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 2013

The board of directors (the "**Board**") of Wai Yuen Tong Medicine Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2013, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000* (Restated)
REVENUE	*5*	**808,517**	752,072
Cost of sales		**(443,207)**	(397,699)
Gross profit		**365,310**	354,373
Other income	*5*	**34,939**	32,045
Selling and distribution expenses		**(243,348)**	(222,157)
Administrative expenses		**(102,345)**	(88,083)
Finance costs	*6*	**(2,503)**	(2,216)
Change in fair value of investments held-for-trading, net		**1,218**	(57,328)
Fair value gains on investment properties		**72,000**	36,876
Gain on disposal of subsidiaries		**661**	–
Gain on partial disposal of equity interests in an associate		**12,787**	–
Impairment losses recognised in respect of an associate		**–**	(269,473)
Share of results of associates		**10,139**	2,098
PROFIT/(LOSS) BEFORE TAX	*7*	**148,858**	(213,865)
Income tax expense	*8*	**(539)**	(6,894)
PROFIT/(LOSS) FOR THE YEAR		**148,319**	(220,759)

* *For identification purpose only*

	Note	2013 HK$'000	2012 HK$'000 (Restated)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Exchange differences on translation of foreign operations		**177**	942
Release of translation reserve upon partial disposal of equity interests in an associate		**(11,596)**	–
Share of other comprehensive income of an associate		**4,443**	15,671
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(6,976)**	16,613
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**141,343**	(204,146)
Profit/(loss) attributable to:			
Owners of the parent		**148,433**	(220,838)
Non-controlling interests		**(114)**	79
		148,319	(220,759)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**141,449**	(204,233)
Non-controlling interests		**(106)**	87
		141,343	(204,146)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
– Basic and diluted		**6.88 cents**	(10.85 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	31 March 2013 HK$'000	31 March 2012 HK$'000 (Restated)	1 April 2011 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**210,933**	172,554	145,975
Investment properties		**356,000**	304,000	229,900
Goodwill		**15,335**	15,335	15,335
Investments in associates		**279,195**	372,471	626,495
Other intangible asset		**547**	732	682
Loans and interests receivable		**186,379**	221,341	285,638
Deferred tax assets		**4,384**	3,696	3,514
Deposit for acquisition of an investment property		**47,527**	–	3,528
		1,100,300	1,090,129	1,311,067
CURRENT ASSETS				
Inventories		**152,419**	112,760	95,428
Trade and other receivables	*11*	**154,787**	140,334	105,353
Amounts due from associates		**3,931**	2,801	2,933
Investments held-for-trading		**57,132**	58,094	126,465
Loans and interests receivable		**218,249**	82,020	11,359
Tax recoverable		**9,324**	3,100	127
Bank balances and cash		**356,145**	139,387	148,504
		951,987	538,496	490,169
CURRENT LIABILITIES				
Trade and other payables	*12*	**101,544**	90,935	74,297
Bank borrowings		**222,674**	69,008	33,329
Deferred franchise income		**18**	18	18
Tax payable		**1,369**	4,950	3,464
		325,605	164,911	111,108
NET CURRENT ASSETS		**626,382**	373,585	379,061
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,726,682**	1,463,714	1,690,128
NON-CURRENT LIABILITIES				
Bank borrowings		**40,105**	71,112	85,438
Deferred tax liabilities		**1,628**	2,695	2,571
		41,733	73,807	88,009
NET ASSETS		**1,684,949**	1,389,907	1,602,119
EQUITY				
Share capital		**29,311**	20,361	20,361
Reserves		**1,647,973**	1,361,736	1,574,022
Equity attributable to owners of the parent		**1,677,284**	1,382,097	1,594,383
Non-controlling interests		**7,665**	7,810	7,736
TOTAL EQUITY		**1,684,949**	1,389,907	1,602,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and investments held-for-trading, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties and revalued land and building were provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties and revalued land and building. Upon the adoption of HKAS 12 Amendments, deferred tax in respect of the Group's investment properties and revalued land and building are provided on the presumption that the carrying amount will be recovered through sale. The effects of the above change are summarised below:

