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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Ching Ho, *JP, Chairman*
Mr. Chan Chun Hong, Thomas
Managing Director
Ms. Tang Mui Fun

Independent Non-executive Directors

Mr. Leung Wai Ho, *MH*
Mr. Yuen Chi Choi
Mr. Siu Man Ho, Simon
Mr. Cho Wing Mou

AUDIT COMMITTEE

Mr. Yuen Chi Choi, *Chairman*
Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, Simon
Mr. Cho Wing Mou

REMUNERATION COMMITTEE

Mr. Siu Man Ho, Simon, *Chairman*
Mr. Leung Wai Ho, *MH*
Mr. Yuen Chi Choi
Mr. Cho Wing Mou
Mr. Tang Ching Ho, *JP*
Mr. Chan Chun Hong, Thomas

NOMINATION COMMITTEE

Mr. Cho Wing Mou, *Chairman*
Mr. Siu Man Ho, Simon
Mr. Yuen Chi Choi
Mr. Leung Wai Ho, *MH*
Mr. Tang Ching Ho, *JP*
Mr. Chan Chun Hong, Thomas

EXECUTIVE COMMITTEE

Mr. Tang Ching Ho, *JP, Chairman*
Mr. Chan Chun Hong, Thomas
Ms. Tang Mui Fun

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

AUDITORS

Ernst & Young

LEGAL ADVISERS

DLA Piper Hong Kong
Gallant Y T Ho & Co

PRINCIPAL BANKERS

The Bank of East Asia, Limited
China Construction Bank (Asia)
Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
(formerly known as Butterfield Fulcrum Group (Bermuda) Limited)
26 Burnaby Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

BOARD LOT

10,000 shares

INVESTOR RELATIONS

Email: contact@waiyuentong.com

HOMEPAGE

http://www.wyth.net

STOCK CODE

897

INTERIM DIVIDEND

The board of directors (the "**Board**") of Wai Yuen Tong Medicine Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") does not recommend the payment of any interim dividend for the six months ended 30 September 2013 (30 September 2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six-month period ended 30 September 2013, the Group continued to achieve a satisfactory business growth and recorded a turnover of approximately HK$418.6 million (2012: approximately HK$365.7 million), representing a growth of approximately 14.5% over the same period last year. Besides, the Group recorded a significant increase in profit for the six months ended 30 September 2013 as compared to the corresponding period in 2012, achieving a profit attributable to owners of the parent of approximately HK$59.1 million (2012: approximately HK$33.7 million). Such improvement in result was mainly attributable to, among other things, the increase in gross profit resulting from the increase in the Group's turnover and the gain from change in fair value of investments held-for-trading for the six months ended 30 September 2013 as compared to the loss recorded in the corresponding period in 2012, despite the same will be partly set-off by the decrease in fair value gains on investment properties for the six months ended 30 September 2013 as compared with the corresponding period in 2012.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the period under review increased by approximately 12.9% from approximately HK$289.1 million for the same period last year to approximately HK$326.5 million. Due to the recent relatively slower overall economy, which placed heavy pressure on the general retail business environment, there was a slowdown in the growth rate of our retail business. Indeed we still recorded a better same store sale growth at a low single digit. On the other hand, sales performance in other channels, such as chain stores, key accounts and open trade, kept on recording remarkable growth rate against the same period last year. This achievement was the result of increasing focus and resources to boost these alternative sale channels which we had previously identified to have good potential.

BUSINESS REVIEW (Continued)

(1) Chinese Pharmaceutical and Health Food Products (Continued)

The increasing public awareness and concern on personal health and the increasing trend of people consuming health supplements indicated that our business is in a favorite environment for further growth and development. In order to seize these opportunities, we will continue to expand our product range so as to attract and broaden our customer base. Series of marketing campaigns will be launched to promote brand awareness and product image. Meanwhile, we must maintain strict production and process control so as to reinforce customers' confidence in our quality products. We believe that going through all these actions will attract not just local Hong Kong citizens but also the increasing number of Mainland Chinese tourists visiting Hong Kong to buy our products.

In addition, the establishment of integrated Chinese medical centres to provide Chinese medicine consultation services has proven successful and the Group will explore ways to expand our Chinese medicine consultation services. We believe that this strategic move will help to further strengthen our position in the Chinese pharmaceutical and health food products industry.

(2) Western Pharmaceutical and Health Food Products

Turnover for the period under review increased by approximately 28.3% from approximately HK$61.5 million for the same period last year to approximately HK$78.9 million. The upsurge in sales was mainly contributed by the cough syrup products under our primary brand "Madame Pearl's". After about half year's prohibition in sales as imposed by the Mainland China government authority, the sales of cough syrup products containing codeine in Mainland China market resumed in May 2013. Customers' demand has been accumulated during the banning period and thus brought forward the sales to the current period.

Meanwhile, the sales performance of the personal care products under our secondary brand "Pearl's" continued to be positive and has shown a stable sales momentum. By means of continuous product development, adding promotion effort, increasing product penetration and appearance in different sale channels, "Pearl's" has gained customer confidence, becoming more well-known to the public and more well-received by the market. In future, we shall diversify its products portfolio and introduce more new personal care products which target the children and the adult sectors to the market.

Another new product line, sugar-free mint candy, also brought in constant revenue to the Group since its launch in the market, attracting and broadening our customer base, especially among the younger generation.

