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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 2021

ANNUAL FINANCIAL HIGHLIGHTS

HK$' million	**FY2021**	FY2020 (Restated)	**YoY change**
Revenue	**1,108.6**	620.7	78.6%
Gross profit	**445.3**	281.6	58.1%
Profit/(loss) attributable to owners of the parent	**(376.0)**	438.5	(185.7)%
Earnings/(loss) per share *(HK cents)*			
– Basic and diluted	**(30.53)**	35.61	(66.14)
	As at 31 March 2021	As at 31 March 2020 (Restated)	
Net assets value	**3,950.3**	3,993.4	(1.1)%
Cash and cash equivalents	**507.2**	475.7	6.6%
Gearing ratio	**45.0%**	50.1%	(5.1)%

* *For identification purpose only*

RESULTS

The board of directors (the "**Board**" or the "**Directors**") 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 2021, 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 2021

	Notes	**2021** ***HK$'000***	2020 *HK$'000* (Restated)
REVENUE	*5*	**1,108,565**	620,741
Cost of sales		**(663,283)**	(339,165)
Gross profit		**445,282**	281,576
Other income and gains, net	*5*	**120,629**	838,682
Selling and distribution expenses		**(167,442)**	(233,238)
Administrative expenses		**(261,822)**	(178,229)
Impairment losses on financial assets, net		**(40,627)**	(16,013)
Other expenses		**(264,300)**	(93,487)
Write-down of properties held for sale		**(6,326)**	–
Finance costs	*7*	**(107,724)**	(52,780)
Fair value gains/(losses) on financial assets and liabilities at fair value through profit or loss, net		**6,601**	(7,323)
Fair value losses on owned investment properties, net		**(32,056)**	(99,198)
Share of profits and losses of associates		**4,654**	15,177
PROFIT/(LOSS) BEFORE TAX	*6*	**(303,131)**	455,167
Income tax expense	*8*	**(148,132)**	(17,199)
PROFIT/(LOSS) FOR THE YEAR		**(451,263)**	437,968

	Notes	**2021** *HK$'000*	2020 *HK$'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		**11,981**	(16,428)
Reclassification adjustments for gains/losses included in profit or loss:			
– Impairment losses, net	*6*	**382**	10,165
– Loss/(gain) on disposal/redemption, net	*5, 6*	**476**	(100,078)
		12,839	(106,341)
Share of other comprehensive income/(loss) of associates		**9,978**	(13,093)
Translation reserve:			
Translation of foreign operations		**286,512**	(83,845)
Release of translation reserve upon disposal of investment in an associate		**29,850**	–
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**339,179**	(203,279)
Other comprehensive income/(loss) *that will not be reclassified to profit or loss in subsequent periods:*			
Fair value adjustment upon transfer from owner-occupied property to investment property, net of tax		**76,103**	–
Share of other comprehensive loss of an associate		**(869)**	(6,331)
Equity investments at fair value through other comprehensive income:			
Changes in fair value		**30,305**	(35,522)
Deferred tax		**–**	1,832
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**105,539**	(40,021)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**444,718**	(243,300)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(6,545)**	194,668
Profit/(loss) attributable to:			
Owners of the parent		**(375,995)**	438,548
Non-controlling interests		**(75,268)**	(580)
		(451,263)	437,968
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(77,461)**	204,896
Non-controlling interests		**70,916**	(10,228)
		(6,545)	194,668
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		(Restated)
Basic and diluted		**HK(30.53) cents**	HK35.61 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$'000	2020 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**961,775**	974,940
Investment properties		**3,507,623**	3,190,791
Net investments in subleases		**4,496**	9,619
Investments in associates		**2,832**	314,033
Financial assets at fair value through other comprehensive income		**234,871**	125,100
Deposits		**19,134**	19,905
Deferred tax assets		**48**	48
Total non-current assets		**4,730,779**	4,634,436
CURRENT ASSETS			
Properties under development		**68,528**	297,146
Properties held for sale		**1,886,497**	1,645,165
Inventories		**162,670**	154,890
Trade receivables	*11*	**53,300**	67,302
Loans and interest receivables		**30,301**	68,250
Prepayments, deposits and other receivables		**308,632**	249,376
Net investments in subleases		**8,852**	10,526
Financial assets at fair value through other comprehensive income		**47,944**	48,120
Financial assets at fair value through profit or loss		**102,603**	56,675
Tax recoverable		**34,884**	14,438
Restricted bank balances		**22,302**	8,157
Cash and cash equivalents		**507,234**	475,702
Total current assets		**3,233,747**	3,095,747
CURRENT LIABILITIES			
Trade payables	*12*	**72,204**	66,709
Other payables and accruals		**809,710**	546,370
Contract liabilities		**596,568**	548,829
Financial liabilities at fair value through profit or loss		**37**	621
Interest-bearing bank and other borrowings		**628,736**	653,127
Convertible notes		**131,901**	–
Tax payable		**132,239**	58,006
Total current liabilities		**2,371,395**	1,873,662

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
NET CURRENT ASSETS	**862,352**	1,222,085
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,593,131**	5,856,521
NON-CURRENT LIABILITIES		
Other payables	**56,089**	81,586
Financial liabilities at fair value through profit or loss	**810**	–
Unsecured notes	**199,348**	181,220
Interest-bearing bank and other borrowings	**701,092**	716,598
Convertible notes	**–**	249,814
Deferred tax liabilities	**685,443**	633,916
Total non-current liabilities	**1,642,782**	1,863,134
Net assets	**3,950,349**	3,993,387
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**12,316**	12,316
Reserves	**2,553,009**	2,630,470
	2,565,325	2,642,786
Non-controlling interests	**1,385,024**	1,350,601
Total equity	**3,950,349**	3,993,387

NOTES TO 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, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income 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 Company and its subsidiaries for the year ended 31 March 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. ADJUSTMENTS ARISING FROM PRIOR YEAR PROVISIONAL ACCOUNTING

The Group completed the acquisition of China Agri-Products Exchange Limited ("**CAP**") and its subsidiaries (collectively, the "**CAP Group**") on 12 February 2020 (the "**Acquisition Date**"). In the preparation of the Company's consolidated financial statements for the year ended 31 March 2020, the purchase price allocation of the acquisition and the resulting gain on bargain purchase were determined on a provisional basis. During the year ended 31 March 2021, the Group has finalised the fair value assessment of the identifiable assets and liabilities of the CAP Group (the "**Finalised Assessment**") as of Acquisition Date.

In 2007, the CAP Group acquired Wuhan Baisazhou Agricultural By-Product Grand Market Company Limited ("**Baisazhou Agricultural**") from independent third parties, Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd ("**Tian Jiu**") for their respective 70% and 20% interest in Baisazhou Agricultural (the "**Baisazhou Acquisition**").

On 18 January 2021, the Court of First Instance in the High Court of Hong Kong ("**CFI**") handed down a judgement in respect of the Baisazhou Acquisition, pursuant to which CAP is not required to make any payment under the instruments to Ms. Wang or Tian Jiu. The trials in the CFI were completed before the Acquisition Date, and the judgement was handed down within one year from the Acquisition Date, which is within the measurement period. As such, on completion of the fair value assessments, retrospective adjustments were made to the provisional amounts related to identifiable liabilities of CAP Group recognised as of Acquisition Date. Consequently, the Group's consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2020, and certain explanatory notes have been restated to reflect these restatements.

