments held-for-trading	**2,582**	242
Franchise income	**90**	90
Gain on disposal of property, plant and equipment	**–**	9
Processing fee income	**1,712**	1,369
Sub-lease rental income	**2,554**	2,724
Sundry income	**1,265**	1,209
	32,045	25,468

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**711**	982
Bank borrowings not wholly repayable within five years	**1,505**	294
	2,216	1,276

7. (LOSS) PROFIT BEFORE TAXATION

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit before taxation has been arrived at after charging (crediting):		
Directors' remuneration	**4,429**	4,462
Other staff costs		
– Salaries and other benefits	**110,143**	96,887
– Share-based payments excluding directors	**152**	332
– Retirement benefit scheme contributions other than directors	**8,233**	5,960
Total staff costs	**122,957**	107,641
(Reversal of) allowance for trade and other receivables	**(52)**	20,831
Amortisation of other intangible assets, included in selling and distribution expenses	**196**	179
Auditor's remuneration		
– Current year	**2,199**	1,800
– Overprovision in prior year	**(624)**	(414)
	1,575	1,386
Cost of inventories recognised as an expense (including reversal of allowance for obsolete inventories of HK$59,000 (2011: allowance for obsolete inventories of HK$111,000))	**397,699**	337,902
Depreciation of property, plant and equipment	**13,703**	10,888
Exchange loss, net	**1,065**	420
Gain on disposal of property, plant and equipment	**–**	(9)
Management fee paid to a shareholder	**960**	996
Research and development expenses	**2,077**	967
Gross rental income	**(9,110)**	(5,304)
Less: direct outgoing expenses	**195**	29
	(8,915)	(5,275)

8. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Income tax recognised in profit or loss:		
Current tax		
Hong Kong	**8,639**	7,744
Other jurisdictions	**168**	2,713
	8,807	10,457
(Over)underprovision in prior years		
Hong Kong	**(1,852)**	92
Other jurisdictions	**–**	(218)
	(1,852)	(126)
Deferred taxation		
Current year	**6,023**	10,335
	12,978	20,666
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 two of the Group's subsidiaries established in the PRC increased from 15% to 25% progressively from 1 January 2008 onwards. The relevant tax rate for the Group's subsidiaries in the PRC for the current year is 24% (2011: 22% to 25%).

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(226,922)**	99,133

	Number of shares 2012	Number of shares 2011
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**2,036,142,969**	1,296,609,837

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

The computations of diluted (loss) 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.

10. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**89,891**	68,561
Less: accumulated impairment	**(3,207)**	(3,260)
	86,684	65,301
Rental and other deposits	**21,654**	18,512
Prepayments	**19,235**	9,607
Other receivables	**27,761**	26,933
Less: accumulated impairment	**(15,000)**	(15,000)
	53,650	40,052
Total trade and other receivables	**140,334**	105,353

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 end of the reporting period.

	2012	2011
	HK$'000	*HK$'000*
0–30 days	**48,057**	38,385
31–60 days	**17,638**	10,249
61–120 days	**16,681**	15,586
Over 120 days	**4,308**	1,081
	86,684	65,301

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. 85% (2011: 88%) of the trade receivables that are neither past due nor impaired are with good credit quality in view of good historical repayment records.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$13,057,000 (2011: HK$7,670,000) which are past due at the end of the reporting period 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:

	2012	2011
	HK$'000	*HK$'000*
0–30 days	**9,571**	6,495
31–60 days	**2,788**	932
61–120 days	**698**	157
121–180 days	**–**	86
	13,057	7,670

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

	2012	2011
	HK$'000	*HK$'000*
Balance at the beginning of the year	**18,260**	19,690
Exchange realignment	**–**	8
(Reversal) recognition of impairment losses on trade and other receivables	**(52)**	20,831
Amounts written off as uncollectible	**(1)**	(22,269)
Balance at the end of the year	**18,207**	18,260

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$3,207,000 (2011: HK$3,260,000) that are considered irrecoverable by the management after consideration of the credit quality of those individual customers based on their settlement records. 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 (2011: HK$15,000,000). At 31 March 2012 and 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 prior 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:

	2012	2011
	HK$'000	*HK$'000*
RMB	**4,078**	–
SGD	**330**	94
HK$	**–**	358
USD	**–**	3

11. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**45,648**	38,551
Accrual of salaries and commission	**9,672**	8,211
Accrual of purchases	**6,616**	786
Accrual of advertising and promotion	**4,597**	4,712
Rental deposits received	**2,933**	2,535
Other payables and accruals	**21,469**	19,502
	90,935	74,297

The aged analysis of trade payables presented based on the invoice date is as follows.