BUSINESS REVIEW (Continued)

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

Turnover for the period under review decreased by approximately 26.7% from approximately HK$10.5 million for the same period last year to approximately HK$7.7 million. Mainland China remains putting an embargo on the import of both dry birds' nest and bottled birds' nest caused the continuous sales dip in this segment. Besides, we also experienced sales drop in the Singapore local market due to cautious consumer spending.

The Group will keep on exploring for diversification of its product range by introducing more herbal essence products and to expand the distribution of its products to more overseas Chinese communities in order to minimise the impact of the loss of business in birds' nest sales.

(4) Property Investment

Some of the Group's properties were leased out for commercial purpose while some were used by our retail shops. Management believes in the long-term prospects of commercial properties in Hong Kong and considers that our investment property portfolio adds stability and strength to the Group's income base.

On 2 April 2013, the Group completed the acquisition of an investment property located in Jordan, Kowloon, Hong Kong, at a cash consideration of HK$81.0 million. The property is currently leased out to an independent third party for commercial purpose.

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

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

As at 30 September 2013, the Group held a 34.63% shareholding interest in PNG. The Group's share of the profit of PNG amounted to approximately HK$5.1 million for the period under review (2012: loss of approximately HK$5.2 million). The improvement in result was mainly due to the net effect of the increase in profit realised from PNG's sale of property in the PRC over the net loss arising from the decrease in fair value of the plantation assets in Papua New Guinea during the period.

BUSINESS REVIEW (Continued)

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

No impairment loss on the Group's investment in PNG was recognised by the Group during the period under review (2012: Nil) as the recoverable amount was assessed to be closed to the carrying value of the interest in PNG.

On 19 September 2013, PNG announced the disposal of a subsidiary. This subsidiary company in turn holds the entire issued share capital of another company which is principally engaged in the forestry and timber logging project in Papua New Guinea. For details of the disposal, please refer to PNG's announcement dated 19 September 2013 and PNG's circular dated 7 November 2013.

(6) Investments held-for-trading

The Group has maintained a portfolio of listed equity securities in Hong Kong which are held for trading purpose. The Group has recorded net gain on change in fair value of investments held-for-trading of approximately HK$6.5 million for the period under review (2012: net loss of approximately HK$11.2 million).

(7) Loan facilities granted to PNG

For the period under review, on August 2013, PNG repaid one of the outstanding loans with the principal amount of HK$15.0 million, together with accrued interest, to the Group upon its maturity.

On 22 August 2013, the Group and PNG entered into two sets of the supplemental loan agreements to each of the previous loan agreements regarding the loan principals of HK$10.0 million and HK$190.0 million, respectively, pursuant to which the Group conditionally agreed to extend the respective repayment dates under each of the previous loan agreements for three years upon each of the respective maturity dates in consideration for the increase in interest rate from 8.0% to 10.0% per annum and the interest accrued will be payable on an annual basis. Details of the supplemental loan agreements were set out in the Company's announcement dated 22 August 2013 and the Company's circular dated 9 September 2013.

In view of the development prospects of PNG, the Group considers that it is in the interest of the shareholders to continue to support the development of PNG by way of loan financing with an aim to generate return to the shareholders in long run as a controlling shareholder of PNG. The Group also considers that the continuous provision of the loan facilities to PNG provides the Group a higher and stable interest income in the short to medium term.

BUSINESS REVIEW (Continued)

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

On 28 May 2013, the Group entered into a loan agreement with CAP, pursuant to which the Group agreed to grant to CAP a revolving loan facility in an aggregate amount of not exceeding HK$150.0 million at an interest rate of 12.0% per annum for a term of three years. Loan principals of HK$100.0 million and HK$50.0 million were fully drawn down by CAP in May and June 2013, respectively.

Together with the aggregate loan of HK$175.0 million under the previous loan facility agreements, CAP was indebted to the Group in an aggregate loan amount of HK$325.0 million as at 30 September 2013.

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

(9) New factory construction project in Yuen Long Industrial Estate

Following the grant lease of a piece of land located at Yuen Long Industrial Estate by Hong Kong Science and Technology Parks Corporation to the Group as mentioned in last year annual report, the preliminary works for the construction of a five-storey factory building to house the Group's pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing already commenced indeed. Foundation work is now underway and will last until mid-2014. Thereafter, superstructure works, fitting out works, equipment ordering, etc. will follow. We expected that the whole factory construction will be completed in 2016, while operation is targeted to begin in early 2017.

FINANCIAL REVIEW

Liquidity and Gearing

As at 30 September 2013, the Group's total borrowings amounted to approximately HK$347.2 million (31 March 2013: approximately HK$262.8 million). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the parent, was approximately 20.0% (31 March 2013: approximately 15.7%).

Foreign Exchange

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

Capital Commitment

As at 30 September 2013, the Group had capital commitment of approximately HK$50.8 million (31 March 2013: approximately HK$13.6 million) and nil (31 March 2013: approximately HK$37.0 million) in respect of the acquisition of property, plant and equipment and investment property, respectively, which were contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 30 September 2013, the Group had no material contingent liabilities (31 March 2013: Nil).

EMPLOYEES

As at 30 September 2013, the Group had 796 (31 March 2013: 741) employees, of whom approximately 69% (31 March 2013: approximately 66%) were located in Hong Kong. The Group remunerates its employees based on their performance and the prevailing market rates. The Group also operates a share option scheme under which the Board may grant share options to the employees of the Group.