The effects of the adjustments arising from the Finalised Assessment described above on profit or loss for the year ended 31 March 2020 by line items were as follows:

Impact on profit and total comprehensive income for the prior year:

	2020
	HK$'000
Adjustments arising from the Finalised Assessment:	
Increase in other income and gains, net	340,634
Decrease in finance costs	3,917
Increase in profit and total comprehensive income for the year	344,551
Net increase in profit and total comprehensive income attributable to:	
Owners of the parent	342,725
Non-controlling interests	1,826
	344,551

The effects of the adjustments arising from the Finalised Assessment on the financial position as at 31 March 2020 by line items were as follows:

	31 March 2020	**Adjustments arising from the Finalised Assessment**	**31 March 2020**
	HK$'000	*HK$'000*	*HK$'000*
	(Originally stated)		(Restated)
Current liabilities			
Other payables and accruals	(1,188,483)	642,113	(546,370)
Net assets	3,351,274	642,113	3,993,387
Equity			
Retained profits	67,421	342,725	410,146
Non-controlling interests	1,051,213	299,388	1,350,601
Total equity	3,351,274	642,113	3,993,387

Impact on basic and diluted earnings per share:

	2020
	HK cents
Basic and diluted earnings per share as originally reported	7.78
Adjustment arising from the Finalised Assessment	27.83
Basic and diluted earnings per share, as restated	35.61

4. 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:

(a) 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 Mainland China 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 names of "Madame Pearl's" and "Pearl's", respectively;

(c) property investment – investment in commercial premises for rental income; and

(d) management and sale of properties in agricultural produce exchange markets.

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 other income and gains, net, finance costs, fair value gains/(losses) on financial assets and liabilities at fair value through profit or loss, net, head office and corporate income and expenses and loss on disposal of investment in an associate 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 revenue and results

Year ended 31 March

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Property investment		Management and sale of properties in agricultural produce exchange markets		Eliminations		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	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	**453,380**	467,020	**25,669**	100,306	**8,704**	9,249	**620,812**	44,166	**–**	–	**1,108,565**	620,741
Intersegment sales	**1,206**	362	**–**	–	**12,388**	13,012	**–**	–	**(13,594)**	(13,374)	**–**	–
Total	**454,586**	467,382	**25,669**	100,306	**21,092**	22,261	**620,812**	44,166	**(13,594)**	(13,374)	**1,108,565**	620,741
Segment results	**(860)**	(176,998)	**(42,391)**	(34,603)	**(25,649)**	(84,341)	**33,551**	5,071	**–**	–	**(35,349)**	(290,871)
Other income and gains, net											**120,629**	838,682
Unallocated income and expense, net											**(49,548)**	(32,541)
Finance costs											**(107,724)**	(52,780)
Fair value gains/(losses) on financial assets and liabilities at fair value through profit or loss, net											**6,601**	(7,323)
Loss on disposal of investment in an associate											**(237,740)**	–
Profit/(loss) before tax											**(303,131)**	455,167
Income tax expense											**(148,132)**	(17,199)
Profit/(loss) for the year											**(451,263)**	437,968

5. REVENUE AND OTHER INCOME AND GAINS, NET

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

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers	**935,858**	585,040
Revenue from other sources		
Gross rental income from investment property operating leases	**172,707**	35,701
	1,108,565	620,741

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
Other income		
Interest income on loan receivables	**3,798**	9,922
Interest income on financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	**16,284**	61,386
Finance income on net investments in subleases	**705**	1,059
Interest income on bank deposits	**4,489**	5,541
Dividends from financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	**4,383**	4,371
Rental income from other properties	**37,188**	12,636
Government subsidies*	**26,673**	3,531
Others	**11,299**	4,910
	104,819	103,356

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
Gains, net		
Gain on bargain purchase of subsidiaries	**–**	571,478
Gain on modification/termination of lease contracts	**13,737**	–
Gain on disposal of items of property, plant and equipment, net	**–**	56,306
Gain on disposal of an investment property	**–**	7,464
Gain on disposal/redemption of financial assets at fair value through other comprehensive income, net	**–**	100,078
Exchange gains, net	**2,073**	–
	15,810	735,326
Other income and gains, net	**120,629**	838,682

* Government subsidies represent: (i) The People's Republic of China (the "**PRC**") government subsidies of HK$23,433,000 granted to the Group by the local governmental authority in Mainland China for the business support on its investments in an agricultural produce exchange market in Mainland China; (ii) one-off subsidies of HK$3,080,000 granted from Anti-Epidemic Fund under The Government of the Hong Kong Special Administrative Region's Retail Sector Subsidy Scheme and Food Licence Holders Subsidy Scheme; and (iii) one-off subsidies of HK$160,000 granted from The Government of Macao Special Administrative Region's 10-Billion-Pataca Fund. The Group has complied with all attached conditions before 31 March 2021 and recognised these grants in profit or loss as "Other income and gains, net".

6. PROFIT/(LOSS) BEFORE TAX

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

	2021 *HK$'000*	2020 *HK$'000*
Cost of inventories recognised as an expense (including allowance for obsolete inventories of HK$4,747,000 (2020: HK$8,200,000))	**338,909**	323,996
Cost of properties sold	**224,745**	–
Cost of services provided	**99,629**	15,169
Research and development costs	**4,972**	10,843
Lease payments not included in the measurement of lease liabilities	**6,156**	15,448
Auditor's remuneration	**5,600**	4,700
Depreciation of owned assets	**58,999**	50,768
Depreciation of right-of-use assets	**33,624**	61,906
	92,623	112,674
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries and other benefits*	**204,044**	166,098
Pension scheme contributions	**6,890**	9,458
	210,934	175,556
Foreign exchange differences, net	**(2,073)**	638
Impairment losses/(reversal of impairment losses) on financial assets, net:		
– Trade receivables	**(1,160)**	9,167
– Financial assets included in prepayments, deposits and other receivables	**(646)**	30
– Debt investments at fair value through other comprehensive income	**382**	10,165
– Loans and interest receivables	**42,051**	(3,349)
	40,627	16,013

	2021	2020
	HK$'000	*HK$'000*
Gross rental income	**(209,895)**	(48,337)
Less: direct outgoing expense	**656**	289
	(209,239)	(48,048)
Loss/(gain) on disposal of items of property, plant and equipment, net**	**237**	(56,306)
Loss on redemption of convertible notes**	**3,933**	–
Loss/(gain) on disposal/redemption of financial assets at fair value through other comprehensive income, net	**476****	(100,078)
Loss on disposal of investment in an associate**	**237,740**	–
Impairment of investment in an associate**	**–**	8,737
Loss on disposal of subsidiaries**	**–**	2,937
Impairment losses on property, plant and equipment, net**	**21,914**	81,813
Fair value losses on sub-leased investment properties***	**2,976**	662

* Wage subsidies of HK$26,986,000 granted from the Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to November 2020 had been received during the year ended 31 March 2021. The amount was recognised in profit or loss and had been offset with the employee benefit expenses.

