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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 2024

ANNUAL FINANCIAL HIGHLIGHTS

HK$ million	**FY2024**	FY2023 (restated)	**YoY change**
Revenue	**783.9**	723.6	**8.3%**
Gross profit	**394.8**	342.4	**15.3%**
Profit for the year	**4.0**	3.3	**21.2%**
Core profit from continuing operations[1]	**62.5**	40.6	**53.9%**
Loss attributable to owners of the parent	**(15.4)**	(20.5)	**24.9%**
Loss per share *(HK cents)*			
– Basic and diluted	**(1.30)**	(1.69)	**0.39**
Proposed cash dividend per share *(HK cents)*			
– Final	**3.0**	–	**N/A**
– Special	**14.7**	–	**N/A**
	As at 31 March 2024	As at 31 March 2023	
Net assets value	**1,385.5**	3,688.4	**(62.4%)**
Cash and cash equivalents	**155.0**	525.9	**(70.5%)**
Gearing ratio	**21.7%**	46.3%	**(24.6%)**

1 Core profit from continuing operations represents net profit from continuing operations excluding gain on disposal of items of property, plant and equipment, fair value losses on owned investment properties, fair value gains or losses on financial assets at fair value through profit or loss, impairment loss on financial assets-debt investments at FVOCI, impairment loss on items of property, plant and equipment, loss on disposal/redemption of debt investments at fair value through other comprehensive income and loss on disposal of subsidiaries.

* *For identification purpose only*

RESULTS

The board of directors (the "**Board**" or the "**Director(s)**") 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 2024, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2024

	Notes	**2024** ***HK$'000***	2023 *HK$'000* (restated)
CONTINUING OPERATIONS			
REVENUE	*4*	**783,881**	723,598
Cost of sales		**(389,068)**	(381,235)
Gross profit		**394,813**	342,363
Other income and gains, net	*4*	**91,588**	54,470
Selling and distribution expenses		**(246,123)**	(223,891)
Administrative expenses		**(108,855)**	(107,629)
Reversal of impairment losses/(impairment losses) on financial assets, net		**584**	(12,667)
Other expenses, net	*5*	**(86,310)**	(19,283)
Finance costs	*7*	**(40,792)**	(29,505)
Fair value losses on financial assets at fair value through profit or loss, net		**(3,219)**	(5,520)
Fair value losses on owned investment properties, net		**(17,852)**	(7,189)
Share of profits and losses of associates		**2,533**	2,946
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**(13,633)**	(5,905)
Income tax credit	*8*	**6,359**	13,317
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**(7,274)**	7,412
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations		**11,319**	(4,065)
PROFIT FOR THE YEAR		**4,045**	3,347

	Notes	**2024** **HK$'000**	2023 HK$'000 (restated)
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		**(8,495)**	936
Reclassification adjustments for losses/ (gains) included in profit or loss:			
– Impairment losses, net	*6*	**461**	6,860
– Losses/(gains) on disposal/redemption, net	*4, 5*	**9,152**	(784)
Subtotal		**1,118**	7,012
Translation reserve:			
Translation of foreign operations		**(87,911)**	(243,127)
Release upon the completion of the Distribution in Specie		**8,248**	–
Subtotal		**(79,663)**	(243,127)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(78,545)**	(236,115)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Equity investments at fair value through other comprehensive income:			
Changes in fair value		**(34,674)**	(29,445)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(113,219)**	(265,560)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(109,174)**	(262,213)

	Note	2024 HK$'000	2023 HK$'000 (restated)
Profit/(loss) attributable to:			
Owners of the parent		**(15,356)**	(20,515)
Non-controlling interests		**19,401**	23,862
Total		**4,045**	3,347
Total comprehensive loss attributable to:			
Owners of the parent		**(78,228)**	(156,856)
Non-controlling interests		**(30,946)**	(105,357)
Total		**(109,174)**	(262,213)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic and diluted			
– For loss for the year		**HK (1.30) cents**	HK (1.69) cents
– For profit/(loss) from continuing operations		**HK (0.63) cents**	HK0.61 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**665,458**	961,159
Investment properties		**152,000**	3,099,676
Net investments in subleases		**5,897**	7,306
Investments in associates		**4,433**	4,500
Financial assets at fair value through other comprehensive income		**24,986**	192,892
Loans and interest receivables		**380,000**	17,209
Prepayments and deposits		**14,423**	17,070
Deferred tax assets		**17,685**	11,633
Total non-current assets		**1,264,882**	4,311,445
CURRENT ASSETS			
Properties under development		**–**	192,950
Properties held for sale		**–**	1,234,419
Inventories		**308,098**	209,232
Trade receivables	*12*	**81,356**	68,028
Loans and interest receivables		**114,759**	10,749
Prepayments, deposits and other receivables		**57,781**	259,226
Net investments in subleases		**4,931**	5,205
Financial assets at fair value through other comprehensive income		**8,128**	813
Financial assets at fair value through profit or loss		**28,753**	47,449
Tax recoverable		**181**	5,790
Pledged deposits		**4,444**	33,496
Restricted bank balances		**–**	12,174
Cash and cash equivalents		**154,969**	525,869
		763,400	2,605,400
Assets classified as held for sale and assets of a disposal company		**66,828**	96,970
Total current assets		**830,228**	2,702,370
CURRENT LIABILITIES			
Trade and bills payables	*13*	**30,907**	79,489
Other payables and accruals		**148,683**	690,388
Contract liabilities		**12,020**	175,870
Interest-bearing bank and other borrowings		**184,749**	614,390
Tax payable		**4,513**	95,848
		380,872	1,655,985
Liabilities of a disposal company		**–**	1,203
Total current liabilities		**380,872**	1,657,188

	2024	2023
	HK$'000	*HK$'000*
NET CURRENT ASSETS	**449,356**	1,045,182
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,714,238**	5,356,627
NON-CURRENT LIABILITIES		
Other payables	**51,220**	66,403
Unsecured notes	**–**	125,189
Interest-bearing bank borrowings	**276,200**	907,272
Deferred tax liabilities	**1,362**	569,379
Total non-current liabilities	**328,782**	1,668,243
Net assets	**1,385,456**	3,688,384
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**11,711**	12,046
Reserves	**1,375,235**	2,337,145
Subtotal	**1,386,946**	2,349,191
Non-controlling interests	**(1,490)**	1,339,193
Total equity	**1,385,456**	3,688,384

NOTES TO FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This financial information has 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 and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss ("**FVTPL**") and financial assets at fair value through other comprehensive income ("**FVTOCI**") which have been measured at fair value. Assets and a disposal company classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

This financial information has presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**") (early adopted)*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**") (early adopted)*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has early adopted the 2020 Amendments and 2022 Amendments from 1 April 2023 and in accordance with the transition provisions of the amendments, the Group has applied the amendments retrospectively.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2022 and 31 March 2023 upon initial application of the amendments and there was no significant impact to the Group's classification of liabilities as at 1 April 2022 and 31 March 2023. The amendments also did not have any significant impact to the Group's classification of liabilities as at 31 March 2024. In addition, the Group has provided disclosures for non-current liabilities that are subject to the Group complying with future covenants within 12 months after 31 March 2024 in the financial statements.