PROSPECTS

The recent global financial instability and economic slow down has generally affected the business environment in Hong Kong and the PRC, with the retail business being the most vulnerable. In order to minimise the general adverse effect on our business of the worsening global environment as well as the ever changing local government policy, control and measure, the Group will continue to make efforts to expand its product range, broaden its customer base, strengthen quality control and enhance marketing and promotion activities so as to further uplift the image and competitiveness of its brands and its products. Realising that people have attached greater importance to personal health and well-being, the Group will produce more educational information relating to these topics and will publish in various media which can show to the public our dedication within the industry. Proven that there is a strong growth potential in other sale channels, such as chain stores, key accounts, open trade, etc., the Group will further increase its focus and concentration by adding more resources, including manpower, incentives, advertising and promotion budget to develop these alternative sale channels, with the target to balance the risk and reliance on retail business and shifting towards a more healthy sale channel mix. Besides, the Group will also make use of the cyber world, such as cooperate with other agencies focusing on group purchase business, set up a fans page on Facebook and launch iPhone apps, which have already been recognised as an effective and efficient way to promote our brands and products and bring in potential new customers from the younger generation. On the other hand, the Group will also evaluate merger and acquisition opportunities as a means to speed up growth if it can bring synergy to our existing business, as well as diversification of its investment portfolio for strengthening and broadening its income base.

PROSPECTS (Continued)

Continuously rising labour, raw materials and rental costs all add burden to the Group as they form a significant portion of the Group's operating costs. By adopting various cost control measures, such as exploring new suppliers to ensure raw materials purchased are of high quality and at competitive prices, reviewing various operating cycles and processes so as to improve our production efficiency and restructuring some of our retail shops, whether location or shop size, to achieve greater sales revenue deriving from lower overall rental costs, the Group's management seeks to maintain its profitability. The Group will also consider acquiring suitable retail premises, both for long term capital appreciation purpose and to minimise the effect of the rising trend in rental costs.

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2013, the interests and short positions of the directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

Long positions in underlying shares of share options of the Company:

Name of director	**Date of grant**	**Exercise price per share**	**Number of share options outstanding**	**Exercisable period** *(Note 1)*	**Number of underlying shares**	**Approximate percentage of the Company's total issued share capital** *(Note 2)*
		HK$				%
Ms. Tang Mui Fun	8.1.2009	1.2050	78,214	8.1.2010 to 7.1.2019	78,214	0.003

Notes:

(1) The exercisable period of the above share options beneficially held by Ms. Tang Mui Fun was vested as follows:–

On the 1st anniversary of the date of grant:	30% vest
On the 2nd anniversary of the date of grant:	Further 30% vest
On the 3rd anniversary of the date of grant:	Remaining 40% vest

(2) The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2013 of 2,931,142,969 shares.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

Save as disclosed above, as at 30 September 2013, none of the directors and chief executive of the Company and/or any of their respective associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares, or underlying shares in, or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2013, to the best knowledge of the directors, the following persons (other than the directors or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in the shares of the Company:

Name of shareholder	**Number of shares**	**Approximate percentage of the Company's total issued share capital** *(Note 2)* %
Wang On Group Limited ("**Wang On**") *(Note 1)*	729,042,034	24.87
Wang On Enterprises (BVI) Limited ("**WOE**") *(Note 1)*	729,042,034	24.87
Rich Time Strategy Limited ("**Rich Time**") *(Note 1)*	729,042,034	24.87

Notes:

1. Rich Time is wholly owned by WOE, which is a wholly-owned subsidiary of Wang On. WOE and Wang On are deemed to be interested in 729,042,034 shares held by Rich Time.

2. The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2013 of 2,931,142,969 shares.

Save as disclosed above, as at 30 September 2013, there were no other persons (other than the directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 22 August 2013, the shareholders of the Company approved the adoption of a new share option scheme (the "**2013 Scheme**") and the termination of the share option scheme previously adopted by the Company on 18 September 2003 (the "**2003 Scheme**"). Upon the termination of the 2003 Scheme, no share options was granted thereunder but the subsisting share options granted prior to the termination will continue to be valid and exercisable during the prescribed exercisable period in accordance with the terms of the 2003 Scheme.

Under the 2013 Scheme, share options may be granted to any director or proposed director (whether executive, or non-executive, including independent non-executive director), employee or proposed employee (whether full-time or part-time), secondee, any holder of any securities issued by any member of the Group, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The 2013 Scheme became effective on 22 August 2013 and, unless otherwise terminated earlier by shareholders at a general meeting, will remain in force for a period of 10 years from that date.

The movement in the share options under the 2003 Scheme during the period under review was as follows:

	Number of share options							
Name or category of participant	Outstanding as at 1 April 2013	Granted during the period	Exercised during the period	Lapsed or cancelled during the period	Outstanding as at 30 September 2013	Date of grant	Exercise price per share HK$	Exercisable period*
Executive Director								
Ms. Tang Mui Fun	78,214	–	–	–	78,214	8.1.2009	1.2050	8.1.2010 – 7.1.2019
	78,214	–	–	–	78,214			
Other employees								
In aggregate	504,185	–	–	(14,440)	489,745	8.1.2009	1.2050	8.1.2010 – 7.1.2019
	807,417	–	–	(24,066)	783,351	12.5.2010	0.4321	12.5.2011 – 11.5.2020
	1,311,602	–	–	(38,506)	1,273,096			
	1,389,816	**-**	**-**	**(38,506)**	**1,351,310**			

* The share options granted under the 2003 Scheme were vested as follows:

On the 1st anniversary of the date of grant:	30% vest
On the 2nd anniversary of the date of grant:	Further 30% vest
On the 3rd anniversary of the date of grant:	Remaining 40% vest

Save as disclosed above, during the period under review, no share option was granted, exercised or cancelled under the 2003 Scheme and the 2013 Scheme and an aggregate of 38,506 share options lapsed under the 2003 Scheme. As at 30 September 2013, the Company had 1,351,310 share options outstanding under the 2003 Scheme. Upon expiry of the vesting periods, the exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 1,351,310 additional ordinary shares of the Company and additional share capital of approximately HK$13,513.1 and share premium of approximately HK$1,009,363.46 (before issue expenses).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2013.