	2012	2011
	HK$'000	*HK$'000*
0–30 days	**22,581**	25,508
31–60 days	**20,126**	11,857
61–120 days	**309**	457
Over 120 days	**2,632**	729
	45,648	38,551

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:

	2012	2011
	HK$'000	*HK$'000*
RMB	**7,596**	4,019
NTD	**2,422**	–
USD	**1,858**	443
SGD	**1,537**	–
HK$	**940**	1,891
EUR	**413**	–
GBP	**334**	–

12. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2011 Final – HK0.3 cents per share (2011: Nil)	**6,108**	–

The 2011 final dividend of HK0.3 cents per share in aggregate of approximately HK$6,108,000 payable to shareholders for the year ended 31 March 2011 has been approved at the annual general meeting of the Company and subsequently paid during the year.

No dividend was proposed during the year ended 31 March 2012 or since the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2012, the Group recorded a turnover and loss attributable to owners of the Company of approximately HK$752.1 million (2011: approximately HK$639.5 million) and approximately HK$226.9 million (2011: profit of approximately HK$99.1 million), respectively.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: HK0.3 cents per ordinary share). No interim dividend was paid for the six months ended 30 September 2011 (30 September 2010: Nil).

BUSINESS REVIEW

For the year ended 31 March 2012, the Group achieved excellent business growth and recorded a turnover of approximately HK$752.1 million (2011: approximately HK$639.5 million), representing a growth of approximately 17.6% over last year. However, the Group recorded a loss attributable to owners of the Company of approximately HK$226.9 million for the year (2011: profit of approximately HK$99.1 million). The unsatisfactory result was mainly due to the losses on held-for-trading investments and the impairment losses recognised for the investment in an associate.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the year increased by approximately 19.9% from approximately HK$462.7 million for last year to approximately HK$554.8 million. The achievement was the result of reinforcing customers' confidence in our quality products through strict production and process control, expanding our products range to attract and broaden our customers base, optimising our customer loyalty program with more attractive gifts and rewards, enhancing the incentive scheme for our staff to stimulate sales spirit, launching a series of marketing campaigns to promote brand awareness and product image and the continuously increasing number of Mainland Chinese tourists visiting Hong Kong to buy our products. These resulted in better same store sales growth and a generally better performing retail business.

Besides, in addition to the existing traditional Chinese medical clinics operated within our retail shops, the Group opened its first integrated Chinese medical centre located in Nathan Road, Kowloon, Hong Kong in August 2011, namely Wai Yuen Tong Practicare Imperial. This strategic move helps to further strengthen our position in the Chinese pharmaceutical and health food products industry.

(2) Western Pharmaceutical and Health Food Products

Turnover for the year increased by approximately 14.3% from approximately HK$137.2 million for last year to approximately HK$156.8 million. The cough syrup products under the brand "Madame Pearl's" kept on contributing a very stable sales momentum and substantial profit margin to the Group.

Meanwhile, the Group has successfully diversified its products portfolio by launching a series of personal care products under its secondary brand "Pearl's". After 2 years time for products development, adding promotion effort, increasing products penetration and appearance in different sales channels, "Pearl's" has gained customers' confidence, becoming more well-known to the public and more well-received by the market.

In addition, a new product line, "WALKER" sugar-free mint candy, has been introduced to the market in the fourth quarter. Market response is positive and encouraging.

(3) Bottled Birds' Nest Drinks and Herbal Essence Products

Turnover for the year decreased by approximately 8.7% from approximately HK$34.4 million for last year to approximately HK$31.4 million. The dropped in sales was mainly due to the adverse effect caused by the recent incidents about fake red/bloody birds' nest and high level of sodium nitrite contaminated birds' nest selling in the markets. Customers have lost the confidence in birds' nest and related products, i.e., both the consumption of dry birds' nest and bottled birds' nest were dropped.

Therefore, the Group has diversified its product range by introducing more herbal essence products and has expanded the distribution of its products to more overseas Chinese communities in order to minimise the impact from the loss of business in birds' nest sales.

(4) Property Investment

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 prospects of commercial properties in Hong Kong and considers that our investment property portfolio adds stability and strength to the Group's income base.

During the year, the Group completed the acquisition of two properties. One of the properties is located in North Point, Hong Kong, which was acquired at a consideration of HK$35.3 million and is currently leased out to an independent third party for commercial purpose. The other one property is located in Lai Chi Kok Road, Kowloon, Hong Kong, which was acquired at a consideration of HK$26.0 million and is currently used by the Group as retail shop.