** These expenses are included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

*** These expenses are included in "Cost of services provided" above.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
Interest on bank and other borrowings	**53,631**	39,175
Interest on lease liabilities	**6,303**	5,648
Interest on unsecured bonds and notes	**21,529**	3,295
Interest on convertible notes	**26,261**	4,662
	107,724	52,780

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 countries/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 ranges of progressive rates of the appreciation value, with certain allowable deductions.

	2021	2020
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,707**	1,074
Overprovision in prior years	**(234)**	(39)
Current – other jurisdiction		
Charge for the year	**126,902**	3,406
LAT	**8,819**	–
Deferred taxation	**10,938**	12,758
Total tax charge for the year	**148,132**	17,199

9. DIVIDENDS

The board of directors does not recommend the payment of any dividends in respect of the year ended 31 March 2021 (2020: Nil).

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 in issue during the year of 1,231,642,888 (2020: 1,231,642,888).

No adjustment has been made to the basic earnings/loss per share amounts presented for the years ended 31 March 2021 and 2020 in respect of a dilution as the impact of the share options of the Company during the year had no dilutive effect and the convertible notes issued by CAP outstanding had an anti-dilutive effect on the basic earnings/loss per share amounts presented.

11. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**71,542**	86,103
Less: Accumulated impairment	**(18,242)**	(18,801)
	53,300	67,302

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$8,181,000 (2020: HK$14,805,000) 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:

	2021	2020
	HK$'000	*HK$'000*
Within 1 month	**25,272**	24,426
1 to 3 months	**8,186**	25,600
3 to 6 months	**10,167**	12,078
Over 6 months	**9,675**	5,198
	53,300	67,302

12. TRADE PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**72,204**	66,709

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

	2021	2020
	HK$'000	*HK$'000*
Within 1 month	**15,134**	6,751
1 to 3 months	**9,039**	3,625
3 to 6 months	**9,073**	4,470
Over 6 months	**38,958**	51,863
	72,204	66,709

The trade payables are non-interest-bearing and have an average term of 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS

For the financial year ended 31 March 2021, total revenue of the Group increased by approximately 78.6% to approximately HK$1,108.6 million. The COVID-19 pandemic, which has happened since early 2020, is still continuing and inflicting severe impacts on global and local economic activities. Travel quarantine measures were persistently reinforced by many countries around the world. Between Hong Kong and China, most of the cross-borders immigration control points have been suspending services for passengers since February 2020. As a result, the number of tourists visiting Hong Kong for the financial year ended 31 March 2021 had dropped more than 90% comparing with the financial year ended 31 March 2020. Revenue of Chinese pharmaceutical and health food products and Western pharmaceutical and health food products dropped by approximately 2.9% to approximately HK$453.4 million and by approximately 74.4% to approximately HK$25.7 million, respectively. Subsequent to the Group's acquisition of approximately 53.37% equity interest of China Agri-Products Exchange Limited ("**CAP**", a subsidiary of the Company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with Stock Code: 149, together with its subsidiaries, collectively the "**CAP Group**", and is principally engaged in the business of management and sale of properties in agricultural produce exchange markets in Mainland China) in February 2020, the Group had consolidated the full year financial results of the CAP Group for the financial year ended 31 March 2021, comparing with approximately 2 months financial results for the financial year ended 31 March 2020, and hence the revenue from management and sale of properties in agricultural produce exchange markets had increased by approximately 1,305.6% to approximately HK$620.8 million.

For the financial year ended 31 March 2021, the Group recorded a loss attributable to owners of the parent amounting to approximately HK$376.0 million (2020: profit of approximately HK$438.5 million (restated)). Such loss was mainly attributable to, among other things, (i) the loss resulted from the disposal of the Group's investment in Easy One Financial Group Limited ("**Easy One**", a former associate of the Company); (ii) absence of gain on disposal of items of property, plant and equipment and an investment property as recorded in 2020; and (iii) absence of gain on bargain purchase arising from acquisition of approximately 53.37% equity interest in CAP on 12 February 2020 as recorded in 2020.

DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the financial year ended 31 March 2021 (2020: Nil). No interim dividend was declared for the six months ended 30 September 2020 (30 September 2019: Nil).

BUSINESS REVIEW

(1) Chinese Pharmaceutical and Health Food Products

During the financial year ended 31 March 2021, revenue of the Chinese pharmaceutical and health food products decreased by approximately 2.9% to approximately HK$453.4 million. According to retail sales figures released by the Census and Statistics Department in February 2021, the estimated retail sales in value in Hong Kong for the full year 2020 dropped by approximately 24.3% as compared to 2019. The business environment of the retail trade will remain challenging in the near term amid frozen inbound tourism and the ongoing local epidemic. Notwithstanding the subdued economic outlook, we have implemented various initiatives during the year for the long-term growth of the Group, including enriching the product range, advocating our high quality Chinese medical services provided by our professional Chinese medicine practitioner and consolidating distribution channel, developing E-commerce business to meet the demand from our customers in Hong Kong and China etc. Revenue of this business segment accounted for approximately 40.9% of total revenue of the Group.

Despite the weak consumer sentiment and subdued economic conditions, traditional Chinese medicine ("**TCM**") has demonstrated a remarkable clinical value on COVID-19 crisis. Angong Sanbao (安宮三寶) is regarded as our key Chinese pharmaceutical products: Angong Niuhuang Wan (安宮牛黃丸), Angong Jiangya Wan (安宮降壓丸), Angong Zaizao Wan (安宮再造丸), which are gatekeepers of cardiovascular health of the public based on the overall concept of emergency-prevention-rehabilitation. Furthermore, the People's Republic of China (the "**PRC**") government has continued to update TCM solution with Angong Niuhuang Wan (安宮牛黃丸) chosen as one of the treatment. The products series are registered in Hong Kong according to ancient prescriptions/nationally recognised prescription and its whole production process is carried out at our GMP/PIC/S factory in Yuen Long, Hong Kong. Abovementioned products are very popular in the market.

Moreover, during the year, the Group has expanded our products to the pet market, by launching a "PROVET" (位您寵) series of products. "PROVET" is the first healthcare and food products for pet in Hong Kong which are made purely by Chinese medicine. "PROVET" is developed by Chinese medicine professionals and manufactured in Hong Kong. The series of products have received a good acceptance in Hong Kong market.

Upon the outbreak of COVID-19 across the world, a series of precautionary and control policies were implemented in China, Hong Kong and Macau, including travel restriction and regional lockdown. All those stringent measures have adversely affected on overall performance of our retail sales in tourism business sector. Nevertheless, the performance of our retail sales in domestic district remained stable. In order to strive with market key competitors in Hong Kong and Macau, the Company keeps expanding its market share by opening retail outlets in domestics sector. Moreover, to extend our care for public health, we are expanding our fleet of professional Chinese medicine practitioner, for provision of Chinese medical clinics service at our retail outlets. As at 31 March 2021, the Group has 72 retail outlets in Hong Kong, including professional Chinese medicine clinic and outlets operated under self-operating and franchise modes. The number of Chinese medical service affiliated in our retail outlets has been increased from 43 as at 31 March 2020 to 62 as at 31 March 2021. The number of Macau retail outlets are 5 as at 31 March 2021 and the Group will further explore opportunities in expanding our retail sales network and supply chain of pharmacy in Macau.