(i) Consolidated statement of comprehensive income for the year ended 31 March

	2013	2012
	HK$'000	*HK$'000*
Decrease in income tax expense	**11,880**	6,084
Increase in profit (2012: decrease in loss) for the year	**11,880**	6,084
Increase in basic and diluted earnings (2012: decrease in basic and diluted loss) per share attributable to ordinary equity holders of the parent	**0.55 cents**	0.30 cents

(ii) Consolidated statement of financial position at 31 March

	2013	2012
	HK$'000	*HK$'000*
Decrease in deferred tax liabilities and total non-current liabilities	**31,926**	20,046
Increase in net assets and reserves	**31,926**	20,046

(iii) Consolidated statement of financial position at 1 April 2011

	HK$'000
Decrease in deferred tax liabilities and total non-current liabilities	13,962
Increase in net assets and reserves	13,962

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral arrangements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 April 2013.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "**Additions**") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("**FVO**"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("**OCI**"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 April 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 *Consolidated and Separate Financial Statements* and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC) – Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK(SIC) – Int 13 *Jointly Controlled Entities–Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*. It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC) – Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 April 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 April 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 April 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosure of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 April 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 April 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements:* Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

    In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their operations and the goods and services they provide and has four reportable operating segments 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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that other income, head office and corporate expenses, finance costs, changes in fair values of investments held-for-trading and investment properties, gain on disposal of subsidiaries, gain on partial disposal of equity interests in an associate, impairment losses recognised in respect of an associate and share of results of associates are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable 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		Eliminations		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
												(Restated)
Segment revenue:												
Sales to external customers	**640,244**	554,757	**135,975**	156,849	**22,936**	31,356	**9,362**	9,110	**–**	–	**808,517**	752,072
Intersegment sales	**–**	–	**–**	1,659	**33,605**	41,553	**5,082**	4,424	**(38,687)**	(47,636)	**–**	–
Total	**640,244**	554,757	**135,975**	158,508	**56,541**	72,909	**14,444**	13,534	**(38,687)**	(47,636)	**808,517**	752,072
Segment results	**57,599**	54,020	**(12,830)**	10,901	**(1,359)**	(1,848)	**2,671**	4,473			**46,081**	67,546
Other income											**34,939**	32,045
Unallocated expenses											**(26,464)**	(23,413)
Finance costs											**(2,503)**	(2,216)
Change in fair value of investments held-for-trading, net											**1,218**	(57,328)
Fair value gains on investment properties											**72,000**	36,876
Gain on disposal of subsidiaries											**661**	–
Gain on partial disposal of equity interests in an associate											**12,787**	–
Impairment losses recognised in respect of an associate											**–**	(269,473)
Share of results of associates											**10,139**	2,098
Profit/(loss) before tax											**148,858**	(213,865)
Income tax expense											**(539)**	(6,894)
Profit/(loss) for the year											**148,319**	(220,759)

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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
										(Restated)
ASSETS										
Assets excluding goodwill	**239,084**	180,176	**76,040**	76,056	**13,164**	16,466	**562,875**	448,710	**891,163**	721,408
Goodwill	**7,700**	7,700	**7,635**	7,635	**–**	–	**–**	–	**15,335**	15,335
Segment assets	**246,784**	187,876	**83,675**	83,691	**13,164**	16,466	**562,875**	448,710	**906,498**	736,743
Investments in associates									**279,195**	372,471
Loans and interests receivable									**404,628**	303,361
Investments held-for-trading									**57,132**	58,094
Tax recoverable									**9,324**	3,100
Deferred tax assets									**4,384**	3,696
Bank balances and cash									**356,145**	139,387
Unallocated assets									**34,981**	11,773
Consolidated total assets									**2,052,287**	1,628,625
LIABILITIES										
Segment liabilities	**80,498**	66,174	**9,172**	11,951	**3,749**	5,979	**3,835**	2,398	**97,254**	86,502
Bank borrowings									**262,779**	140,120
Tax payable									**1,369**	4,950
Deferred tax liabilities									**1,628**	2,695
Unallocated liabilities									**4,308**	4,451
Consolidated total liabilities									**367,338**	238,718