(c) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(d) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(e) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

Continuing operations:

– production and sale of Chinese pharmaceutical and health food products — manufacture, processing and sale of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of "Wai Yuen Tong" and a range of products manufactured using selected medicinal materials with traditional prescriptions, mainly in Chinese Mainland and Hong Kong ("**Chinese Pharmaceutical Segment**");

– production and sale of Western pharmaceutical and health food products — manufacture, processing and sale of Western pharmaceutical products and personal care products under the brand names of "Madame Pearl's" and "Pearl's", respectively ("**Western Pharmaceutical Segment**"); and

– property investment — investment in commercial and industrial premises for rental income.

Discontinued operations:

– management of and sale of properties in agricultural produce exchange markets.

Upon completion of the Distribution in Specie (as defined in note 9 to the financial information, the businesses of management of and sale of properties in agricultural produce exchange markets carried out by China Agri-Products Exchange Limited ("**CAP**", together with its subsidiaries, the "**CAP Group**") were classified as discontinued operations and further details are disclosed in note 10 to the financial information. Accordingly, the financial performance of the management of and sale of properties in agricultural produce exchange markets segment is classified as "profit/(loss) for the year from discontinued operations" in the consolidated statement of profit or loss and other comprehensive income.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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 bank interest income, finance costs, fair value gains/losses from the Group's financial instruments at FVTPL, gains/losses arising from disposal transactions, and head office and corporate income and expenses 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.

The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The Group has restated certain comparative segment information below to conform with the current year's presentation by inclusion of the other income and gains, which are directly attributable to the activities of the operating segments, into the segment results, with the others remaining in unallocated corporate items under the reconciliation section.

Segment revenue and results

Year ended 31 March

	Continuing operations								Discontinued operations					
	Chinese Pharmaceutical Segment		Western Pharmaceutical Segment		Property investment		Total continuing operations		Management of and sale of properties in agricultural produce exchange markets		Eliminations		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)
Segment revenue and income:														
Sales to external customers	**689,200**	634,958	**90,198**	82,592	**4,483**	6,048	**783,881**	723,598	**553,973**	562,830	**—**	—	**1,337,854**	1,286,428
Intersegment sales	**1,403**	1,472	**11**	537	**14,304**	15,621	**15,718**	17,630	**—**	—	**(15,718)**	(17,630)	**—**	—
Total segment revenue	**690,603**	636,430	**90,209**	83,129	**18,787**	21,669	**799,599**	741,228	**553,973**	562,830	**(15,718)**	(17,630)	**1,337,854**	1,286,428
Other income and gains	**2,538**	2,491	**1,177**	53	**38,892**	2,429	**42,607**	4,973	**141,749**	51,853	**—**	—	**184,356**	56,826
Total	**693,141**	638,921	**91,386**	83,182	**57,679**	24,098	**842,206**	746,201	**695,722**	614,683	**(15,718)**	(17,630)	**1,522,210**	1,343,254
Segment results	**37,549**	6,830	**14,554**	15,181	**(39,798)**	(2,022)	**12,305**	19,989	**170,947**	92,093	**—**	—	**183,252**	112,082
Reconciliation:														
Bank interest income							**2,182**	3,027	**2,671**	3,037			**4,853**	6,064
Finance costs							**(40,792)**	(29,505)	**(111,754)**	(116,262)			**(152,546)**	(145,767)
Fair value losses on financial assets at FVTPL, net							**(3,219)**	(5,520)	**(2,817)**	(214)			**(6,036)**	(5,734)
Losses on disposal of subsidiaries							**(5,898)**	(1,769)	**—**	—			**(5,898)**	(1,769)
Corporate and unallocated income and expense, net							**23,172**	9,340	**2,890**	13,848			**26,062**	23,188
Profit/(loss) before tax							**(12,250)**	(4,438)	**61,937**	(7,498)			**49,687**	(11,936)
Income tax credit/(expense)							**6,359**	13,317	**(52,001)**	1,966			**(45,642)**	15,283
Profit/(loss) for the year							**(5,891)**	8,879	**9,936**	(5,532)			**4,045**	3,347

4. REVENUE AND OTHER INCOME AND GAINS, NET

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

	2024			2023		
	Continuing operations *HK$'000*	**Discontinued operations** *HK$'000*	**Total** *HK$'000*	Continuing operations *HK$'000* (restated)	Discontinued operations *HK$'000* (restated)	Total *HK$'000* (restated)
Revenue from contracts with customers	**779,398**	**375,675**	**1,155,073**	717,550	376,226	1,093,776
Revenue from other sources						
Gross rental income from investment property operating leases	**4,483**	**178,298**	**182,781**	6,048	186,604	192,652
Total revenue	**783,881**	**553,973**	**1,337,854**	723,598	562,830	1,286,428

An analysis of the Group's other income and gains, net, from continuing operations is as follows:

	2024 *HK$'000*	2023 *HK$'000* (restated)
Other income		
Interest income on loans receivable from CAP *(note (i))*	**39,100**	39,461
Interest income on loans receivable from WOG	**384**	–
Interest income on financial assets at FVTPL and FVTOCI	**3,767**	2,153
Interest income on bank deposits	**2,182**	3,027
Finance income on net investments in subleases	**354**	368
Dividends from financial assets at FVTPL and FVTOCI	**2,451**	2,120
Rental income from other properties	**4,999**	4,073
Government subsidies *(note (ii))*	**41**	631
Others	**2,915**	991
Total other income	**56,193**	52,824
Gains, net		
Gain on disposal/redemption of debt investments at FVTOCI, net	**–**	784
Gain on disposal of items of property, plant and equipment, net	**35,395**	287
Gain on modification/termination of lease contracts	**–**	575
Total gains, net	**35,395**	1,646
Total other income and gains, net	**91,588**	54,470

Notes:

(i) The interest income on loans receivable from CAP, the operations of which were classified as discontinued operations during the year, was not eliminated and was presented to reflect how the loans arrangement with CAP will be reflected in continuing operations going forward.

(ii) Government subsidies from continuing operations during the year ended 31 March 2024 represented the one-off subsidies of HK$41,000 (2023: HK$631,000) granted by The Government of the Hong Kong Special Administrative Region's Research and Development Cash Rebate Scheme and SME Export Marketing Fund.

The Group has complied with all attached conditions before 31 March 2024 and 2023 and recognised these grants in profit or loss as "Other income and gains, net" in the respective accounting periods.

Government subsidies from discontinued operations (see note 10) during the year ended 31 March 2024 represented the PRC government subsidies of HK$4,618,000 (2023: HK$8,975,000) granted to the Group by the local governmental authority in Chinese Mainland for the business support on its operations in agricultural produce exchange market in Chinese Mainland.