The Group is well aware of the importance of networks nowadays and therefore has intensified its efforts to explore other sales channels, major customers, distributors as well as overseas regions to expand and enrich its sales channels. Moreover, we have expanded our E-commerce sales network in Hong Kong, by leveraging on our own e-shop www.wyteshop.com (位易購) and the sale channel on HKTVmall.com. To meet the demand of the Mainland customers to our Hong Kong manufactured products, we have set-up retail outlets in Hong Kong China cross-border e-shop, e.g. Tmall.hk and JD.hk, so that the Mainland customers can purchase our Hong Kong manufactured products directly through these e-shops. Furthermore, the Group has set-up flagship stores in major Mainland China e-shop, e.g. Tmall.com, JD.com, for local sales of the Group. The Group is also in the process of exploring collaboration with casinos, commercial banks and insurance companies to broaden the customer base in future. Besides, the Group will upgrade our retail point of sales system in Hong Kong and Macau to increase sales efficiency.

Last but not least, the Group will continue to work with renowned universities and research institutes to promote and develop new Chinese medicine health products, in particular for the aged persons. In the face of future challenges, the Group will insist on strict monitoring on product quality and a sincere service attitude.

(2) Western Pharmaceutical and Health Food Products

Revenue of the Western pharmaceutical and health food products decreased by approximately 74.4% to approximately HK$25.7 million since the consumer sentiment stayed weak for the financial year ended 31 March 2021.

The two major product series, "Madame Pearl's" and "Pearl's" under this business segment encountered different challenges during the year. After the relocation of production facilities to the Group's Yuen Long factory completed by the end of 2018, the production volume of Madame Pearl's cough syrup started picking up in 2019. In order to maximise the benefits on the increased production capacity, the Group started supplying local clinics and aims to cover more than 400 local private clinics by the end of 2021. In coming year, the Group will launch more products for clinics in order to maximise the potential of this new channel. Despite the additional sales of cough syrup through this new channel, revenue of this business segment was still affected due to the COVID-19 pandemic which has significant negative impact on cough and cold market for both Over-The-Counter and ethical channels.

The Pearl's product series, which comprises MosquitOut spray, patch and itch-relief products, faced severe price competition and the sale was further deteriorated during the COVID-19 pandemic. Despite a highly competitive market environment, Pearl's MosquitOut still remains as a leading brand in this product category.

During the year, the Group placed substantial resources in revamping its Western pharmaceutical and personal care product distribution channels in order to improve business efficiency. More resources were put on branding with an aim to strengthening the brand loyalty for both "Madame Pearl's" and "Pearl's".

To comply with the development of relevant regulations in Mainland China, the Group has engaged various local industry players to rejuvenate the penetration of its upper respiratory product series under the "Madame Pearl's" into Mainland China. In December 2020, National Medical Products Administration (國家藥品監督管理局) had approved the application by Luxembourg Medicine Company Limited, a subsidiary of the Company, for manufacturing the children cough syrup products in the Group's Yuen Long factory and importing the same into Mainland China. We expect an improved demand for the children cough syrup products in Mainland China for the upcoming years.

Capitalising on state-of-the-art technology and advanced equipment of the Group's Yuen Long factory, the Group continues to carry out research and development of products for core medical solution targeting at institutional clients and local clinics.

(3) Property Investment

As at 31 March 2021, the Group owned 14 properties in Hong Kong, which are all retail or industrial properties. A majority of those properties were self-use as retail shops while some were leased out for generating rental income. The net fair value loss on investment properties in Hong Kong amounted to approximately HK$20.9 million (2020: loss of approximately HK$95.5 million) as a result of the further deterioration of retail market condition. During the financial year ended 31 March 2021, the Group completed the acquisition of 3 properties at Wing Lung Building, Nos. 220-240 and 240A Castle Peak Road, Kowloon for an aggregate consideration of HK$43.0 million. Please refer to the announcement dated 16 October 2020 of the Company for details of the property acquisitions. There was no disposal of properties in Hong Kong during the year and hence no gain on disposals (2020: gain on disposals of 5 properties amounted to approximately HK$60.9 million) was recognised during the financial year ended 31 March 2021.

The Group also owned agricultural produce exchange markets in Mainland China. The net fair value loss on owned investment properties in Mainland China amounted to approximately HK$11.2 million (2020: loss of approximately HK$3.7 million) for the financial year ended 31 March 2021.

(4) Investment in CAP

On 26 September 2019, Goal Success Investments Limited, an indirect wholly-owned subsidiary of the Company (the "**Offeror**"), announced (as supplemented by the announcement dated 28 November 2019) that Kingston Securities Limited, on behalf of the Offeror, proposed to put forward a proposal (subject to the satisfaction of certain pre-conditions) to:

(a) make a pre-conditional voluntary partial cash offer to the shareholders of CAP to acquire such number of CAP shares which resulted in the Offeror and parties acting in concert with it holding a maximum of 75% of the CAP shares in issue at the partial share offer price of HK$0.091 per CAP share; and

(b) extend an appropriate offer to acquire a maximum of 46.86% of the outstanding principal amount of the 7.5% convertible note(s) due 2021 issued by CAP on 19 October 2016 (the "**Convertible Notes**") (subject to adjustment in the event of a change in the issued share capital of CAP) at the partial Convertible Notes offer price of HK$0.2275 for each outstanding HK$1 face value of the Convertible Notes,

items (a) and (b) above (collectively the "**CAP Acquisition**").

The cash consideration paid by the Offeror under the CAP Acquisition amounted to approximately HK$483.4 million. The CAP Acquisition was completed in February 2020. In the preparation of the Company's consolidated financial statements for the financial year ended 31 March 2020, the purchase price allocation of the CAP Acquisition and the resulting gain on bargain purchase were determined on a provisional basis. During the financial year ended 31 March 2021, the Group has finalised the fair value assessment of the identifiable assets and liabilities of the CAP Group (the "**Finalised Assessment**") as of 12 February 2020 (the "**Acquisition Date**").

On 18 January 2021, the Court of First Instance in the High Court of Hong Kong (the "**CFI**") handed down a judgement in respect of the Baisazhou Acquisition (as defined in the paragraph headed "Litigation" in this section), pursuant to which the CAP Group is not required to make any payment under the Instruments (as defined in the paragraph headed "Litigation" in this section) to Ms. Wang Xiu Qun ("**Ms. Wang**") or Wuhan Tian Jiu Industrial and Commercial Development Co., Limited ("**Tian Jiu**"). The trials in the CFI were completed before the Acquisition Date, and the judgement was handed down within one year from the Acquisition Date, which is within the measurement period. As such, on completion of the fair value assessments, retrospective adjustments were made to the provisional amounts related to identifiable liabilities of the CAP Group recognised as of the Acquisition Date. Consequently, the Company's consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 March 2020, and certain explanatory notes have been restated to reflect these restatements. For details on the financial effects of the above, please refer to note 3 to financial statements of this final result announcement.

As at 31 March 2021, the CAP Group managed 11 agricultural produce exchange markets in Mainland China, across five provinces. During the year, the CAP Group recorded a revenue of approximately HK$620.8 million which included (i) approximately HK$233.2 million generated from property sales; (ii) approximately HK$42.0 million generated from sale of goods; (iii) approximately HK$83.3 million generated from commission income from agricultural produce exchange markets; (iv) approximately HK$98.4 million generated from agricultural produce exchange markets ancillary services; and (v) approximately HK$163.9 million generated from rental income from investment properties operating leases.