The Group is committed to maintaining a high standard of corporate governance 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 generate greater returns for the shareholders of the Company.

UPDATE ON DIRECTORS' INFORMATION

During the period under review, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DISCLOSURES PURSUANT TO RULES 13.13 AND 13.20 OF THE LISTING RULES

At the end of the reporting period, the Group, through various of its wholly-owned subsidiaries, had advanced and PNG and CAP were indebted to the Group an aggregate outstanding principal amount of HK$200.0 million and HK$325.0 million, respectively, to the Group pursuant to the following loan agreements, supplemental agreements and/or assignments:–

(a) a loan agreement dated 10 July 2009 (as supplemented and amended by supplemental agreements dated 11 July 2011 and 22 August 2013 and an assignment dated 1 July 2013), the Group agreed to advance an unsecured loan facility of HK$10.0 million to PNG and, with the approval of the shareholders of the Company at the special general meeting held on 26 September 2013, the Group agreed to extend the repayment date for three years upon its maturity date, being 8 July 2014, in consideration for the increase in interest rate payable by PNG from 8.0% to 10.0% per annum and the interest to be payable on an annual basis therefrom, details of which were set out in the Company's announcement and circular dated 22 August 2013 and 9 September 2013, respectively;

DISCLOSURES PURSUANT TO RULES 13.13 AND 13.20 OF THE LISTING RULES (Continued)

(b) a loan agreement dated 28 August 2009 (as supplemented and amended by a supplemental agreement dated 22 August 2013 and an assignment dated 1 July 2013), the Group agreed to advance an unsecured loan facility of HK$190.0 million to PNG and, with the approval of the shareholders of the Company at the special general meeting held on 26 September 2013, the Group agreed to extend the repayment date for three years upon its maturity date, being 12 November 2013, in consideration for the increase in interest rate payable by PNG from 8.0% to 10.0% per annum and the interest to be payable on an annual basis therefrom, details of which were set out in the Company's announcement and circular dated 22 August 2013 and 9 September 2013, respectively;

(c) loan agreements dated 11 January 2011 and 10 March 2011 (both were supplemented on 6 September 2012 and amended by an assignment dated 25 June 2013), the Group agreed to provide unsecured loan facilities of an aggregate of HK$75.0 million to CAP for a period up to 30 September 2014 at an interest rate of 10.0% per annum, details of which were set out in the Company's announcement dated 6 September 2012;

(d) a loan agreement dated 22 November 2012 (as amended by an assignment dated 25 June 2013), and with the approval by the shareholders of the Company at a special general meeting held on 27 December 2012, the Group agreed to provide an unsecured loan facility of an aggregate of HK$100.0 million to CAP for a period up to 27 December 2015 at an interest rate of 10.0% per annum, details of which were set out in the Company's announcement and circular dated 22 November 2012 and 10 December 2012; and

(e) a loan agreement dated 28 May 2013 (as amended by an assignment dated 25 June 2013), the Group agreed to provide an unsecured loan facility of an aggregate of HK$150.0 million to CAP for a period up to 27 May 2016 at an interest rate of 12.0% per annum, details of which were set out in the Company's announcement dated 28 May 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls and other corporate governance issues. The Audit Committee has reviewed with management and the Company's external auditors the unaudited condensed consolidated financial statements for the six months ended 30 September 2013 of the Group. The Audit Committee comprises the four independent non-executive directors of the Company, namely Mr. Yuen Chi Choi, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou, and is chaired by Mr. Yuen Chi Choi.

By Order of the Board
Tang Ching Ho
Chairman

Hong Kong, 20 November 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

		Six months ended 30 September	
	Notes	**2013 (Unaudited) HK$'000**	2012 (Unaudited) HK$'000
REVENUE	4	**418,614**	365,742
Cost of sales		**(228,210)**	(205,396)
Gross profit		**190,404**	160,346
Other income	4	**28,588**	16,183
Selling and distribution expenses		**(126,497)**	(114,479)
Administrative expenses		**(50,870)**	(46,526)
Finance costs	6	**(3,555)**	(1,251)
Change in fair value of investments held-for-trading, net		**6,461**	(11,174)
Fair value gains on investment properties, net		**13,663**	39,300
Gain on disposal of subsidiaries		**–**	661
Share of results of associates		**4,951**	(4,988)
Profit before tax	5	**63,145**	38,072
Income tax expense	7	**(4,101)**	(4,447)
Profit for the period		**59,044**	33,625
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**571**	66
Share of other comprehensive income/(loss) of an associate		**7,041**	(2,723)