5. OTHER EXPENSES, NET

An analysis of other expenses, net, from continuing operations is as follows:

	2024	2023
	HK$'000	*HK$'000*
		(restated)
Losses on disposal of subsidiaries	**5,898**	1,769
Loss on disposal/redemption of debt investments at FVTOCI, net	**9,152**	–
Loss on modification of debt investments at FVTOCI	**–**	867
Impairment losses on items of property, plant and equipment, net	**68,630**	12,941
Exchange losses, net	**2,630**	3,706
Total other expenses, net	**86,310**	19,283

6. LOSS BEFORE TAX

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

	2024	2023
	HK$'000	*HK$'000*
		(restated)
Cost of inventories recognised as an expense (including allowance for obsolete inventories of HK$2,911,000 (2023: HK$2,965,000))	**389,068**	381,235
Research and development costs	**1,786**	1,897
Lease payments not included in the measurement of lease liabilities	**13,573**	15,227
COVID-19-related rent concessions from lessors	**–**	(774)
Auditor's remuneration	**4,580**	5,580
Depreciation of owned assets	**36,105**	40,371
Depreciation of right-of-use assets	**53,067**	54,859
Total	**89,172**	95,230
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries and other benefits*	**221,355**	135,219
Pension scheme contributions**	**10,038**	9,067
Total	**231,393**	144,286
Foreign exchange differences, net	**2,630**	3,706
Impairment losses/(reversal of impairment losses) on financial assets, net:		
Debt investments at fair value through other comprehensive income	**461**	6,860
Trade receivables	**(1,045)**	5,854
Loans and interest receivables	**–**	(47)
Total	**(584)**	12,667
Gross rental income	**(9,482)**	(10,121)
Less: Direct outgoing expense	**386**	280
Net rental income	**(9,096)**	(9,841)

* During the year ended 31 March 2023, wage subsidies of HK$12,034,000 granted by the Employment Support Scheme under the Anti-Epidemic Fund for the use of paying wages of employees from May to July 2022 had been received. The amount was recognised in profit or loss and had been offset with the employee benefit expense. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2024	2023
	HK$'000	*HK$'000*
		(restated)
Interest on bank and other borrowings	**36,721**	26,796
Interest on lease liabilities	**4,071**	2,709
Total	**40,792**	29,505

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The provision for PRC land appreciation tax ("**LAT**") is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at a fixed rate or ranges of progressive rates of the appreciation value, with certain allowable deductions.

	2024	2023
	HK$'000	*HK$'000*
		(restated)
Current – Hong Kong		
Charge for the year	**600**	547
Current – other jurisdiction		
Charge for the year	**–**	282
Overprovision in prior years	**(92)**	(856)
Deferred taxation	**(6,867)**	(13,290)
Total tax credit for the year from continuing operations	**(6,359)**	(13,317)
Total tax charge/(credit) for the year from discontinued operations	**52,001**	(1,966)
Total charge/(credit)	**45,642**	(15,283)

9. DIVIDENDS

	Notes	**2024** HK$'000	2023 HK$'000
Proposed final dividend	*(i)*		
— Cash dividend of HK3.0 cents (2023: Nil) per ordinary share		**33,753**	—
— Special dividend of HK14.7 cents (2023: Nil) per ordinary share		**165,390**	—
Special dividend paid by way of the Distribution in Specie	*(ii)*	**869,289**	—
		1,068,432	—

Notes:

(i) The final dividend for the year ended 31 March 2024 proposed subsequent to the reporting period has not been recognised as liabilities at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Except for the special dividend paid by way of the Distribution in Specie as detailed in note (ii) below, no interim dividend was declared for the years ended 31 March 2024 and 2023.

(ii) On 7 March 2024, the shareholders of the Company approved the payment of a special dividend by way of a distribution in specie of 1,715,665,730 shares of Wang On ("**Wang On Shares**") held by the Group which was recognised as financial assets at FVTOCI before the distribution, and 5,310,951,597 shares of CAP ("**CAP Shares**") held by the Group which represented approximately 53.36% of the issued capital of CAP, to the qualifying shareholders in proportion to their respective shareholdings in the Company on the basis of 293 Wang On Shares and 907 CAP Shares for every 200 shares of the Company held by shareholders whose names appeared on the register of members of the Company on 18 March 2024 (the "**Distribution in Specie**") and on the terms and subject to the exclusions described in the circular of the Company dated 15 February 2024. The Distribution in Specie was paid out of the contributed surplus account of the Company. Given that CAP is ultimately controlled by Wang On before and after the distribution, the Distribution in Specie in respect of CAP Shares was measured and accounted for using the carrying amount of net assets of CAP on the date of distribution. The Distribution in Specie was completed on 25 March 2024.

Out of the total of 1,716,749,000 Wang On Shares and 5,312,395,685 CAP Shares held by the Group, 1,715,665,730 Wang On Shares and 5,310,951,597 CAP Shares with aggregate carrying values in the Group's consolidated statement of financial position as at the completion date of the Distribution in Specie of approximately HK$58,333,000 and HK$810,956,000, respectively, were distributed to shareholders and were recognised as the payment of a special dividend with an aggregate amount of HK$869,289,000 out of contributed surplus. The remaining undistributed 1,083,270 Wang On Shares and 1,444,088 CAP Shares with fair value amounted to approximately HK$54,000 and HK$131,000 were recognised as financial assets as at 31 March 2024.

10. DISCONTINUED OPERATIONS

Upon completion of the Distribution in Specie, the CAP Group ceased to be subsidiaries of the Company. The financial statements and results of the CAP Group are deconsolidated from the Group's consolidated financial statements commencing from the date of completion of the Distribution in Specie, being the date on which the Group lost control on the CAP Group. The CAP Group is principally engaged in the management of and sale of properties in agricultural produce exchange markets. The Group has decided to cease its businesses in the management of and sale of properties in agricultural produce exchange markets because it plans to focus and strengthen its resources on its businesses on manufacturing and retailing of pharmaceutical and health food products as well as personal care products, and to streamline the corporate structure of the Company and its group companies.

Since the operations and cash flows relating to the CAP Group can be clearly distinguished from the rest of the Group and represented a separate major line of business of the Group, they were classified as discontinued operations. The results of the discontinued operations were presented separately in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2024, and the corresponding comparative information relating to the discontinued operations has been re-presented.

The results of the discontinued operations for the year are presented below:

	2024	2023
	HK$'000	*HK$'000*
Revenue	**553,973**	562,830
Other income and gains, net	**156,529**	68,152
Expenses and losses, net	**(526,030)**	(520,751)
Finance costs*	**(111,754)**	(116,262)
Profit/(loss) before tax from the discontinued operations	**72,718**	(6,031)
Income tax credit/(charge)	**(52,001)**	1,966
Profit/(loss) after tax from the discontinued operations	**20,717**	(4,065)
Translation reserve released upon completion of the Distribution in Specie	**(8,248)**	—
Transaction costs incurred for Distribution in Specie	**(1,150)**	—
Profit/(loss) for the year from the discontinued operation	**11,319**	(4,065)

* Included in finance costs was interest expense of HK$39,100,000 (2023: HK$39,461,000) charged by subsidiaries within the Group's continuing operations which was presented gross (note 4).