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

- all assets are allocated to operating segments other than investments in associates, loans and interests receivable, investments held-for-trading, tax recoverable, deferred tax assets, bank balances and cash and unallocated assets representing property, plant and equipment 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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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 (i))*	**10,786**	12,900	**88**	56	**82**	52	**–**	64,628	**23,735**	58	**34,691**	77,694
Depreciation	**9,584**	7,055	**29**	12	**1,157**	1,219	**4,064**	3,778	**1,486**	1,639	**16,320**	13,703
Amortisation of other intangible assets	**204**	196	**–**	–	**–**	–	**–**	–	**–**	–	**204**	196
Recognition/(reversal) of impairment losses on trade and other receivables	**186**	(88)	**6**	–	**8**	36	**–**	–	**–**	–	**200**	(52)
Allowance/(reversal of allowance) for obsolete inventories	**(1,167)**	(294)	**164**	33	**513**	202	**–**	–	**–**	–	**(490)**	(59)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:												
Finance costs	**103**	200	**141**	173	**–**	–	**2,259**	1,843	**–**	–	**2,503**	2,216
Interest income *(Note (ii))*	**129**	21	**–**	–	**–**	–	**16**	53	**27,068**	23,768	**27,213**	23,842

Notes:

(i) Non-current assets include additions to investment properties, property, plant and equipment and other intangible assets.

(ii) Interest income consists of effective interest income on loans receivable, bank deposits and investments held-for-trading.

Geographical information

(a) *Revenue from external customers*

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**609,527**	546,389
The PRC	**151,879**	162,564
Singapore	**20,431**	21,675
Others	**26,680**	21,444
	808,517	752,072

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**907,855**	862,217
The PRC	**369**	514
Singapore	**1,313**	2,361
	909,537	865,092

The non-current assets above are based on the locations of the assets and excluded financial instruments and deferred tax assets.

Information about major customers

During the years ended 31 March 2013 and 2012, no revenue from transactions with a single external customer contributed over 10% of the total sales of the Group.

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts; gross rental income received and receivable from investment properties; and management and promotion fees received.

An analysis of the Group's revenue and other income is as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**798,320**	742,107
Rental income from investment properties	**9,362**	9,110
Management and promotion fees	**835**	855
	808,517	752,072
Other income		
Effective interest income on loans receivable	**26,478**	23,144
Interest income on bank deposits	**735**	283
Interest income on investments held-for-trading	**–**	415
Dividends from investments held-for-trading	**1,578**	2,582
Franchise income	**90**	90
Processing fee income	**1,238**	1,712
Sub-lease rental income	**2,933**	2,554
Others	**1,887**	1,265
	34,939	32,045

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**1,720**	711
Bank borrowings not wholly repayable within five years	**783**	1,505
	2,503	2,216

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense (including reversal of allowance for obsolete inventories of HK$490,000 (2012: HK$59,000))	**443,207**	397,699
Depreciation	**16,320**	13,703
Amortisation of other intangible assets	**204**	196
Research and development costs	**837**	2,077
Auditors' remuneration:		
– Current year	**2,150**	2,199
– Underprovision/(overprovision) in prior years	**164**	(624)
	2,314	1,575
Employee benefit expense (excluding directors' remuneration):		
– Wages and salaries and other benefits	**115,405**	110,143
– Share-based payment	**45**	152
– Pension scheme contributions	**7,094**	8,233
	122,544	118,528
Exchange losses, net	**83**	1,065
Recognition/(reversal) of impairment losses on trade and other receivables	**200**	(52)
Gross rental income	**(9,362)**	(9,110)
Less: direct outgoing expenses	**188**	195
	(9,174)	(8,915)

8. INCOME TAX EXPENSE

Hong Kong profits tax and Singapore income tax have been provided at the rates of 16.5% and 17% (2012: 16.5% and 17%) on the estimated assessable profits arising in Hong Kong and Singapore, respectively during the year. 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 25% (2012: 24%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2013 ***HK$'000***	2012 *HK$'000* (Restated)
Current – Hong Kong		
Charge for the year	**944**	8,639
Underprovision/(overprovision) in prior years	**9**	(1,852)
Current – other jurisdictions		
Charge for the year	**1,242**	168
Underprovision in prior years	**99**	–
Deferred taxation	**(1,755)**	(61)
Total tax charge for the year	**539**	6,894

The share of tax attributable to associates amounting to HK$4,226,000 (2012: HK$6,496,000) is included in "Share of results of associates" in profit or loss of the consolidated statement of comprehensive income.