For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
	Note	**HK$'000**	HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**7,612**	(2,657)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**66,656**	30,968
Profit attributable to:			
Owners of the parent		**59,080**	33,683
Non-controlling interests		**(36)**	(58)
		59,044	33,625
Total comprehensive income attributable to:			
Owners of the parent		**66,702**	31,022
Non-controlling interests		**(46)**	(54)
		66,656	30,968
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic and diluted for the period		**HK2.02 cents**	HK1.65 cents

Details of interim dividend declared for the period are disclosed in note 9 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**221,049**	210,933
Investment properties	11	**455,000**	356,000
Goodwill		**15,335**	15,335
Investments in associates		**288,523**	279,195
Other intangible assets		**482**	547
Loans and interests receivable	13	**450,000**	186,379
Deferred tax assets		**4,384**	4,384
Deposit for acquisition of an investment property		**–**	47,527
Total non-current assets		**1,434,773**	1,100,300
CURRENT ASSETS			
Inventories		**183,203**	152,419
Trade and other receivables	14	**181,200**	154,787
Amounts due from associates	15	**4,836**	3,931
Investments held-for-trading		**63,593**	57,132
Loans and interests receivable	13	**93,941**	218,249
Tax recoverable		**5,186**	9,324
Bank balances and cash		**241,937**	356,145
Total current assets		**773,896**	951,987
CURRENT LIABILITIES			
Trade and other payables	16	**116,452**	101,544
Bank borrowings		**118,969**	222,674
Deferred franchise income		**33**	18
Tax payable		**565**	1,369
Total current liabilities		**236,019**	325,605
NET CURRENT ASSETS		**537,877**	626,382
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,972,650**	1,726,682

At 30 September 2013

	Note	**30 September 2013 (Unaudited) HK$'000**	31 March 2013 (Audited) HK$'000
NON-CURRENT LIABILITIES			
Bank borrowings		**228,209**	40,105
Deferred tax liabilities		**1,625**	1,628
Total non-current liabilities		**229,834**	41,733
NET ASSETS		**1,742,816**	1,684,949
EQUITY			
Share capital	17	**29,311**	29,311
Reserves		**1,705,886**	1,647,973
Equity attributable to owners of the parent		**1,735,197**	1,677,284
Non-controlling interests		**7,619**	7,665
TOTAL EQUITY		**1,742,816**	1,684,949

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to owners of the parent											
	Share capital (Unaudited) HK$'000	Share premium (Unaudited) HK$'000	Special reserve (Unaudited) HK$'000 *(Note a)*	General reserve (Unaudited) HK$'000 *(Note b)*	Share option reserve (Unaudited) HK$'000	Translation reserve (Unaudited) HK$'000	Other reserve (Unaudited) HK$'000 *(Note c)*	Asset revaluation reserve (Unaudited) HK$'000	Retained profits/ (accu-mulated losses) (Unaudited) HK$'000	Total (Unaudited) HK$'000	Non-controlling interests (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 April 2012	20,361	1,195,767	(27,150)	215,599	1,200	39,369	(2,104)	28,014	(88,959)	1,382,097	7,810	1,389,907
Profit/(loss) for the period	–	–	–	–	–	–	–	–	33,683	33,683	(58)	33,625
Other comprehensive income/(loss) for the period:												
Exchange differences on translation of foreign operations	–	–	–	–	–	62	–	–	–	62	4	66
Share of other comprehensive loss of an associate	–	–	–	–	–	(2,723)	–	–	–	(2,723)	–	(2,723)
Total comprehensive income/(loss) for the period	–	–	–	–	–	(2,661)	–	–	33,683	31,022	(54)	30,968
Recognition of share-based payment	–	–	–	–	25	–	–	–	–	25	–	25
Forfeiture of share options	–	–	–	–	(123)	–	–	–	123	–	–	–
At 30 September 2012	20,361	1,195,767*	(27,150)*	215,599*	1,102*	36,708*	(2,104)*	28,014*	(55,153)*	1,413,144	7,756	1,420,900

For the six months ended 30 September 2013

	Attributable to owners of the parent											
	Share capital (Unaudited) HK$'000	Share premium (Unaudited) HK$'000	Special reserve (Unaudited) HK$'000 (Note a)	General reserve (Unaudited) HK$'000 (Note b)	Share option reserve (Unaudited) HK$'000	Translation reserve (Unaudited) HK$'000	Other reserve (Unaudited) HK$'000 (Note c)	Asset revaluation reserve (Unaudited) HK$'000	Retained profits/ (accu-mulated losses) (Unaudited) HK$'000	Total (Unaudited) HK$'000	Non-controlling interests (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 April 2013	29,311	1,340,510	(27,150)	215,599	639	32,385	(1,471)	28,014	59,447	1,677,284	7,665	1,684,949
Profit/(loss) for the period	–	–	–	–	–	–	–	–	59,080	59,080	(36)	59,044
Other comprehensive income/(loss) for the period:												
Exchange differences on translation of foreign operations	–	–	–	–	–	581	–	–	–	581	(10)	571
Share of other comprehensive income of an associate	–	–	–	–	–	7,041	–	–	–	7,041	–	7,041
Total comprehensive income/(loss) for the period	–	–	–	–	–	7,622	–	–	59,080	66,702	(46)	66,656
Recognition of share-based payment	–	–	–	–	4	–	–	–	–	4	–	4
Forfeiture of share options	–	–	–	–	(17)	–	–	–	17	–	–	–
Final 2013 dividend declared	–	–	–	–	–	–	–	–	(8,793)	(8,793)	–	(8,793)
At 30 September 2013	29,311	1,340,510*	(27,150)*	215,599*	626*	40,007*	(1,471)*	28,014*	109,751*	1,735,197	7,619	1,742,816

* These reserve accounts comprise the consolidated reserves of approximately HK$1,705,886,000 (31 March 2013: approximately HK$1,647,973,000) in the condensed consolidated statement of financial position.