(5) Investment in PNG Resources Holdings Limited ("PNG")

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 fresh pork meat and related produce in Hong Kong. The Group shared the profit of PNG of approximately HK$1.9 million for the year (2011: approximately HK$2.9 million).

However, the Group recognised impairment losses of approximately HK$269.5 million for the year (2011: Nil) as the recoverable amount, which was determined on the basis of the market price of PNG's shares less costs to sell, was lower than the carrying value of the interest in PNG.

(6) Investments held-for-trading

The Group has maintained a portfolio of listed equity securities in Hong Kong which are held for trading purpose. Owing to the recent global financial downturn and economic slowdown, there has been a decline in Hong Kong's stock market. As a result, the Group has recorded net realised and unrealised losses of approximately HK$57.3 million on these held-for-trading investments for the year (2011: approximately HK$2.3 million).

FINANCIAL REVIEW

Liquidity and Gearing

As at 31 March 2012, the Group's total borrowings amounted to approximately HK$140.1 million (2011: approximately HK$118.8 million). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the Company, was approximately 10.3% (2011: approximately 7.5%).

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 dollars 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 2012, the Group had capital commitment of approximately HK$0.4 million (2011: approximately HK$31.9 million) in respect of the acquisition of property, plant and equipment, which were contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 31 March 2012, the Group had no material contingent liabilities (2011: Nil).

EMPLOYEES

As at 31 March 2012, the Group had 705 (2011: 654) employees, of whom approximately 67% (2011: approximately 67%) 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 Board may grant share options to the employees of the Group. The Group's total staff costs for the year were approximately HK$123.0 million (2011: approximately HK$107.6 million).

PROSPECTS

The recent global financial and economic instability will affect the business environment in Hong Kong, especially the retail business. In order to minimise the adverse effect of the worsening global environment on our business, the Group will continue to pay efforts to expand its product range, broaden its customer base, strengthen quality control and enhance marketing and promotion activities so as to further uplift the image and competitiveness of its brands and its products. Besides, the Group will increase the focus and add more resources to develop other sales channels, such as chain stores, key accounts, open trade, overseas, etc., in order to balance the risk and reliance on retail business. On the other hand, the Group will also evaluate merger and acquisition opportunities as a means to speed up growth, as well as diversification of its investment portfolio for strengthening and broadening its income base.

Continuously rising labour, raw materials and rental costs all add burden to the Group's operating costs. By adopting various cost control measures, such as exploring new suppliers to ensure raw materials purchased are of high quality and at competitive prices, improving our production efficiency and relocating some of our retail shops to lower overall rental costs, the Group's management seeks to maintain its profitability. The Group will also consider acquiring suitable retail premises, which can be kept for both as long term capital appreciation and as to minimise the effect of the rising trend in rental costs. Hence, the Board is optimistic about the Group's prospects.

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 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 2012.

Further details of the Company's corporate governance practices are set out in the corporate governance report to be contained in the Company's 2012 annual report.

PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

Pursuant to the recent amendments to the Listing Rules enacted by the Stock Exchange on 1 January 2012 and 1 April 2012, respectively, and the various amendments to the Companies Act 1981, the Board proposes to seek approval of the shareholders of the Company by way of special resolutions at the 2012 annual general meeting to amend the existing bye-laws of the Company (the "**Bye-laws**") so as to bring the Bye-laws in line with current amendments made to the Listing Rules, the applicable laws including the Companies Act 1981 of Bermuda and certain housekeeping improvements.

Details of the amendments to the Bye-laws will be set out in the notice convening the 2012 annual general meeting to be incorporated in the Company's circular which will be despatched to the shareholders of the Company together with the 2012 annual report of the Company in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the directors of the Company on the terms no less exacting than the required standard set forth in the Model Code for the Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all directors, the Company confirmed that all directors had complied with the required standards set out in the Model Code throughout the financial year under review.

AUDIT COMMITTEE

The audit committee of the Company (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 consolidated financial statements and reports for the year ended 31 March 2012. 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, and Mr. Yuen Chi Choi was elected as the chairman of the Audit Committee.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 17 August 2012 to Tuesday, 21 August 2012 (both days inclusive), during which period no transfer of share(s) will be effected. In order to determine the eligibility to attend and vote at the 2012 annual general meeting or at any adjourned meeting thereof (as the case may be), all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 August 2012.

ANNUAL GENERAL MEETING

The 2012 annual general meeting of the shareholders of the Company will be held at Garden Rooms A & B, 2/F., Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong, on Tuesday, 21 August 2012 at 11:00 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 (*http://www.hkex.com.hk*) and the Company at (*http://www.wyth.net*). The 2012 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, 20 June 2012

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*