9. DIVIDENDS

	2013 ***HK$'000***	2012 *HK$'000*
Proposed final – HK0.3 cents (2012: Nil) per ordinary share	**8,793**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

No interim dividend was declared in respect of the years ended 31 March 2013 and 2012.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,156,323,791 (2012: 2,036,142,969) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 March 2013 and 2012 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings/(loss) per share amounts presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings/(loss) per share calculations	**148,433**	(220,838)

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculations	**2,156,323,791**	2,036,142,969

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**98,787**	89,891
Less: accumulated impairment	**(3,408)**	(3,207)
	95,379	86,684
Rental and other deposits	**25,336**	21,654
Prepayments	**18,925**	17,735
Other receivables	**15,147**	29,261
Less: accumulated impairment	**–**	(15,000)
	59,408	53,650
Total trade and other receivables	**154,787**	140,334

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 60 to 120 days. Each customer has a maximum credit limit and credit limit are reviewed regularly. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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. 76% (2012: 85%) 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$22,966,000 (2012: HK$13,057,000) 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:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**11,770**	9,571
31 – 60 days	**5,512**	2,788
61 – 120 days	**3,422**	698
121 – 180 days	**994**	–
Over 180 days	**1,268**	–
	22,966	13,057

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, except for a receivable that were past due over 180 days but not impaired related to the sales to a PRC customer that have continuous settlements subsequent to reporting date. The directors are of opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movement in the allowance for doubtful debts

	2013	2012
	HK$'000	*HK$'000*
At 1 April	**18,207**	18,260
Recognition/(reversal) of impairment losses on trade and other receivables	**200**	(52)
Amount written off as uncollectible	**(15,000)**	(1)
Exchange realignment	**1**	–
At 31 March	**3,408**	18,207

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$3,408,000 (2012: HK$3,207,000) that are considered irrecoverable by 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.

As at 31 March 2012, included in the allowance for doubtful debts are individually impaired other receivables with an aggregate balance of HK$15,000,000. The amount represents full impairment of outstanding advances to a former subsidiary which are considered irrecoverable by the management as the amounts were 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 whole amount was written off as uncollectible for the year ended 31 March 2013. 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:

	2013	2012
	HK$'000	*HK$'000*
Renminbi ("**RMB**")	**–**	4,078
Singapore dollar ("**SGD**")	**208**	330
United States dollar ("**USD**")	**4**	–

12. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**64,857**	45,648
Accrual of salaries and commission	**10,944**	9,672
Accrual of purchases	**–**	6,616
Accrual of advertising and promotion	**3,694**	4,597
Rental deposits received	**2,244**	2,933
Other payables and accruals	**19,805**	21,469
	101,544	90,935

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

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**19,117**	22,581
31 – 60 days	**19,319**	20,126
61 – 120 days	**25,247**	309
Over 120 days	**1,174**	2,632
	64,857	45,648

The credit periods on purchase of goods are 30 to 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 the respective group entities, are set out below:

	2013	2012
	HK$'000	*HK$'000*
RMB	**17,055**	7,596
New Taiwan Dollar	**1,647**	2,422
USD	**833**	1,858
SGD	**–**	1,537
HK$	**594**	940
Euro	**645**	413
Great Britain Pound	**–**	334

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2013, the Group recorded a turnover and profit attributable to owners of the parent of approximately HK$808.5 million (2012: approximately HK$752.1 million) and approximately HK$148.4 million (2012: loss of approximately HK$220.8 million), respectively.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK0.3 cents (2012: Nil) per ordinary share for the year ended 31 March 2013 to shareholders on the register of members of the Company as of Friday, 30 August 2013. The final dividend will be paid on or around Wednesday, 11 September 2013, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Thursday, 22 August 2013. No interim dividend was made for the six months ended 30 September 2012 and 30 September 2011.

CLOSURE OF REGISTER

The register of members of the Company will be closed for the following periods:

(a) *for determining eligibility to attend and vote at the 2013 annual general meeting:*

Latest time to lodge transfer documents for registration:	4:30 p.m., Monday, 19 August 2013
Closure of register of members:	Tuesday, 20 August 2013 to Thursday, 22 August 2013
Record Date:	Thursday, 22 August 2013

(b) *for determining entitlement to the proposed final dividend:*

Latest time to lodge transfer documents for registration:	4:30 p.m., Wednesday, 28 August 2013
Closure of register of members:	Thursday, 29 August 2013 to Friday, 30 August 2013
Record Date:	Friday, 30 August 2013

In order to be eligible to attend and vote at the 2013 annual general meeting and to qualify for the proposed final dividend, 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 the respective latest date and time set out above.