Notes:

(a) The special reserve of the Group represents the difference between the nominal value of ordinary shares issued by the Company and the aggregate nominal value of the issued ordinary share capital of the subsidiaries acquired pursuant to a group reorganisation in 1995.

(b) The general reserve represents the credits arising from the capital reduction effected by the Company less the amount utilised for the purpose of bonus issue of shares by the Company.

(c) The other reserve comprises the Group's share of other reserve of its associate which in turn of shares the other reserve of its another associate arising from the changes in that associate's ownership interests in its subsidiaries that do not result in the loss of control.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash flows from/(used in) operating activities	**(15,503)**	5,230
Net cash flows from/(used in) investing activities	**(170,778)**	12,181
Net cash flows from/(used in) financing activities	**72,051**	(11,389)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(114,230)**	6,022
Cash and cash equivalents at the beginning of the period	**356,145**	139,386
Effect of foreign exchange rate changes, net	**22**	16
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Bank balances and cash	**241,937**	145,424

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of Appendix 16 of the Listing Rules.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2013.

The accounting policies and the basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's audited financial statements for the year ended 31 March 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and investments held-for-trading, which have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements.

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

The adoption of these new and revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements. Nevertheless, certain changes in disclosures have been adopted by the Group in compliance with HKFRS 13 and HKAS 1 Amendments:

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

HKFRS 13 established a single source of guidance under HKFRSs for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRSs when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group. HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by HKAS 34.16A(j), thereby affecting the unaudited interim condensed consolidated financial statements period. The Group provides these disclosures in note 22 to the condensed consolidated financial statements.

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

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

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

(a) production and sale of Chinese pharmaceutical and health food products – manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of “Wai Yuen Tong” and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong;

(b) production and sale of Western pharmaceutical and health food products – processing and sale of Western pharmaceutical products and personal care products under the brand name of “Madame Pearl’s” and “Pearl’s”, respectively;

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

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

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

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

3. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 September

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

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Production and sale of bottled birds' nest drinks and herbal essence products		Property investment		Eliminations		Total	
	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Segment revenue:												
Sales to external customers	326,452	289,099	78,897	61,468	7,650	10,479	5,615	4,696	–	–	418,614	365,742
Intersegment sales	–	–	–	–	11,576	17,254	3,172	2,508	(14,748)	(19,762)	–	–
Total	326,452	289,099	78,897	61,468	19,226	27,733	8,787	7,204	(14,748)	(19,762)	418,614	365,742
Segment results	25,558	25,943	(1,311)	(16,535)	(1,990)	(1,709)	2,763	631			25,020	8,330
Other income											28,588	16,183
Unallocated expenses											(11,983)	(8,989)
Finance costs											(3,555)	(1,251)
Change in fair value of investments held-for-trading, net											6,461	(11,174)
Fair value gains on investment properties, net											13,663	39,300
Gain on disposal of subsidiaries											–	661
Share of results of associates											4,951	(4,988)
Profit before tax											63,145	38,072
Income tax expense											(4,101)	(4,447)
Profit for the period											59,044	33,625

4. REVENUE AND OTHER INCOME

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

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

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue		
Sales of goods	**412,608**	360,660
Rental income from investment properties	**5,615**	4,696
Management and promotion fees	**391**	386
	418,614	365,742
Other income		
Effective interest income on loans receivable	**23,010**	11,639
Interest income on bank deposits	**1,317**	340
Dividends from investments held-for-trading	**1,548**	1,367
Processing fee income	**837**	791
Sub-lease rental income	**1,437**	1,448
Others	**439**	598
	28,588	16,183

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of inventories recognised as an expense (including recognition of allowance for obsolete inventories of approximately HK$633,000 (2012: approximately HK$159,000))	**228,210**	205,396
Depreciation	**9,205**	7,801
Amortisation of other intangible assets	**104**	102
Exchange losses, net	**132**	321
Recognition/(reversal) of impairment losses of trade and other receivables	**(108)**	63
Gross rental income	**(5,615)**	(4,696)
Less: direct outgoing expenses	**114**	81
	(5,501)	(4,615)

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**970**	750
Bank borrowings not wholly repayable within five years	**2,585**	501
	3,555	1,251

7. INCOME TAX EXPENSE

Hong Kong profits tax and Singapore income tax have been provided at the rates of 16.5% and 17% (six months ended 30 September 2012: 16.5% and 17%) on the estimated assessable profits arising in Hong Kong and Singapore, respectively during the period. Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the Enterprise Income Tax ("**EIT**") rate of two of the Group's subsidiaries established in the PRC increased from 15% to 25% progressively from 1 January 2008 onwards. The relevant tax rate for the Group's subsidiaries in the PRC for the current period is 25% (six months ended 30 September 2012: 24%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

7. INCOME TAX EXPENSE (Continued)

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current – Hong Kong		
Charge for the period	**4,143**	4,447
Underprovision in prior periods	**8**	–
Current – other jurisdictions		
Overprovision in prior periods	**(50)**	–
Total tax charge for the period	**4,101**	4,447

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,931,142,969 (six months ended 30 September 2012: 2,036,142,969) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2013 and 2012 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share amounts presented.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The calculations of basic and diluted earnings per share attributable to ordinary equity holders of the parent are based on:

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in basic and diluted earnings per share calculation	**59,080**	33,683

	Number of shares Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**2,931,142,969**	2,036,142,969

9. INTERIM DIVIDENDS

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group incurred approximately HK$19,328,000 (six months ended 30 September 2012: approximately HK$40,224,000) on the additions of items of property, plant and equipment.