11. 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 owners of the parent, and the weighted average number of ordinary shares 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 2024 and 2023 as the Group had no potentially dilutive ordinary shares in issue during the years.

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

	2024	2023
	HK$'000	*HK$'000*
		(restated)
Earnings/(loss) per share		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation:		
From continuing operations	**(7,426)**	7,365
From the discontinued operations	**(7,930)**	(27,880)
Total	**(15,356)**	(20,515)

	Number of shares	
	2024	2023
		(restated)
Shares		
Weighted average number of ordinary shares used in the basic and diluted earnings/(loss) per share calculation	**1,181,345,893***	1,216,212,751*

* In respect of the years ended 31 March 2024 and 2023, no adjustment has been made to the basic loss per share amount of the Group and the discontinued operations presented in respect of a dilution as the impact of outstanding share options issued by CAP had no dilutive effect on the basic loss per share amounts presented.

12. TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**94,402**	91,062
Less: Accumulated impairment	**(13,046)**	(23,034)
Net carrying amount	**81,356**	68,028

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 7 to 120 days. Each customer has a maximum credit limit and the credit limit is reviewed regularly. 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.

Included in the Group's trade receivables are amounts due from the Group's associates of HK$5,341,000 (2023: HK$5,908,000) which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**37,767**	29,244
1 to 3 months	**13,313**	19,259
Over 3 months but within 6 months	**15,391**	12,864
Over 6 months	**14,885**	6,661
Total	**81,356**	68,028

13. TRADE AND BILLS PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**26,463**	79,489
Bills payable	**4,444**	–
Total	**30,907**	79,489

An ageing analysis of trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**13,817**	29,259
1 to 3 months	**4,234**	11,236
Over 3 months but within 6 months	**1,364**	1,117
Over 6 months	**11,492**	37,877
Total	**30,907**	79,489

The trade payables are non-interest-bearing. The bills payables of the Group are secured by the Group's bank balances and property, plant and equipment and interest-bearing at 2.45% per annum (2023: Nil). The trade and bills payables have an average term of 30 to 360 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

14. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and re-presented to conform with the current year's presentation and disclosures, including the comparative consolidated statement of profit or loss and other comprehensive income which has been re-presented as if the operations discontinued during the current year have been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS

For the financial year ended 31 March 2024 (the "**Year**"), total revenue of the Group increased by approximately 8.3% to approximately HK$783.9 million, which was mainly attributable to the increase in sale of pharmaceutical and health food products.

During the Year, the Group recorded a loss attributable to owners of the parent of approximately HK$15.4 million (2023: loss attributable to owners of the parent of approximately HK$20.5 million). Such reduction in loss was mainly attributable to the combined effect of (i) increase in gross profit generated from the production and sale of pharmaceutical and health food products; (ii) gain on disposal of items of property, plant and equipment; (iii) increase in fair value losses on owned investment properties; (iv) increase in loss on disposal/redemption of debt investments; and (v) increase in impairment loss on items of property, plant and equipment.

DIVIDEND

The Board has recommended the payment of a final cash dividend and a special cash dividend of HK3.0 cents and HK14.7 cents respectively per ordinary share in respect of the financial year ended 31 March 2024 (2023: Nil). No interim dividend was declared for the six months ended 30 September 2023 (30 September 2022: Nil). A special dividend by way of distribution in specie was declared and paid during the Year (2023: Nil). For details of this special dividend, please refer to the announcement and circular dated 25 January 2024 and 14 February 2024 respectively.

The proposed dividend will be paid on or around Friday, 6 September 2024, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Tuesday, 20 August 2024.

BUSINESS REVIEW

Hong Kong's economy demonstrated moderate growth in the first quarter of 2024, as indicated by a 2.7% year-on-year increase in real gross domestic product (GDP). Following the post-pandemic period in 2023, the relaxation of restrictions facilitated the return of tourists to Hong Kong, fostering a resurgence in tourism consumption. Notably, there has been a notable uptick in demand for Chinese and western medicines and supplement products, particularly those related to respiratory health, owing to the prevalence of influenza and the discontinuation of mask-wearing habits. However, despite these positive developments, the business landscape in Hong Kong presents significant challenges. An essential hurdle lies in the shifting consumption patterns of tourists, necessitating businesses to swiftly adapt their strategies to meet evolving preferences and demands. Moreover, the retail market sentiments remain uncertain, further complicating the operating environment. Nonetheless, Wai Yuen Tong is proactively striving to seize business opportunities within the market. By keenly observing and responding to the changing needs of consumers, Wai Yuen Tong seeks to navigate the dynamic business landscape and position itself favorably amidst these challenges.

Chinese Pharmaceutical and Health Food Products

Wai Yuen Tong remains unwavering in its commitment to deliver exceptional Traditional Chinese Medicine (TCM) products and services. In response to the rising demand for Chinese medicine practitioners' consultations and to augment our service offerings, we established the Centralized Decoction Center in August 2023. This state-of-the-art facility enables us to provide decocted TCM medicines directly to our customers' homes within a swift 24-hour timeframe, ensuring convenient access to high-quality healthcare solutions. Furthermore, throughout the Year, we have proactively expanded our business operations. This expansion includes the strategic opening of new retail outlets strategically located in popular tourist areas, re-adjusted our operating hours, as well as collaborations with prominent Health & Beauty drug chains and various e-commerce platforms both in Hong Kong and Chinese Mainland. By venturing into these channels, we aim to broaden our customer base and extend our products and services to a wider audience. In addition, recognizing the flourishing cross-border e-commerce landscape and the increasing influx of Chinese tourists, we have strategically reallocated our advertising spending to support the growth of the Chinese market. We understand the immense potential within this market and are directing additional resources to capture the attention of Chinese consumers effectively. Through these initiatives, Wai Yuen Tong is dedicated to meeting the diverse needs of our customers, expanding our market reach, and capitalizing on the abundant opportunities presented by the ever-evolving business landscape. We remain resolute in our pursuit of excellence and aim to be at the forefront of providing top-quality TCM solutions to individuals seeking optimal health and well-being.