BUSINESS REVIEW

For the year ended 31 March 2013, the Group continued to achieve a satisfactory business growth and recorded a turnover of approximately HK$808.5 million (2012: approximately HK$752.1 million), representing a growth of approximately 7.5% over last year. Besides, the Group recorded a turn from a loss to a profit for the year ended 31 March 2013 as compared to the year ended 31 March 2012, achieving a profit attributable to owners of the parent of approximately HK$148.4 million (2012: loss of approximately HK$220.8 million). Such improvement in result was mainly attributable to, among other things, the increase in gain on change in fair value of investment properties, the turn from a net realised and unrealised loss to a net realised and unrealised gain on held-for-trading investments and the lack of impairment losses recognised for the investment in an associate as compared to the year ended 31 March 2012.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the year increased by approximately 15.4% from approximately HK$554.8 million for last year to approximately HK$640.2 million. The achievement was the result of reinforcing customers' confidence in our quality products through strict production and process control, expanding our product range to attract and broaden our customer 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. Although there was a slightly recession in the overall economy, which placed heavy pressure on the general retail business environment, we have still recorded a better same store sale growth and a generally better performing retail business for the year.

Besides, sales performance in other channels, such as chain stores, key accounts, open trade, overseas, etc., also recorded remarkable growth rate against last year, in virtue of we have increased the focus and have added more resources to develop these alternative sale channels. Together with the integrated Chinese medical centres opened last year, such 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 decreased by approximately 13.3% from approximately HK$156.8 million for last year to approximately HK$136.0 million. The drop in sales was mainly due to the reason that started from about the second half of the financial year, the Mainland China government authority has suddenly imposed a control measure banning the sales of cough syrup products containing codeine in Mainland China market temporarily. As one of our cough syrup products under the brand "Madame Pearl's" falls into this category, we have suffered and have lost about half year's sales amount, as well as a substantial profit margin. Such prohibition in sales has been withdrawn in May 2013 and the sales of cough syrup products containing codeine in Mainland China market resumed to normal.

In order to compensate for the loss in sales as mentioned above, the Group has continuously and successfully diversified its products portfolio by launching a series of personal care products under its secondary brand "Pearl's". By means of continuous product development, adding promotion effort, increasing product penetration and appearance in different sale channels, "Pearl's" has gained customer confidence, becoming more well-known to the public and more well-received by the market. In future, we shall introduce more new personal care products which target the children and the adult sectors to the market.

In addition, the new product line, sugar-free mint candy, has brought in additional sale revenue to the Group since its launch to the market in the fourth quarter of last financial year. Market response is positive and encouraging, especially from the younger generation. Again, we shall expand this product line and bring in more freshly and energetic products in order to attract more customers from the new generation.

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

Turnover for the year decreased by approximately 27.1% from approximately HK$31.4 million for last year to approximately HK$22.9 million. The incidents of fake red/blood birds' nest and high level of sodium nitrite contaminated birds' nest last year in the market accounted for the significant drop in sales, especially the sales in Mainland China market, as Mainland China has put an embargo on the import of both dry birds' nest and bottled birds' nest. We expect that the whole birds' nest business will recover when Mainland China lifts the ban.

On the other hand, the Group has diversified its product range by introducing more herbal essence products and has expanded the distribution of its products to more oversea Chinese communities in order to minimise the impact of 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.

On 31 January 2013, the Group entered into a provisional sale and purchase agreement with an independent third party for the acquisition of an investment property located in Jordan, Kowloon, Hong Kong, at a cash consideration of HK$81.0 million. The acquisition was completed on 2 April 2013 and the property is currently leased out to an independent third party for commercial purpose. Details of the property acquisition were set out in the Company's announcement dated 4 February 2013.

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

PNG, a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), which is principally engaged in property development in the PRC, forestry and logging operations in Papua New Guinea and retailing of fresh pork meat and related produce in Hong Kong.