11. INVESTMENT PROPERTIES

	HK$'000
Carrying amount at 1 April 2013 (Audited)	356,000
Additions	85,337
Net gains from fair value adjustments	13,663
Carrying amount at 30 September 2013 (Unaudited)	455,000

The fair values of the Group's investment properties at the end of the reporting period were determined by reference to the valuation conducted by an independent professional qualified valuer.

12. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged certain of its assets as securities for banking facilities granted to the Group. The aggregate carrying values of the assets are listed below:

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
Land and buildings	**158,059**	160,385
Investment properties	**455,000**	356,000
	613,059	516,385

13. LOANS AND INTERESTS RECEIVABLE

Details of the loans and interests receivable are as follows:

Loan	Name of borrower	Maturity date	Effective Interest rate per annum	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
8% unsecured HK$190 million loan *(Note (i))*	PNG	12 November 2016	7.95%	**193,831**	193,748
8% unsecured HK$10 million loan *(Note (i))*	PNG	8 July 2017	7.43%	**11,780**	11,379
8% unsecured HK$15 million loan	PNG	10 August 2013	7.43%	**–**	18,166
				205,611	223,293
10% unsecured HK$60 million loan	CAP *(Note (ii))*	30 September 2014	9.54%	**60,016**	63,008
10% unsecured HK$15 million loan	CAP	30 September 2014	9.54%	**15,004**	15,752
10% unsecured HK$100 million loan	CAP	27 December 2015	9.15%	**107,589**	102,575
12% unsecured HK$100 million loan	CAP	27 May 2016	11.34%	**104,110**	–
12% unsecured HK$50 million loan	CAP	27 May 2016	11.40%	**51,611**	–
				338,330	181,335
				543,941	404,628
Less: Loans and interests receivable classified as non-current assets				**(450,000)**	(186,379)
				93,941	218,249

13. LOANS AND INTERESTS RECEIVABLE (Continued)

Notes:

(i) The loans with principal amounts of HK$190,000,000 and HK$10,000,000 granted to PNG are unsecured, bear interest at 8% per annum and are repayable on 12 November 2013 and 8 July 2014 (the "**Original Maturity Dates**"), respectively. On 22 August 2013, the Company and PNG entered into two supplemental agreements in respect of the extension of the repayment dates of these two loans for 3 years (the "**New Repayment Dates**") and increase interest rate from 8% to 10% per annum applicable for the period from the Original Maturity Dates to the New Repayment Dates. These two loans are classified to non-current assets as at 30 September 2013.

(ii) CAP is an associate of PNG and is listed on the Stock Exchange.

Loans and interests receivable were neither past due nor impaired. The credit quality of these loans is considered good as the directors assessed that PNG and CAP could generate sufficient funds from their normal course of business for repayment of the loans upon maturity. There was no significant change in the credit quality during the period. The carrying amounts of these loans and interests receivable approximate to their fair values.

14. TRADE AND OTHER RECEIVABLES

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
Trade receivables	119,044	98,787
Less: accumulated impairment	(3,300)	(3,408)
	115,744	95,379
Rental and other deposits	23,952	25,336
Prepayments	22,993	18,925
Other receivables	18,511	15,147
	65,456	59,408
Total trade and other receivables	181,200	154,787

14. TRADE AND OTHER RECEIVABLES (Continued)

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 60 to 120 days. Each customer has a maximum credit limit and credit limit are reviewed regularly. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

Trade receivables are non-interest-bearing.

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

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
0 – 30 days	**14,101**	11,770
31 – 60 days	**8,333**	5,512
61 – 120 days	**13,145**	3,422
121 – 180 days	**309**	994
Over 180 days	**–**	1,268
	35,888	22,966

The Group has provided fully for all receivables over 180 days because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable, except for a receivable in the prior year that were past due over 180 days but not impaired relate to the sales to a PRC customer that have continuous settlements subsequent to 31 March 2013. The directors are of opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

15. AMOUNTS DUE FROM ASSOCIATES

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
Trade receivables due from associates	**4,836**	3,931

Trade receivables due from associates are unsecured, interest-free, and the Group allows a credit period of 90 days.

As at 30 September 2013 and 31 March 2013, substantially all of the trade receivables are neither past due nor impaired. The directors of the Company are of the opinion that no provision for impairment is necessary as the directors assessed that the balances will be fully recoverable based on their settlement records. The Group does not hold any collateral over these balances.