In order to achieve long term growth, the CAP Group strives for diversification of income streams via operating its wholly-owned agricultural produce exchange markets, entering into cooperation projects with local partners, making small amount of investment and providing management services to local partners to operate agricultural markets under the CAP Group's brand name, and provision of food and agricultural by-products merchandising services to customers.

The main agricultural produce exchange markets of the CAP Group in the PRC are Wuhan Baisazhou Agricultural and By-Product Exchange Market ("**Wuhan Baisazhou Market**"), Yulin Hongjin Agricultural and By-Product Exchange Market ("**Yulin Market**") and Luoyang Hongjin Agricultural and By-Product Exchange Market ("**Luoyang Market**").

Wuhan Baisazhou Market

Wuhan Baisazhou Market is one of the largest agricultural produce exchange market operators in the PRC. It is situated in the Hongshan District of Wuhan City, the PRC with a site area of approximately 310,000 square metres and a total gross floor area of approximately 190,000 square metres. In 2020, Wuhan Baisazhou Market was awarded top 10 of agricultural produce exchange markets by China Agricultural Wholesale Market Association. The award was a sign to the market contribution being made by the Group's effort and expertise as an agricultural produce exchange market operator in the PRC. Rental income from properties letting, commission income and revenue from agricultural produce exchange markets ancillary services are the major income generated from Wuhan Baisazhou Market.

During the year, legal disputes related to the market have resulted in a positive outcome. For details, please refer to the paragraph headed "Litigation" in this section.

The outbreak of the COVID-19 significantly affected the market performance of Wuhan Baisazhou Market in early 2020. When the pandemic began, the Wuhan local government limited the market operation scale as a control measure which lasted until late April 2020, and resumed normal operation afterwards. Wuhan Baisazhou Market was titled "An Outstanding Enterprise in Contributing to the Epidemic Prevention and Control and Supply Guarantee in Wuhan" by the Supplies Security Section under the Wuhan's Epidemic Prevention and Control Division for its remarkable contributions towards "supply guarantee".

Yulin Market

Yulin Market is one of the largest agricultural produce exchange markets in Guangxi Zhuang Autonomous Region, the PRC with a site area of approximately 415,000 square metres and a total gross floor area of approximately 196,000 square metres. Sale of properties is the major income generated from Yulin Market.

Luoyang Market

Luoyang Market is the flagship project of the CAP Group in Henan Province, the PRC, with a site area and a gross floor area of approximately 255,000 square metres and approximately 223,000 square metres, respectively. Sale of properties, rental income from properties letting and sale of goods are the major income generated from Luoyang Market.

COVID-19 Pandemic

The outbreak of the COVID-19 significantly affected the market performance in early 2020. The markets maintained limited operation during the pandemic as required by the local government. As the pandemic was gradually brought under control, the operation of agricultural produce exchange markets had returned to normal and reported a steady and satisfactory result.

(5) Investment in Easy One

Easy One, a company formerly listed on the Main Board of the Stock Exchange, is principally engaged in the businesses of property development in Mainland China and provision of finance and securities brokerage services in Hong Kong.

On 4 May 2020, Caister Limited ("**Caister**"), a company wholly owned by Mr. Tang Ching Ho, the controlling shareholder of Wang On Group Limited ("**Wang On**", a holding company of the Company, whose shares are listed and traded on the Main Board of the Stock Exchange), and the Chairman and Managing Director of the Company, requested the board of Easy One, an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, to put forward a proposal to the other shareholders of Easy One (the "**Proposal**") for the privatisation of Easy One by way of a scheme of arrangement (the "**Scheme**") under Section 99 of the Bermuda Companies Act 1981.

Pursuant to the Proposal, all ordinary shares of HK$0.01 each in Easy One (the "**Scheme Share(s)**") were cancelled in exchange for the consideration comprising the cash consideration of HK$0.3 per Scheme Share and the consideration shares on the basis of eight (8) ordinary share of Wang On as held by Caister, for each Scheme Share (the "**Consideration**"). The Proposal, upon implementation, constituted a major and connected transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), details of which were set out in the joint announcement published by the Company, Wang On, Easy One and Caister dated 4 May 2020.

On 26 August 2020, at the respective special general meetings of the Company and Wang On, the independent shareholders of the Company and Wang On respectively approved the Proposal and the disposal of the Scheme Shares held by the Group in exchange for the Consideration. On 8 September 2020, the resolution proposed at the meeting of the shareholders of the Scheme Shares (the "**Scheme Shareholders**") to approve the Scheme was duly passed by the Scheme Shareholders. On 17 September 2020, the Scheme was sanctioned by the Supreme Court of Bermuda without modification. The Scheme eventually became effective on 16 October 2020 when all the conditions to the implementation of the Proposal were fulfilled.

Details of the transaction were set out in the joint announcement published by the Company, Wang On, Easy One and Caister dated 4 May 2020; the scheme document dated 12 August 2020 jointly issued by Easy One and Caister in relation to the Proposal and the Scheme; the circulars of the Company and Wang On dated 24 July 2020 respectively and their respective poll results announcements dated 26 August 2020 in respect of the disposal of the entire shareholdings in Easy One of the Company and Wang On; and the respective joint announcements of Easy One and Caister dated 8 September 2020, 18 September 2020, 12 October 2020 and 16 October 2020.

Loss on disposal of investment in Easy One of approximately HK$237.7 million was recorded as other expenses during the year (2020: Nil).

(6) Financial Assets at Fair Value through Other Comprehensive Income

The Group has maintained a portfolio of listed equity securities and listed/unlisted bonds in Hong Kong which are held for long term investment purpose with an aim to generating stable income. As at 31 March 2021, the Group's investment in bonds amounted to approximately HK$136.0 million and carried annual interest rates ranging from 5.98% to 12.85%.

As at 31 March 2021, the fair value of financial assets at fair value through other comprehensive income was approximately HK$282.8 million (2020: approximately HK$173.2 million). During the year, the Group has recorded a net gain on change in fair value of financial assets at fair value through other comprehensive income of approximately HK$42.3 million (2020: net loss of approximately HK$52.0 million).

(7) Convertible Notes

On 19 October 2016, CAP issued the Convertible Notes with an aggregate principal amount of HK$500 million which will mature on 18 October 2021. The Convertible Notes are convertible into ordinary shares of CAP at a conversion price of HK$0.4 per ordinary share of CAP. On 27 November 2020, CAP served partial redemption notices to the holders of the Convertible Notes pursuant to the terms and conditions of the Convertible Notes for the early redemption of a principal of HK$130.0 million of the Convertible Notes, which has been settled by CAP's internal resources. Immediately after the completion of the early partial redemption in December 2020, the Convertible Notes in the aggregate principal amount of HK$134.8 million remained outstanding. During the year, no Convertible Notes were converted into ordinary shares of CAP by the Convertible Notes' holders. As at 31 March 2021, the Convertible Notes had an outstanding principal amount of HK$134.8 million.