In anticipation of the concurrent challenges posed by the arrival of seasonal influenza A and the ongoing presence of Covid-19 in Hong Kong, Wai Yuen Tong has taken proactive measures to cater to the needs of local consumers. Understanding the urgency of the situation, the company has introduced several new products specifically designed to address these challenges. One such product is Cordyceps Plus, a formulation meticulously developed to provide respiratory system support for both adults and children. This product not only assists in maintaining respiratory health but also offers a comprehensive solution for treating long Covid symptoms. By addressing the unique requirements associated with respiratory well-being, Cordyceps Plus serves as an effective remedy for individuals seeking to enhance their overall respiratory health. Recognizing the growing population of older adults and their specific needs, Wai Yuen Tong has also launched a series of joint and bone products. These products cater to the "silver haired group", offering targeted support for joint health and bone strength. By developing formulations that address the specific concerns of this demographic, the company aims to contribute to the overall well-being and quality of life of older adults. In an exciting collaboration, Wai Yuen Tong has partnered with The Hong Kong Polytechnic University in 2023. This collaboration represents a significant milestone for the company, signifying its commitment to innovation and the integration of scientific knowledge with traditional Chinese herbs. By joining forces with the university, Wai Yuen Tong aims to leverage scientific expertise and cutting-edge research to enhance the effectiveness of traditional Chinese medicine. Through the introduction of these new products and strategic collaborations with scientific institutions, Wai Yuen Tong endeavors to meet the evolving health needs of the community, provide effective remedies, and contribute to the advancement of traditional Chinese medicine within the context of modern scientific understanding. By embracing innovation and scientific integration, the company remains dedicated to the well-being of its customers and the progression of the traditional Chinese medicine field.

Western Pharmaceutical and Health Food Products

During the Year, the retail business environment remained challenging mainly due to the recent trends for Hong Kong citizens traveling northbound to Chinese Mainland, in particular during weekends and holidays. However, the sales volume of our flagship products, "Madame Pearl's" Cough Syrup, still recorded a significant increase as a result of the increasing cases of Cold & Flu. The total revenue of Luxembourg western pharmaceutical and personal care products recorded a growth of 9.1% over last year.

Responding to such a turbulent market environment, the Group keep denoting different efforts in realizing business opportunities in the market. "Madame Pearl's", our flagship brand, achieved the Hong Kong cough syrup sales champion for 14 consecutive years, underpinned by our continuous efforts in strategic Sales and Marketing activities conducted through both online & below-the-line channel. During the Year, the Group made sound and solid progress on strengthen the effective Hong Kong trade channels on distributing "Luxembourg"-branded products. Furthermore, in order to comply with Chinese Mainland's relevant regulations, the Group has engaged various distributions with strong local presence to increase the channel penetration of the "Madame Pearl's" and "Pearl's" brand into Chinese Mainland.

In regards to Pearl's, another key brand of the Group, have established leadership in mosquito repellent product category in the Hong Kong. The revenue of "Pearl's" Mosquitout product range reported a growth of 7.2% over last year.

In respond to the consumer trends, consumer purchasing behavior has greatly shifted from offline to online. We have been continually, actively deploying resources to develop our e-commerce business channel, including the distribution of "Madame Pearl's" and "Pearl's" products through our own online platform (WYT e-shop) and selected third-party e-commerce platforms, e.g. HKTVmall, Neigbuy etc. During the Year, we expanded the consumer market in Chinese Mainland through our cross-border e-commerce business and the result was positive and encouraging. In the future, we will keep driving the growth by developing new products in the market of Hong Kong & Chinese Mainland, and expanding the distribution network of "Madame Pearl's" Cough Syrup in Chinese Mainland retailers & Hospital Channel.

Property Investment

As at 31 March 2024, the Group owned 9 properties in Hong Kong which are all retail properties (whereas the Group has entered into two sale and purchase agreements with respect to the disposal of two properties which transactions are pending completion as of 31 March 2024). A majority of these properties were used as the retail shops under self-operating and franchise modes. The net fair value losses on investment properties for the Year amounted to approximately HK$17.9 million (2023: net fair value losses of approximately HK$7.2 million) as a result of the further deterioration of property market condition.

During the Year, the Group completed the acquisition of two property-holding companies holding two properties respectively situated at Shop No. N77, Ground Floor, Nos. 1–11, 15–17 Mount Sterling Mall and Nos. 10–16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong and Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, New Territories, Hong Kong for an initial consideration of HK$43.8 million and HK$35.0 million respectively. Please refer to the joint announcement dated 8 September 2023 of the Company, Wang On Group Limited ("**Wang On**") and Wang On Properties Limited and the circular of the Company dated 29 September 2023 for details of these acquisitions.

During the Year, the Group completed the disposal of properties which are situated at Shop no. E on the G/F of Block E and Apartment no. E-1 on the first floor of Block E of Wing Lung Building, Nos 220–240A Castle Peak Road, Kowloon, Hong Kong for a total consideration of HK$22.0 million on 12 March 2024. The Group completed another disposal of a property-holding company holding a property situated at Shop AB on G/F, Po Wing Building of Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road and Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong for a consideration of HK$100.0 million on 14 March 2024. Please refer to the joint announcement dated 21 November 2023 of the Company and Wang On for details of this disposal.

On 22 January 2024, the Group entered into a provisional sale and purchase agreement with an independent third party to sell a property situated at Shop B on G/F including the cockloft, Yan Oi House, No. 237 Sha Tsui Road and Nos. 87 & 89 Chuen Lung Street, Tsuen Wan, New Territories, Hong Kong at a consideration of HK$38.0 million, completion of which took place on 2 May 2024. This property was classified as assets held for sale as at 31 March 2024. Please refer to the joint announcements dated 22 January 2024 of the Company and Wang On for details of this disposal.

On 1 March 2024, the Group entered into a provisional sale and purchase agreement with an independent third party to sell a property situated at Shop C on Ground Floor and Flat C on Mezz Floor, Lee Wah Building, Nos. 738–740A Nathan Road, Kowloon, Hong Kong at a consideration of HK$41.0 million, completion of which will take place on 17 May 2024. This property was classified as assets held for sale as at 31 March 2024. Please refer to the joint announcement dated 1 March 2024 of the Company and Wang On for details of this disposal.

FINANCIAL REVIEW

Revenue

The total revenue of continuing operations of the Group increased by approximately 8.3% to approximately HK$783.9 million, which was mainly attributable to the increase in sales performance of both Chinese and Western pharmaceutical and health food products.

Gross profit

The Group's gross profit for continuing operations increased by approximately HK$52.4 million or approximately 15.3% to approximately HK$394.8 million for the Year as compared to approximately HK$342.4 million for the year ended 31 March 2023. The increase was mainly due to the improvement of gross profit margin of Chinese pharmaceutical and health food products.

Other income and gains, net

Other income and gains for continuing operations of the Group increased by approximately HK$37.1 million or approximately 68.1% from approximately HK$54.5 million for the year ended 31 March 2023 to approximately HK$91.6 million for the Year. The increase was mostly because of the gain arising from the disposal of a self use property.

Selling and distribution expenses

Selling and distribution expenses for continuing operations increased by approximately HK$22.2 million or approximately 9.9% from approximately HK$223.9 million for the year ended 31 March 2023 to approximately HK$246.1 million for the Year. The increase was mainly owing to the increase in advertising and promotion expenses after the COVID-19 pandemic and absence of COVID-19 pandemic related subsidies, especially Employment Support Scheme, from the government during the Year.