16. TRADE AND OTHER PAYABLES

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
Trade payables	**75,728**	64,857
Accrual of salaries and commission	**15,700**	10,944
Accrual of advertising and promotion	**1,958**	3,694
Rental deposits received	**2,662**	2,244
Other payables and accruals	**20,404**	19,805
	116,452	101,544

16. TRADE AND OTHER PAYABLES (Continued)

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

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
0 – 30 days	**32,610**	19,117
31 – 60 days	**34,894**	19,319
61 – 120 days	**4,449**	25,247
Over 120 days	**3,775**	1,174
	75,728	64,857

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

17. SHARE CAPITAL

Shares

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
Authorised:		
60,000,000,000 ordinary shares of HK$0.01 each	**600,000**	600,000
Issued and fully paid:		
2,931,142,969 ordinary shares of HK$0.01 each	**29,311**	29,311

17. SHARE CAPITAL (Continued)

Share option

Details of the Company's share option scheme are set out in the Section "Share Option Scheme" of the interim report 2013.

18. DISPOSAL OF SUBSIDIARIES

On 28 August 2012, the Group disposed of its entire equity interests in Source Millennium Limited, Geswin Limited and WOD Investments Limited, wholly-owned subsidiaries of the Group, to a subsidiary of Wang On at an aggregate cash consideration of HK$730,000.

Details of the net assets disposed of and the financial impact are summarised below:

	Six months ended 30 September 2012 HK$'000
Net assets disposed of:	
Other receivables	54
Bank balances and cash	15
	69
Gain on disposal of subsidiaries	661
Satisfied by:	
Cash	730

18. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Total
	HK$'000
Cash consideration	730
Bank balances and cash disposed of	(15)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	715

19. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases and sub-leases its investment properties (note 11) and office building under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Property rental income and sub-lease income earned during the period were approximately HK$5,615,000 (six months ended 30 September 2012: approximately HK$4,696,000) and approximately HK$1,437,000 (six months ended 30 September 2012: approximately HK$1,448,000), respectively. The properties are expected to generate rental yield of 2.7% (six months ended 30 September 2012: 2.7%) on an ongoing basis.

19. OPERATING LEASE ARRANGEMENTS (Continued)

(a) As lessor (Continued)

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
Within one year	**13,348**	11,063
In the second to fifth years, inclusive	**18,502**	18,752
	31,850	29,815

(b) As lessee

The Group leases certain of its office properties and retail shops under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

Certain leases have contingent rental payable which are based on turnover of the relevant retail shops. The contingent rent paid for the period was approximately HK$9,644,000 (six months ended 30 September 2012: approximately HK$7,800,000).

The Group made minimum lease payments of approximately HK$39,966,000 (six months ended 30 September 2012: approximately HK$34,809,000) under operating leases during the period in respect of its office properties and retail shops.

19. OPERATING LEASE ARRANGEMENTS (Continued)

(b) As lessee (Continued)

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
Within one year	**72,300**	73,789
In the second to fifth years, inclusive	**69,662**	86,073
	141,962	159,862

20. COMMITMENTS

In addition to the operating lease commitments detailed in note 19(b) above, the Group had the following capital commitments at the end of the reporting period:

	30 September 2013 (Unaudited) HK$'000	31 March 2013 (Audited) HK$'000
Contracted, but not provided for:		
Property, plant and equipment	**50,780**	13,555
Investment property	**–**	37,000
	50,780	50,555

21. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 September 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
Wang On and its subsidiaries			
– Rental received by the Group	(i)	996	954
– Rental paid by the Group	(i)	735	1,245
– Management fee paid by the Group	(i)	60	60
– Sales of Chinese pharmaceutical products by the Group	(ii)	93	828
Associates			
– Sales of Chinese pharmaceutical products by the Group	(ii)	9,740	8,425
– Rental received by the Group	(i)	693	665
– Effective interest income on loans received by the Group	(iii)	8,453	8,621
– Management and promotion fees received by the Group	(i)	391	386

Notes:

(i) The transactions were based on terms mutually agreed between the Group and the related parties.

(ii) The sales to the related parties were made according to the published prices and conditions that the Group offered to its customers.

(iii) Interest was charged by the Group on loans advanced to PNG. Details of the terms of the relevant loans are set out in note 13 to the financial statements.

21. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Short-term employment benefits	**1,768**	2,130
Post-employment benefits	**33**	32
	1,801	2,162

22. FAIR VALUE MEASUREMENT

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities at amortised costs are determined in accordance with generally accepted pricing models based on the discounted cash flow analysis; and

- the fair value of the investments held-for-trading is determined based on quoted market bid prices in the active market.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited interim condensed consolidated financial statements approximate to their fair values.

22. FAIR VALUE MEASUREMENT (Continued)

Fair value measurements recognised in the unaudited interim condensed consolidated statement of financial position

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

	30 September 2013			
	Level 1 (Unaudited) HK$'000	**Level 2 (Unaudited) HK$'000**	**Level 3 (Unaudited) HK$'000**	**Total (Unaudited) HK$'000**
Investments held-for-trading	**61,986**	**1,607**	**–**	**63,593**

	31 March 2013			
	Level 1 (Audited) HK$'000	Level 2 (Audited) HK$'000	Level 3 (Audited) HK$'000	Total (Audited) HK$'000
Investments held-for-trading	55,352	1,780	–	57,132

22. FAIR VALUE MEASUREMENT (Continued)

Fair value measurements recognised in the unaudited interim condensed consolidated statement of financial position (Continued)

The Group did not have any financial liabilities measured at fair value as at 30 September 2013 (31 March 2013: Nil).

During the six months ended 30 September 2013, there were no transfers of fair value measurements between Level 1 and 2 and no transfer into or out of Level 3 (six months ended 30 September 2012: Nil).

23. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 20 November 2013.