The Group shared the profit of PNG of approximately HK$9.7 million for the year (2012: approximately HK$1.9 million). The increase in profit was mainly due to the contribution from the revenue and profit realised from the sale of property in the PRC during the year.

No impairment loss on the investment in PNG was recognised by the Group during the year (2012: approximately HK$269.5 million) as the recoverable amount was assessed to be closed to the carrying value of the interest in PNG.

On 22 November 2012, the Group entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of Wang On Group Limited ("**Wang On**") (a substantial shareholder of the Company) for the disposal of 1,150,000,000 ordinary shares in the issued share capital of PNG, being approximately 14.95% equity interest in PNG at a consideration of HK$110.4 million. Upon completion of the disposal, the Group reduced its equity interest in PNG to approximately 34.63%. The Group considered that the disposal of PNG's shares was a good opportunity for the Group to realise part of its investment in PNG. Details of the disposal were set out in the Company's announcement dated 22 November 2012 and the Company's circular dated 10 December 2012.

(6) Investments held-for-trading

The Group has maintained a portfolio of listed equity securities in Hong Kong which are held for trading purpose. The Group has recorded net realised and unrealised gains of approximately HK$1.2 million on these held-for-trading investments for the year (2012: loss of approximately HK$57.3 million).

(7) Loan facilities granted to China Agri-Products Exchange Limited ("CAP")

On 22 November 2012, the Group entered into a loan agreement with CAP, pursuant to which the Group agreed to grant to CAP a revolving loan facility in the maximum aggregate amount of HK$100.0 million at an interest rate of 10.0% per annum for a term of three years. On 28 December 2012, HK$100.0 million was fully drawn down by CAP.

Together with the loan of HK$75.0 million under previous loan facility agreements entered into in 2011 (as supplemented on 6 September 2012), in which carrying interest at 10.0% per annum with maturity date on 30 September 2014, CAP was indebted to the Group in an aggregate loan amount of HK$175.0 million as at 31 March 2013.

Subsequent to the year end on 28 May 2013, the Group entered into a further loan agreement with CAP, pursuant to which the Group agreed to grant to CAP a revolving loan facility in an aggregate amount of not exceeding HK$150.0 million at an interest rate of 12.0% per annum for a term of three years. Up to the date of this report, HK$100.0 million has been drawn down by CAP already.

The Group considered that the loans granted to CAP provides a higher and stable return of interest income to the Group in the short to medium term.

(8) Grant of lease of land in Yuen Long Industrial Estate

On 15 November 2012, Hong Kong Science and Technology Parks Corporation agreed to grant the lease of a piece of land located at Yuen Long Industrial Estate to the Group at the consideration of approximately HK$21.4 million. The said land will be used for the construction of a five-storey factory building to house the Group's pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing and to expand its pharmaceutical manufacturing business. Details of the grant of the lease of land were set out in the Company's announcement dated 12 December 2012.

FINANCIAL REVIEW

Fund Raising

On 30 November 2012, the Company, an indirect wholly-owned subsidiary of Wang On (the "**Vendor**") and a placing agent entered into a top-up placing and subscription agreement pursuant to which (i) the Vendor has agreed to place, through the placing agent, 250 million top-up placing shares to independent investors at a top-up placing price of HK$0.125 per top-up placing share; and (ii) the Vendor has agreed to subscribe for 250 million top-up subscription shares at the top-up subscription price of HK$0.125 per top-up subscription share.

Also on 30 November 2012, the Company entered into a new issue placing agreement with a placing agent pursuant to which, the Company has agreed to allot and issue, and the placing agent has agreed to place, 157 million new issue placing shares to independent investors at a new issue placing price of HK$0.125 per new issue placing share.

The top-up placing, the top-up subscription and the new issue placing were completed on 5 December 2012, 11 December 2012 and 7 January 2013, respectively, and an aggregate of 250 million top-up placing shares and 157 million new issue placing shares have been successfully placed. The aggregate net proceeds from the top-up subscription and the new issue placing amounted to approximately HK$49.0 million. The Group intended to utilise as to approximately HK$25.0 million of the net proceeds for the expansion of its production facilities and the remaining balance of approximately HK$24.0 million as general working capital of the Group.