Other expenses, net

Other expenses for continuing operations increased by approximately HK$67.0 million or approximately 347.6% from approximately HK$19.3 million for the year ended 31 March 2023 to approximately HK$86.3 million for the Year. The increase was mostly attributable to the impairment loss on items of property, plant and equipment, net.

Finance costs

Finance costs for continuing operations increased by approximately HK$11.3 million or approximately 38.3% from approximately HK$29.5 million for the year ended 31 March 2023 to approximately HK$40.8 million for the Year. The increase was mainly due to the increase in interest rate.

Profit/(Loss) for the Year from discontinued operations.

During the Year, the Group recorded a profit from discontinued operations of approximately HK$11.3 million (2023: a loss from discontinued operations of approximately HK$4.1 million). Such turnaround from loss to profit was mainly due to the reversal of aged payables and offsetted by the combined effect of a number of items, including (but not limited) the increase in net fair value losses on owned investment properties as compared to the last financial year.

Profit/(loss) for the Year attributable to owners of the parent

During the Year, the Group recorded a loss attributable to owners of the parent of approximately HK$15.4 million (2023: a loss attributable to owners of the parent of approximately HK$20.5 million). Such decrease in loss was mainly attributable to the combined effect of (i) increase in gross profit generated from the production and sale of pharmaceutical and health food products; (ii) gain on disposal of items of property, plant and equipment; (iii) increase in fair value losses on owned investment properties; (iv) increase in loss on disposal/redemption of debt investments; and (v) increase in impairment loss on items of property, plant and equipment.

Liquidity, Gearing and Financial Resources

As at 31 March 2024, the Group had total assets of approximately HK$2,095.1 million (2023: approximately HK$7,013.8 million) which were financed by current liabilities of approximately HK$380.9 million (2023: approximately HK$1,657.2 million), non-current liabilities of approximately HK$328.8 million (2023: approximately HK$1,688.2 million) and shareholders' equity of approximately HK$1,385.5 million (2023: approximately HK$3,688.4 million).

As at 31 March 2024, the Group's cash and cash equivalents and pledged deposit were approximately HK$159.4 million (2023: approximately HK$559.4 million).

As at 31 March 2024, the Group's total interest-bearing debts amounted to approximately HK$460.9 million (2023: approximately HK$1,646.9 million), all of which bore interest at fixed and floating interest rates and were denominated in Hong Kong dollars and RMB.

As at 31 March 2024, the Group's borrowings from financial institution will mature during the period from May 2024 to February 2027.

The current ratio, being a ratio of total current assets to total current liabilities, was approximately 2.2 (2023: approximately 1.6). The gearing ratio, being the ratio of total interest-bearing debts net of cash and cash equivalents and pledged deposits to equity attributable to owners of the parent, was approximately 21.7% (2023: approximately 46.3%). The Group always adopts a conservative approach in its financial management.

Financial Review and Prospects of Significant Investments Held

(a) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include listed equity securities and listed debt investments. The Group has always adopted a prudent investment strategy and would closely monitor the market changes and adjust its investment portfolio as and when necessary. The Group intended to hold these investments for long term purpose aiming to generating a stable income.

As at 31 March 2024, the fair value of the Group's investment in bonds and equity securities amounted to approximately HK$8.1 million (2023: approximately HK$50.1 million) and approximately HK$25.0 million (2023: approximately HK$143.6 million), respectively.

The Group recorded a net loss on change in fair value of financial assets at fair value through other comprehensive income of approximately HK$43.2 million in the other comprehensive income for the Year (2023: net loss of approximately HK$28.5 million).

(b) Financial assets at fair value through profit or loss

As at 31 March 2024, the Group maintained an investment portfolio of unlisted funds and listed equity securities. The Group has always adopted a prudent investment strategy and would closely monitor the market changes and adjust its investment portfolio as and when necessary.

The Group had recorded a net loss on change in fair value of financial assets at fair value through profit or loss of approximately HK$3.2 million for the Year (2023: net loss of approximately HK$5.5 million).

Foreign Exchange

The Board is of the opinion that the Group has material foreign exchange exposure in RMB. A majority of bank borrowings are denominated in Hong Kong dollars and RMB. The revenue of the Group, mostly denominated in Hong Kong dollars and RMB, matches the currency requirements of the Group's operating expenses. Currently, the Group does not have a foreign currency hedging policy.

The activities of the Group are exposed to foreign currency risks mainly arising from its operations in Chinese Mainland. The RMB exposure of the Group is mainly derived from currency translation risk arising from the net assets of our Chinese Mainland subsidiaries. The re-translation of these net assets denominated in RMB into Hong Kong dollars using the exchange rate as of the reporting date resulted in a re-translation loss of approximately HK$87.9 million (2023: loss of approximately HK$243.1 million). The re-translation loss/gain was recognized in other comprehensive income/exchange reserve.

Treasury Policy

With an aim to ensuring adequate financial resources are available for business growth whilst maintaining a prudent capital structure, the Group manages its financial risks including currency risk, interest rate risk and price risk. The Group invests its surplus funds in equity securities and debt investments to maximize assets efficiency.

Capital Commitment

As at 31 March 2024, the Group had capital commitment of approximately HK$2.6 million (2023: approximately HK$225.9 million) in respect of the acquisition of property, plant and equipment and payments of construction contracts, which were contracted for but not provided for in the consolidated financial statements.

Pledge of Assets

As at 31 March 2024, certain bank loans and bills payables of the Group were secured by the Group's property, plant and equipment, owned investment properties and certain rental income generated therefrom, assets classified as held for sale, the equity interests in certain subsidiaries of the Company, and pledged deposits, with a total carrying value of approximately HK$438.1 million (2023: approximately HK$3,086.8 million).

Financial Guarantee

As at 31 March 2024, the Group has provided guarantees to a bank in connection with facilities granted to CAP up to HK$370 million (2023: HK$370 million).

As at 31 March 2023, the Group provided guarantees of approximately HK$36.1 million to customers in favor of certain banks for the loans provided by the banks to the customers of the properties sold. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds.

Other Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Future Plans for Material Investments or Capital Assets

Save as disclosed above, there was no significant investment held, nor was there any material acquisition or disposal of subsidiaries, associates and joint ventures during the Year. As at 31 March 2024, the Group did not have any concrete plan for material investments or capital assets nor acquisition or disposal of subsidiaries, associates and joint ventures.

EVENTS AFTER REPORTING PERIOD

On 3 May 2024, the Group entered into a provisional sale and purchase agreement with an independent third party to sell a property situated at Shop B on Ground Floor, Kwong Sen Mansion, Nos. 23–33 Shui Wo Street, Kowloon, Hong Kong at a consideration of HK$33.0 million. This property was classified as owned investment properties as at 31 March 2024. Please refer to the joint announcement dated 3 May 2024 of the Company and Wang On for details of this disposal.