(8) Unsecured Notes Due in 2024 (the "Unsecured Notes")

In May 2014, CAP established a HK$1,000 million medium term note program. The Unsecured Notes issued under the program are listed on the Stock Exchange by way of debt issue to professional investors only (Stock Code: 5755). As at 31 March 2021, the Unsecured Notes had an outstanding principal amount of HK$290.0 million.

FINANCIAL REVIEW

(1) Liquidity and Gearing and Financial Resources

As at 31 March 2021, the Group had total assets of approximately HK$7,964.5 million (2020: approximately HK$7,730.2 million) which were financed by current liabilities of approximately HK$2,371.4 million (2020: approximately HK$1,873.7 million), non-current liabilities of approximately HK$1,642.8 million (2020: approximately HK$1,863.1 million) and shareholders' equity of approximately HK$3,950.3 million (2020: approximately HK$3,993.4 million).

As at 31 March 2021, the Group's cash and cash equivalents were approximately HK$507.2 million (2020: approximately HK$475.7 million).

As at 31 March 2021, the Group's total interest-bearing debts amounted to approximately HK$1,661.1 million (2020: approximately HK$ 1,800.8 million), which bore interest at fixed and floating interest rates and were denominated in Hong Kong dollars and Renminbi ("**RMB**"). Please refer to the consolidated financial statements in our 2021 annual report to be published in due course for the maturity profile of the Group's borrowings.

	At 31 March 2021		At 31 March 2020	
	HK$ Million	***Approximate effective interest rate***	*HK$ Million*	*Approximate effective interest rate*
Unsecured notes	**199**	**12%**	181	12%
Convertible Notes	**132**	**12%**	250	12%
Financial institution borrowings	**1,255**	**4%**	1,295	4%
A subsidiary of Wang On	**75**	**10%**	75	10%
Total	**1,661**		1,801	

The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.4 (2020: approximately 1.7). The gearing ratio, being the ratio of total interest-bearing debts net of cash and cash equivalents to equity attributable to owners of the parent, was approximately 45.0% (2020: approximately 50.1%). The Group always adopts a conservative approach in its financial management.

(2) Significant Investments Held

As at 31 March 2021, the Group had financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss of approximately HK$282.8 million and approximately HK$102.6 million respectively, details of which were set out as follows:

Name of Investments	As at 31 March 2021		For the financial year ended 31 March 2021			Fair value/ carrying amount		
	Amount held	Percentage to Group's net assets	Fair value gain/(loss)	Bond interest income	Dividends received	As at 31 March 2021	As at 31 March 2020	Investment costs
	HK$'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through other comprehensive income:								
A. Equity investments								
Wang On	113,305	2.87	23,238	–	3,832	113,305	25,380	81,506
Others	33,552	0.85	7,067	–	502	33,552	26,486	56,602
B. Debt investments	135,958	3.44	11,981	16,284	–	135,958	121,354	142,776
Sub-total	**282,815**	**7.16**	**42,286**	**16,284**	**4,334**	**282,815**	**173,220**	**280,884**
Financial assets at fair value through profit or loss:								
A. Rockpool Capital SPC ("**Rockpool**")	56,393	1.43	7,791	–	–	56,393	48,602	58,500
B. Unlisted funds	42,279	1.07	1,702	–	–	42,279	1,780	40,411
C. Others	3,931	0.10	(2,892)	–	49	3,931	6,293	5,470
Sub-total	**102,603**	**2.60**	**6,601**	–	49	**102,603**	**56,675**	**104,381**
Total	**385,418**	**9.76**	**48,887**	**16,284**	**4,383**	**385,418**	**229,895**	**385,265**

The principal activities of the securities are as follows:

(a) *Wang On*

Wang On is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment and property development in Hong Kong through Wang On Properties Limited (Stock Code: 1243), its 75%-owned listed subsidiary; (iii) manufacturing and/or retailing of pharmaceutical and health food products through the Company, its 65.79%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, a 53.37%-owned listed subsidiary of the Company.

(b) *Rockpool*

Rockpool, an exempted company registered as a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability.

(c) Save as disclosed above, the Group also invested in other equity securities and bonds in Hong Kong, the fair value of each of which represented less than 1.00% of the net assets of the Group as at 31 March 2021.

(d) Save as disclosed above, the Group also invested in other unlisted funds and derivative financial instruments, the fair value of each of which represented less than 1.00% of the net assets of the Group as at 31 March 2021.

(3) Financial Review and Prospect 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/unlisted 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 with an aim to generating a stable income.

As at 31 March 2021, the fair value of the Group's investments in bonds and equity securities amounted to approximately HK$136.0 million (2020: approximately HK$121.4 million) and approximately HK$146.9 million (2020: approximately HK$51.9 million), respectively.

The Group had recorded a net gain on change in fair value of financial assets at fair value through other comprehensive income of approximately HK$42.3 million for the year (2020: net loss of approximately HK$52.0 million).

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

As at 31 March 2021, the Group maintained an investment portfolio of unlisted funds and derivative financial instruments. 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 gain on change in fair value of financial assets at fair value through profit or loss of approximately HK$6.6 million for the year (2020: net loss of approximately HK$7.9 million).

(4) Foreign Exchange

The Board is of the opinion that the Group has material foreign exchange exposure in RMB. All 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 Mainland China. The RMB exposure of the Group is mainly derived from currency translation risk arising from the net assets of our 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 gain of approximately HK$286.5 million (2020: loss of approximately HK$83.8 million). The re-translation difference was recognised in other comprehensive income/exchange reserve.

(5) 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 listed debt investments to maximise assets efficiency.

(6) Capital Commitment

As at 31 March 2021, the Group had capital commitment of approximately HK$242.6 million (2020: approximately HK$399.6 million) in respect of the acquisition of property, plant and equipment and construction contracts, which were contracted for but not provided for in the consolidated financial statements.

(7) Pledge of Assets

As at 31 March 2021, certain bank loans of the Group were secured by the Group's property, plant and equipment, owned investment properties and certain rental income generated therefrom, properties held for sale, financial assets at fair value through other comprehensive income, with a total carrying value of approximately 2,435.3 million (2020: approximately HK$2,498.5 million).

(8) Financial Guarantee

As at 31 March 2021, the Group provided guarantees of approximately HK$56.8 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (2020: approximately HK$63.5 million). 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.

LITIGATION

In 2007, the CAP Group acquired Wuhan Baisazhou Agricultural By-Product Grand Market Company Limited ("**Baisazhou Agricultural**") from independent third parties, Ms. Wang and Tian Jiu for their respective 70% and 20% interest in Baisazhou Agricultural (the "**Baisazhou Acquisition**").

Since 2011, the CAP Group has been involved in a number of civil proceedings in Mainland China and Hong Kong. The key civil proceedings in Mainland China and Hong Kong in respect of the Baisazhou Acquisition are set out below:

In Mainland China, proceedings concerning Ms. Wang, Tian Jiu and CAP:

In May 2015, Ms. Wang and Tian Jiu commenced proceedings against the PRC Ministry of Commerce ("**MOFCOM**") in the Beijing Second Intermediate People's Court, seeking, *inter alia*, a direction that MOFCOM revoke its approval in respect of the Baisazhou Acquisition.