Furthermore, on 8 March 2013, the Company entered into a placing agreement with a placing agent pursuant to which, the Company has agreed to allot and issue, and the placing agent has agreed to place, 488 million placing shares to independent investors at a placing price of HK$0.22 per placing share.

The placing was completed on 26 March 2013 and the entire 488 million placing shares have been successfully placed. The aggregate net proceeds amounted to approximately HK$104.2 million. The Group intended to utilise as to approximately HK$65.0 million of the net proceeds for the construction of the new factory at Yuen Long Industrial Estate and the remaining balance of approximately HK$39.2 million as general working capital of the Group.

Liquidity and Gearing

As at 31 March 2013, the Group's total borrowings amounted to approximately HK$262.8 million (2012: approximately HK$140.1 million). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the parent, was approximately 15.7% (2012: approximately 10.1%).

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 2013, the Group had capital commitment of approximately HK$13.6 million (2012: approximately HK$0.4 million) and approximately HK$37.0 (2012: Nil) in respect of the acquisition of property, plant and equipment and investment property, respectively, which were contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 31 March 2013, the Group had no material contingent liabilities (2012: Nil).

EMPLOYEES

As at 31 March 2013, the Group had 741 (2012: 705) employees, of whom approximately 66% (2012: 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$127.6 million (2012: approximately HK$123.0 million).

PROSPECTS

The recent global financial instability and economic recession has generally affected the business environment in Hong Kong and the PRC, with the retail business being the most vulnerable. Whilst the retail business of the Group has fared relatively well, in order to minimise the general adverse effect on our business of the worsening global environment as well as the local government policy, control and measure, 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. Proven that there should be a strong growth potential in other sale channels, such as chain stores, key accounts, open trade, overseas, etc., the Group will further increase the focus and concentration by adding more resources, including manpower, incentives, advertising and promotion fees to develop these alternative sale channels, with the target to balance the risk and reliance on retail business. Besides, the Group will also make use of the cyber world, such as cooperate with other agencies focusing on group purchase business, set up a fans page on Facebook and launch iPhone apps, which have been recognised to be a very effective and efficient way to promote our brands and products and bring in potential new customers from the younger generation. On the other hand, the Group will also evaluate merger and acquisition opportunities as a means to speed up growth and which can bring in synergy to our existing business, 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 as they pay a significant portion of 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, reviewing various operating cycles and processes so as to improve our production efficiency and relocating some of our retail shops to achieve lower overall rental costs, the Group's management seeks to maintain its profitability. The Group will also consider acquiring suitable retail premises, both for long term capital appreciation purpose and to minimise the effect of the rising trend in rental costs.

Going forward, to expand the Group's pharmaceutical manufacturing business as well as to fulfill the stringent change of quality system among pharmaceutical industry is the next milestone of the Group. Taking the opportunity that the Group has been granted the lease of a piece of land located at Yuen Long Industrial Estate, the Group is keen to construct a new and modernised five-storey factory building to house its pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing. The Group will also introduce the latest technologies and incorporate a research and development centre into this new factory. As such, the Group is confident that our leading position as a local Hong Kong brand in the pharmaceutical industry will be further strengthened.

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 CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance with a strong emphasis on transparency, accountability, integrity and independence. In the opinion of the Board, the Company has applied the principals and complied with the code provisions set out in the Corporate Governance Code contained 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 2013.

Further details of the Company's corporate governance practices are set out in corporate governance report to be contained in the Company's 2013 annual report.

PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

In light of enhancing the efficiency and cost effectiveness and in compliance with the requirements of the Listing Rules, the Board proposes to seek approval of the shareholders of the Company by way of special resolutions to be passed at the forthcoming annual general meeting to amend the existing bye-laws of the Company (the "**Bye-laws**") and the adoption of the amended and restated Bye-laws by consolidating the various previous amendments made to the Bye-laws.

Details of the amendments to the Bye-laws are set out in the notice convening the 2013 annual general meeting to be contained in the Company's circular which will be despatched to the shareholders of the Company together with the 2013 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, they confirmed that they had complied with the required standard 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 2013. 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.

ANNUAL GENERAL MEETING

The 2013 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 Thursday, 22 August 2013 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 HKExnews *(http://www.hkex.com.hk)* and the Company *(http://www.wyth.net)*. The 2013 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, 21 June 2013

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*