On 17 June 2024, the Group entered into a provisional sale and purchase agreement with an independent third party to sell a property situated at Shop A, on Ground Floor, Onshine Commercial Building, No. 10 Tung Sing Road, Hong Kong at a consideration of HK$21.9 million. This property was classified as property, plant and equipment as at 31 March 2024. Please refer to the announcement of the Company dated 17 June 2024 for details of this disposal.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognizes our employees as the key element that contributes to the Group's success. As at 31 March 2024, the Group had 810 employees (restated 2023: 825, which excluded the employees of CAP Group as CAP Group ceased to be the subsidiary of the Group in March 2024), of whom approximately 81.0% (restated 2023: approximately 80.4%) were located in Hong Kong and Macau and the rest were located in Chinese Mainland. The Group remunerated its employees based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may also be granted to selected staff by reference to the Group's performance, where appropriate, as well as the individual's performance. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong and pays retirement contributions in accordance with the statutory requirements for our Macau and PRC staff. Other benefits such as medical and retirement benefits and structured training programs were also provided. Meanwhile, the Group endeavors to provide a safe workplace to our employees. The Board believes that the Group maintains admirable relations with the employees.

Besides, the Group understands that it is important to maintain good relationships with the stakeholders, including business partners, suppliers, customers, shareholders, investors and bankers to achieve its long-term business growth and development. With an aim to enhancing the competitiveness of the brands of the Group, it endeavors to provide consistently high quality and large range of products to its customers; and to build up and maintain a trustworthy and long-term relationship with its suppliers.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group examined the principal risks facing the Group through our risk management and internal control system and we considered that the major risks and uncertainties that may affect the Group included:

(i) industrial policy risk: with the deepening of medical system reform and the issuance of a number of industrial policies and laws in respect of medical charge control and control of medicines and certification for traditional Chinese medicine, significant effect may be brought to the future development of the pharmaceutical industry;

(ii) environmental protection policies: environmental impact caused by waste and wastewater generated during the pharmaceutical manufacturing process and the construction and operations of agricultural produce exchange markets, efficiency and security of key infrastructure;

(iii) cost control: the Group may not always be able to implement cost control measures to effectively counter the effect of rising product cost and/or decrease in income;

(iv) allowance for obsolete inventories: allowance for obsolete inventories due to weather, expiry date of unsold products and other damages;

(v) supply chain disruption: raw material shortage or price inflation due to industrial issues, risks of supplier control and flexibilities, to deal with competitive pricings;

(vi) inability to penetrate emerging markets: the Group may not be able to effectively penetrate traditional industries and traditional products into emerging markets;

(vii) respond to customer behavior: the Group may not be able to respond effectively to economy recession, reduction in consumer spending and change of impulsive shopping behavior;

(viii) sourcing: less globalized sourcing and lower cost competitiveness;

(ix) volatility in retail rental: continuously increasing in retail rental may reduce our profitability if we are unable to pass on the effect of such increases to our customers; and

(x) foreign exchange: unfavorable fluctuations in the exchange rate may adversely affect the Group's cash flow and profits.

In response to the above mentioned possible risks, the Group has been closely monitoring the changes in the policies in Hong Kong and Chinese Mainland, and would strengthen our interpretation and analysis of policies and adjust strategies in advance to cope with the ever-changing operating environment. In particular, the Group will strengthen the marketing management to cope with changes in consumer behavior and needs, closely control inventories, establish our own sales policies and product development, safety management and environmental protection level, and push forward the construction of lean management and risk control system. For possible risks, the Company would actively propose solutions to lower their impacts on the business of the Company.

PROSPECTS

Chinese and Western Pharmaceutical and Health Food Products

Amidst the prevailing uncertainty in the retail market sentiments, Wai Yuen Tong remains resolute in its commitment to delivering exceptional Chinese medicine practitioners' consultation services. The Company recognizes the significance of specialization and is dedicated to providing tailored and professional services that cater to the unique needs of each individual consumer. By offering specialized therapeutic Traditional Chinese Medicine (TCM) consultations, Wai Yuen Tong aims to distinguish itself in the market and provide an elevated experience for its valued customers. In addition to service enhancements, Wai Yuen Tong places great emphasis on continuously improving its Customer Relationship Management (CRM) system. Recognizing the importance of nurturing strong and lasting relationships with customers, the Company is steadfast in its efforts to enhance the CRM system. This strategic investment aims to strengthen customer engagement and loyalty by fostering closer connections with consumers. By leveraging an enhanced CRM system, Wai Yuen Tong seeks to build trust, deepen customer relationships, and ultimately create a mutually beneficial environment for both the company and its valued customers. The company firmly believes that by prioritizing service excellence, specialization, and maintaining robust customer relationships, it can navigate the challenges of the uncertain retail market sentiments. Wai Yuen Tong remains steadfast in its dedication to delivering outstanding TCM consultation services, providing personalized care, and fostering enduring customer loyalty.

With regards to western pharmaceutical and personal care products, consumer purchasing behavior has greatly shifted from offline to online. We have been continuously deploying resources to develop our e-commerce channel, including the distribution of "Madame Pearl's" and "Pearl's" products through our own online platform (WYT e-shop) and selected third-party e-commerce platforms, e.g. HKTVmall, Neigbuy etc. In addition, we have further expanded the consumer market in Chinese Mainland through our cross-border e-commerce business and the result was positive and encouraging. In the future, we will keep driving the growth by developing new products in the market of Hong Kong & Chinese Mainland, and expanding the distribution network of "Madame Pearl's" Cough Syrup in nationwide retailers and hospital channels.

Looking towards the future, the national policy for the Guangdong-Hong Kong-Macau Greater Bay Area ("**Greater Bay Area**") holds promising prospects for the Chinese & western pharmaceutical and health supplement industry. This key significant development area presents ample opportunities for growth and expansion. Wai Yuen Tong recognizes the immense potential of the Greater Bay Area and is strategically positioned to leverage these opportunities, aligning its business strategies with the evolving market dynamics in the region. By capitalizing on the potential of the Greater Bay Area, Wai Yuen Tong aims to tap into the burgeoning market and establish a strong presence in this key economic zone. The Company will proactively pursue avenues for growth, leveraging its extensive expertise in Chinese and western pharmaceutical and health supplement products to cater to the needs of the local population. Furthermore, Wai Yuen Tong acknowledges the growing significance of e-commerce in the modern business landscape. With the rapid advancement of technology and changing consumer behaviors, the company recognizes the importance of embracing e-commerce as a pivotal pillar of its business strategy. By prioritizing and investing in e-commerce channels, Wai Yuen Tong aims to enhance its digital presence, expand its customer base, and provide convenient access to its products through online platforms. By strategically aligning itself with the opportunities presented by the Greater Bay Area and prioritizing e-commerce as a key focus, Wai Yuen Tong is well-positioned to thrive in the evolving business landscape. The Company remains committed to its vision of delivering high-quality Chinese and western pharmaceutical and health supplement products to a broader audience, while staying attuned to the changing market dynamics and leveraging emerging opportunities for sustainable growth.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental policies and performance

The Group is committed to enhancing and strengthening efforts on environmental friendliness, so as to facilitate industrial upgrading. We proactively implement environmental protection policies, gradually adjust its portfolio, conduct energy-saving, using recycled paper, emission reduction and pollution prevention strategies. The Group continues to upgrade its industrial facilities to become more environmental friendly, including the use of solar energy and implementation of energy saving policy.