It is alleged by Ms. Wang and Tian Jiu that:

(a) Baisazhou Agricultural forged share transfer agreements (the "**Contended Agreements**") in relation to the Baisazhou Acquisition wherein the related consideration was understated and the manner of settlement of the consideration was inaccurately described;

(b) Baisazhou Agricultural forged the related documentation for filing with MOFCOM and the Hubei Administration For Industry and Commerce (the "**Hubei AIC**"), and that such documentation and the Contended Agreement involved forged signatures; and

(c) MOFCOM and the Hubei AIC approved the Baisazhou Acquisition and processed the related fillings on the basis of the above documents that are allegedly forged.

In December 2015, the Beijing Second Intermediate People's Court directed MOFCOM to reconsider its approval decision. In May 2016, MOFCOM decided that its approval issued in relation to the Contended Agreements shall not be revoked and shall remain to be in force (the "**Reconsidered Decision**").

In August 2016, Ms. Wang and Tian Jiu commenced administrative proceedings against MOFCOM in the Beijing Second Intermediate People's Court seeking to set aside the Reconsidered Decision. In March 2017, the Beijing Second Intermediate People's Court dismissed the application of Ms. Wang and Tian Jiu ("**31 March Judgment**"). On 20 December 2018, the Beijing Higher People's Court upheld the 31 March Judgment ("**20 December Judgment**"). Ms. Wang and Tian Jiu applied to the Supreme People's Court for a retrial and for dismissal of (i) the 31 March Judgment, and (ii) the 20 December Judgment, but this application was dismissed by the Supreme People's Court on 29 December 2020.

As advised by CAP's PRC legal advisor, the approval issued by MOFCOM in 2007 in relation to the Contended Agreements shall not be revoked and remain to be in force, and CAP continues to be the legal and beneficial owner of Baisazhou Agricultural.

In May 2015, CAP commenced legal proceedings against Ms. Wang and Tian Jiu in the Higher People's Court of Hubei Province ("**Hubei Court**") seeking, *inter alia*, declarations and orders that the sales and purchase agreements for the Baisazhou Acquisition (the "**SPA**") have been legally made, and that Ms. Wang and Tian Jiu shall assist Baisazhou Agricultural to discharge its contractual duties under the SPA to make the necessary filing with MOFCOM (which were subsequently withdrawn in April 2019 in light of the decisions in respect of the MOFCOM approvals). Ms. Wang and Tian Jiu filed their counterclaim for, *inter alia*, the return of CAP's 90% interest in Baisazhou Agricultural, which was dismissed by the Hubei Court in December 2019 ("**23 December Judgment**").

In January 2020, Ms. Wang and Tian Jiu appealed against the 23 December Judgment. On 29 March 2021, CAP received the judgment of the Supreme Court dated 29 December 2020 (the "**29 December Judgment**") which upheld the 23 December Judgment and dismissed the appeal of Ms. Wang and Tian Jiu. As advised by the PRC legal advisors of CAP, according to the 23 December Judgment and the 29 December Judgment, CAP continues to be the legal and beneficial owner of Baisazhou Agricultural.

In Hong Kong, CAP as plaintiff against Ms. Wang and Tian Jiu as defendants:

In 2011, CAP issued a Writ of Summons in the CFI against Ms. Wang and Tian Jiu. CAP (as purchaser) sought damages from Ms. Wang and Tian Jiu (as vendors) for their breach of various provisions of the SPA. Ms. Wang and Tian Jiu counterclaimed for, amongst others, an order that CAP shall cause and/or procure the shares in Baisazhou Agricultural to be transferred back to Ms. Wang and Tian Jiu.

In 2012, CAP obtained a court order from the CFI to the effect that undertakings (the "**Undertakings**") were given by Ms. Wang and Tian Jiu not to (i) indorse, assign, transfer or negotiate the two instruments (purportedly described as promissory notes in the SPA) (the "**Instruments**"); and (ii) enforce payment in relation to the SPA by presentation of the Instruments until the final determination of these proceedings or further court order. Pursuant to the Undertakings, the Instruments will no longer fall due for payment by CAP on 5 December 2012.

The CFI handed down its judgment on 18 January 2021 awarding damages in favour of CAP for sums exceeding the sum owed under the Instruments. The CFI also ordered that the damages awarded to CAP be set-off by the sum owed under the Instruments, and that Ms. Wang and Tian Jiu not be allowed to enforce the Instruments against CAP. In effect, CAP is not required to make any payment under the Instruments to Ms. Wang or Tian Jiu. CAP is seeking legal advice for the recovery of the balance of the damages awarded to it. Further, as the counterclaim of Ms. Wang and Tian Jiu was dismissed, CAP continues to be the legal and beneficial owner of Baisazhou Agricultural.

Further details regarding the civil proceedings which CAP has been involved in can be found in the interim/annual reports and announcements issued by CAP.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognises our employees as the key element that contributes to the Group's success. As at 31 March 2021, the Group had 1,822 (2020: 1,803) employees, of whom approximately 31.8% (2020: approximately 29.5%) were located in Hong Kong and Macau and the rest were located in Mainland China. 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 PRC staff. Other benefits such as medical and retirement benefits and structured training programs were also provided. Meanwhile, the Group endeavours 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 relationship 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 endeavours 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 has examined the principal risks facing the Group through our risk management and internal control system and we consider that the major risks and uncertainties that may affect the Group included:

(i) industrial policy risk: (a) 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 TCM significant effect may be brought to the future development of the pharmaceutical industry; and (b) the development, construction, operations and acquisition of agricultural produce exchange markets;

(ii) low growth of customer base: due to the decrease in the number of Mainland tourists and Hong Kong economy recession this year, the potential of our retail sales growth may face challenges;

(iii) environmental protection policies: environmental impact, efficiency and security of key infrastructure;

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

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

(vi) supply chain disruption: due to industrial issues, risks of supplier control and flexibilities, to deal with competitive pricings;

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

(viii) respond to customer behaviour: may not be able to respond effectively to economy recession, consumers reduced consumption, reduction in consumer spending and change of impulsive shopping behavior;

(ix) sourcing: less globalised sourcing, the impact on the relative competitiveness of costs;

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

(xi) foreign exchange: unfavourable 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 Mainland China, 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 behaviour 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

Looking forward, the Group will accelerate the development of its TCM products in Mainland China and Macau which can diversify the risk of market uncertainty and explore on the aged group market, in particular the silver hair group, in Hong Kong. The national policy for Guangdong-Hong Kong-Macau Greater Bay Area, as a key development area, provides a bright prospect for TCM development. Furthermore, the Group will further explore new product development and develop new sales platform. Moreover, the Group will continue to expand its business in agricultural produce exchange network in the PRC by leveraging on its leading position in the industry.

Guangdong – Hong Kong – Macau and the Greater Bay Business Development

The Group will continue to push forward its development in Guangdong-Hong Kong-Macau Greater Bay Area in order to broaden the distribution network and help strengthen the Group's sales and brand recognition. During the year, the Government of Macau Special Administrative Region has granted Wai Yuen Tong (Macau) Limited ("**WYT Macau**") the import/export and wholesales license of medicine in Macau, which is a milestone of business development in Macau. WYT Macau can form its own sales team to directly sell its products to pharmacies/supermarkets/chain stores in wholesales, which can expand our business opportunities and market shares in Macau.