Corporate social responsibility

While the Group endeavours to promote business development and strives for greater rewards for our stakeholders, we acknowledge our corporate social responsibility to share some burden in building the society where our business has been established and thrived. The Group has not only improved the quality management system but also strengthened the audit quality to ensure the quality and safety of Chinese and Western pharmaceutical project control. The Group is also conscious of its role as a socially responsible group of companies. It makes donations for community wellbeing from time to time, and supports the communities. The Group built up a team of staff volunteers to get involved in volunteer work and encourages its employees to participate in any charitable events and caring services.

Compliance with the corporate governance code

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with a strong emphasis on transparency, accountability, integrity and independence and enhancing the Company's competitiveness and operating efficiency, to ensure its sustainable development and to enhance its shareholder value.

The Board has reviewed the corporate governance practices of the Company and is satisfied that the Company had applied the principles and complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the Year, except for the following deviation:

Code provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, Mr. Tang Ching Ho ("**Mr. Tang**"), the chairman of the Board, also assumed the role of managing Director, which arrangement deviated from code provision C.2.1 of the CG Code. Mr. Tang has extensive management experience in corporate management and is responsible for overall corporate planning, strategic policy making of the Group which is of great value in enhancing the efficiency to cope with the dynamic business environment. Furthermore, there are various experienced individuals in charge of various business units in the daily business operation and the Board comprises three executive Directors and four independent non-executive Directors with balance of skill and experience appropriate for the Group's further development. The Company does not propose to comply with code provision C.2.1 of the CG Code for the time being but will continue to review such deviation to enhance the best interest of the Group as a whole.

The Group continues to review and propose, as and when appropriate, by taking into consideration of such deviation and any other relevant factors.

Further details of the Company's corporate governance practices will be set out in the corporate governance report to be contained in the Company's 2024 annual report.

Model code for securities transactions by directors

The Company has adopted its code of conduct regarding securities transactions by the Directors on the terms no less exacting than the required standard set forth in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiries of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the year under review and up to the date hereof. No incident of non-compliance by the Directors was noted by the Company during the Year.

Details of the Environmental, Social and Governance performance of the Group would be disclosed in the Environmental, Social and Governance Report of the Company to be published on the websites of the Company and the Stock Exchange in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, the Company repurchased a total of 33.54 million shares of HK$0.01 each of the Company on the Stock Exchange. All the repurchased shares were subsequently cancelled by the Company on 10 August 2023.

Details of the share repurchases during the Year are as follows:

Month of repurchase	Number of share repurchased	Purchase price per share		Aggregate amount
		Highest	Lowest	
		HK$	*HK$*	*HK$*
	(in million)			*(in million)*
July 2023	33.54	0.450	0.425	14.73
	33.54			14.73

The repurchases of the Company's shares during the Year were made pursuant to the mandate granted by the shareholders of the Company (the "**Shareholder(s)**") at the 2022 annual general meeting of the Company held on 26 August 2022, with a view to benefiting the Shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company. As at 31 March 2024, the total number of shares of the Company in issue was 1,171,102,888 shares.

After the year ended 31 March 2024 and up to the date of this announcement, the Company further repurchased a total of 46.00 million shares of HK$0.01 each of the Company on the Stock Exchange. Such repurchased shares were subsequently cancelled by the Company on 3 May 2024.

Details of the share repurchases after the year ended 31 March 2024 and up to the date of this announcement are as follows:

Month of repurchase	Number of share repurchased	Purchase price per share		Aggregate amount
		Highest	Lowest	
		HK$	*HK$*	*HK$*
	(in million)			*(in million)*
April 2024	46.00	0.260	0.250	11.80
	46.00			11.80

Such repurchased shares were made pursuant to the mandate granted by the Shareholders at the 2023 annual general meeting of the Company held on 22 August 2023, with a view to benefiting the Shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company. Up to the date of this announcement, the total number of shares of the Company in issue is 1,125,102,888 shares.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

AUDIT COMMITTEE

The Company has established its audit committee (the "**Audit Committee**") with specific terms of reference (as amended from time to time) in accordance with the requirements of the Listing Rules. The Audit Committee comprises Mr. Li Ka Fai, David, Mr. Siu Man Ho, Simon, Professor Sit Wing Hang and Professor Chan Wing Kwong, all of whom are the independent non-executive Directors, and Mr. Li Ka Fai, David is the chairman of the Audit Committee.

During the Year, the Audit Committee held three meetings with management and the external auditor. The Audit Committee reviewed and considered, among other things, the accounting principles and practices adopted by the Group, the financial reporting matters (including the review of interim and final results), the audit plan, the statutory compliance, internal controls and risk management, continuing connected transactions and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget.

The Audit Committee has reviewed with the Company's management and approved the accounting policies and principles adopted and the Group's consolidated financial statements for the financial year ended 31 March 2024.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Company's independent auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2024. The work performed by EY in this respect did not constitute an assurance engagement and consequently, no opinion or assurance conclusion has been expressed by EY on this announcement.

ANNUAL GENERAL MEETING

The 2024 annual general meeting of the shareholders of the Company will be held at Garden Room A–D, 2/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 20 August 2024 at 11:30 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.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the shareholders to attend and vote at the 2024 annual general meeting

The register of members of the Company will be closed from Thursday, 15 August 2024 to Tuesday, 20 August 2024 (both days inclusive) for determining eligibility to attend and vote at the 2024 annual general meeting. In order to be eligible to attend and vote at the 2024 annual general meeting, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m., on Wednesday, 14 August 2024.

For determining the entitlement to the proposed final dividend

The register of members of the Company will be closed from Monday, 26 August 2024 to Wednesday, 28 August 2024 (both days inclusive) for determining the entitlement to the proposed final and special dividend. In order to be eligible for the proposed final and special dividend, if approved, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m., on Friday, 23 August 2024.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wyth.net). The 2024 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders (where appropriate) 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 and Managing Director

Hong Kong, 26 June 2024

As at the date of this announcement, the executive Directors are Mr. Tang Ching Ho, Ms. Tang Wai Man and Ms. Law Man Yee, Anita and the independent non-executive Directors are Mr. Siu Man Ho, Simon, Mr. Li Ka Fai, David, Professor Sit Wing Hang and Professor Chan Wing Kwong.

* *For identification purpose only*