Besides, the setup of 位元堂(珠海橫琴)保健食品有限公司 in Hengqin is committed to developing itself into a new economic engine and a fascinating city with distinctive characteristics for the Greater Bay Area. The Hengqin New Area of Zhuhai in the China (Guangdong) Pilot Free Trade Zone is an important platform for deepening cooperation between Guangdong and Macau and promoting an appropriate level of diversified economic development in Macau, e.g. scientific research and medical development. A renowned Hengqin Medicine Garden can be built for developing medical tourism and health care projects.

New Product Development

Subsequent to the outbreak of COVID-19, we believe that TCM plays an increasingly significant role in the fight against this global pandemic. Prevention comes before cure and consumer health awareness will increase.

We continue to ride on the development trend of the comprehensive new healthcare products to satisfy the extensive market demands.

To focus on our TCM core businesses and enrich product mix on health supplement aspects, we will ride on the development trend and leverage the advantage to TCM product to various aspects. We have successfully launched our new product range – PROVET as we believe "Tonic and health preservation are not just human patent". Wai Yuen Tong's pet supplement product range "PROVET" is Hong Kong's first-ever pet wellness product developed by a team of professional Chinese Medicine Veterinarians and validated Wai Yuen Tong's Chinese Medicine Practitioners. The development of PROVET line is greatly welcome by the market as our supplements are made with Chinese herbs for dogs and cats and tailored to their health needs and ages. The Chinese Medicine diagnoses through symptoms, and then addresses the underlying causes of the issues. It not only treats symptoms but also improves the overall health of pets so that future issues can be prevented, providing long-term health benefits to the pets.

Last but not least, continuous investment has been made in the diversification of sales channels. A newly development of online shopping platforms as JD.Com/TMall provide customers with seamless online and offline shopping experience. We devote more focus on health products through online platforms in order to tackle the weakened retail market which might continue for the rest of the year.

Regarding our Western pharmaceutical business, we expect a favourable growth resulted in the sale of cough syrup to the private clinic market in Hong Kong and through other distributors to be sold to the PRC.

The Group will continuously expand cooperation with scientific research institutes and, based on TCM formulas and taking "Made in Hong Kong" as quality control, promote scientific development in terms of regulation of Chinese Medicine. We will continue to enhance our distribution network by penetrating into more local communities and diversify our product range to meet the needs of customers.

In December 2020, National Medical Products Administration (國家藥品監督管理局) had approved the application by Luxembourg Medicine Company Limited, a subsidiary of the Company, for manufacturing the children cough syrup products in the Group's Yuen Long factory and importing the same into Mainland China. We expect an improved demand for the children cough syrup products in Mainland China for the upcoming years.

Management and Sale of Properties in Agricultural Produce Exchange Markets

Agricultural development is the PRC central government's first priority policy for the next consecutive years. In 2021, the Central Committee of Communist Party of China and the State Council of China released the "No. 1 Central Document of 2021". The document promises to promote investments in agricultural produce markets, expand agricultural produce network, build logistic infrastructure and storage facilities of agriculture products and improve regional cold storage infrastructure. On the other hand, it is expected that the "Belt and Road Initiative" policy will drive the overall growth of the PRC economy and provide a sustainable way for the PRC's continuing development. We believe we could make use of the support from the PRC government to sustain the long term growth with the aim to delivering long term benefits to the shareholders of the Group.

We will continue to build a nationwide agricultural produce exchange network by leveraging on its leading position in the industry, readily replicable business model, well-advanced management system, information technology infrastructure and quality customer services.

EVENTS AFTER THE REPORTING PERIOD

(a) On 2 June 2021, Wai Yuen Tong (Retail) Limited, an indirect subsidiary of the Company, entered into a tenancy agreement with Success Vision Limited, an indirect subsidiary of Wang On Properties Limited, to lease a retail shop located at Mei Foo Sun Chuen, Kowloon for a term of three years commencing from 3 June 2021 and expiring on 2 June 2024 for a monthly rental of HK$115,000.

Further details of the transaction are set out in the Company's announcement dated 2 June 2021.

(b) On 8 June 2021, Upper Speed Investments Limited, an indirect non-wholly owned subsidiary of the Company, acquired from the secondary market notes issued by Fantasia Holdings Group Co., Limited in the principal amount of US$5.0 million (equivalent to approximately HK$38.9 million) at the purchase price of approximately US$5.06 million (equivalent to approximately HK$39.4 million).

Further details of the acquisition are set out in the Company's announcement dated 8 June 2021.

(c) On 18 June 2021, Century Choice Limited ("**Century Choice**"), a wholly-owned subsidiary of CAP and a substantial shareholder (the "**PRC Shareholder**") of 玉林宏進農副產品批發市場有限公司(Yulin Hongjin Agricultural By-products Wholesale Marketplace Limited ("**Yulin Hongjin**")) entered into an agreement in relation to the reduction of registered capital contribution of Century Choice in Yulin Hongjin. Pursuant to the agreement, the PRC Shareholder waived its entitlement to the dividend declared by Yulin Hongjin for the financial year ended 31 December 2020 in the amount of approximately RMB117 million and directed the same to be paid to Century Choice, and the amount of registered capital contribution by Century Choice in Yulin Hongjin was reduced by an amount equal to approximately RMB41.9 million. As a result of such reduction of registered capital contribution, CAP's equity interest in Yulin Hongjin was decreased from 65% to 51%.

Further details of the capital reduction are set out in the Company's announcement dated 18 June 2021 jointly published with Wang On and CAP.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to enhancing and strengthening efforts on environmental protection, 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 and so forth. The Group has not only improved the quality management system but also strengthened the quality of the audit to ensure the quality and safety of Chinese and Western pharmaceutical project control.

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 is conscious of its role as a socially responsible group of companies, it makes donations for community wellbeing from time to time, supports the communities and encourages its employees to participate in any charitable events and caring services. Given the support from management, the Group built up a team of staff volunteers to get involved in volunteer work.

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 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 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the financial year ended 31 March 2021, except for the following deviation:

Code provision A.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 under review, Mr. Tang Ching Ho (“**Mr. Tang**”), the chairman of the Board, also assumed the role of managing Director, which arrangement deviated from code provision A.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 A.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 2021 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 10 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 financial year under review and up to the date hereof. No incident of non-compliance by the Directors was noted by the Company during the financial 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. Leung Wai Ho, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou, all of them are the independent non-executive Directors, and Mr. Li Ka Fai, David is the chairman of the Audit Committee.

During the financial year, the Audit Committee held two regular 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 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 2021.

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 2021 as set out in this announcement have been agreed by the Company's independent auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2021. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with *Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements* issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 19 August 2021 to Wednesday, 25 August 2021 for determining eligibility to attend and vote at the 2021 annual general meeting. In order to be eligible to attend and vote at the 2021 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m., Wednesday, 18 August 2021.

ANNUAL GENERAL MEETING

The 2021 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 of 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong, on Wednesday, 25 August 2021 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.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of HKEX news (www.hkexnews.hk) and the Company (www.wyth.net). The 2021 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 and Managing Director

Hong Kong, 29 June 2021

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. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David.

* *For identification purpose only*