



Wai Yuen Tong Medicine Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 897)



Preparing medicine with dedication
Growing strong with reputation

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

China Construction Bank (Asia)
Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank 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
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

**BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE IN
HONG KONG**

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
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 2014 (six months ended 30 September 2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six-month period ended 30 September 2014, the Group’s results and performance were unsatisfactory and behind expectation. The Group recorded a drop in turnover of approximately 7.3% over the same period last year, achieved a turnover of approximately HK\$381.0 million (2013: approximately HK\$411.0 million). Besides, the Group recorded a decrease in profit for the six months ended 30 September 2014 as compared to the corresponding period in 2013, achieved a profit attributable to owners of the parent of approximately HK\$11.5 million (2013: approximately HK\$59.1 million). Such decline was mainly attributable to, among other things, the decrease in gross profit resulting from the decrease in the Group’s turnover and the loss on deemed partial disposal of equity interests in an associate, despite the gain from change in fair value of investments held-for-trading.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the period under review decreased by approximately 4.0% from approximately HK\$326.5 million for the same period last year to approximately HK\$313.3 million. The recent relatively slower overall economy continued to place 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 single digit. However, sales performance in other channels, such as chain stores, key accounts, open trade and overseas, in which after some years’ surged in growth rate, all suffered a drop in sales against last year. Such negative impact more than offset the increase in sales generated from the retail business.

We believe that the increasing public awareness and concern on personal health and the increasing trend of people consuming health supplements is a great potential for onwards growth and development of the business. But at the same time, there was an increase in the number of aggressive market players which have caused the competition among the industry becoming more intensive. Throughout the period, we have continued expanding our product range to attract and broaden our customer base. Series of marketing campaigns have been launched to promote brand awareness and product image. We have also kept on maintaining strict production and process control so as to reinforce customers’ confidence in our quality products. However, all these actions gone through seemed to be not as effective as previously did. Sales momentum from Mainland Chinese tourists visiting Hong Kong to buy our products also slowed down a bit.

BUSINESS REVIEW (Continued)

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

On the other hand, the establishment of integrated Chinese medical centres to provide Chinese medicine consultation services has proven successful and the Group has explored ways to further expand our Chinese medicine consultation services. We believe that this strategic move will help to 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 decreased by approximately 21.8% from approximately HK\$78.9 million for the same period last year to approximately HK\$61.7 million. The series of cough syrup products under our primary brand “Madame Pearl’s” continues to be our main focus. However, the strict control and monitor on the sales of cough syrup products containing codeine in Mainland China market as imposed by the Mainland China government authority caused the major decline in sales during the period under review.

On the other hand, 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. Our hero product “Pearl’s Mosquitout” keeps on dominating the market of anti-mosquito products which have contributed a significant portion of sales for this segment during the period under review. By means of continuous product development, added promotion effort, increased 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.

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) Property Investment

On 8 May 2014, the Group entered into a provisional sale and purchase agreement with an independent third party individual for the acquisition of a property located in To Kwa Wan Road, Kowloon, Hong Kong, at a cash consideration of HK\$40.3 million. The acquisition was completed on 6 August 2014. The property is currently divided into two units. One of the units is used by our retail shop while the other unit is leased out to an independent third party for commercial purpose.

Together with the above mentioned, the Group has thirteen properties on hand in which all of them are retail shops. Currently, six properties are leased out for commercial purpose while seven properties are 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.

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

PNG is 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**") and retailing of fresh pork and related produce in Hong Kong.

On 12 September 2014, a vendor, PNG and a placing agent entered into a top-up placing and subscription agreement pursuant to which (i) the vendor has agreed to place, through the placing agent, a maximum of 150 million PNG top-up placing shares to not less than six independent investors at a top-up placing price of HK\$0.325 per PNG top-up placing share; and (ii) the vendor has agreed to subscribe for a maximum of 150 million PNG top-up subscription shares at a top-up subscription price of HK\$0.325 per PNG top-up subscription share. Also on 12 September 2014, PNG entered into a new issue placing agreement with a placing agent. Pursuant to the new issue placing agreement, PNG has agreed to allot and issue, and the placing agent has agreed to place 34 million new issue placing shares to not less than six independent investors at a new issue placing price of HK\$0.325 per new issue placing share. The top-up placing, the top-up subscription and the new issue placing were completed on 22 September 2014, 26 September 2014 and 29 September 2014, respectively. Accordingly, the Group's shareholding interest in PNG has been diluted from 28.86% to 24.06% and resulted to a deemed disposal loss of approximately HK\$32.9 million. Details of the transactions were set out in PNG's announcements dated 12 September 2014 and 29 September 2014.

BUSINESS REVIEW (Continued)

(4) Investment in PNG Resources Holdings Limited (“PNG”) (Continued)

The Group’s share of the profit of PNG amounted to approximately HK\$14.1 million for the period under review (2013: approximately HK\$5.1 million). The improvement in result was mainly due to the increase in profit realised from PNG’s sales of property in the PRC and the increase in fair value of the financial assets at fair value through profit or loss, despite the negative impact of the losses on the deemed disposal of an associate of PNG during the period under review.

No impairment loss on the Group’s investment in PNG was recognised by the Group during the period under review (2013: Nil) as the recoverable amount was assessed to be close to the carrying value of the interest in PNG.

(5) 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\$29.7 million for the period under review (2013: approximately HK\$6.5 million).

(6) Loan facilities granted to PNG

As at 30 September 2014, PNG was indebted to the Group in an aggregate loan amount of HK\$200.0 million. Subsequently in October 2014, PNG fully repaid all of the outstanding loan principals together with accrued interest to the Group prior to their respective maturity dates.

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

On 30 September 2014, the Group entered into supplemental agreements with CAP, pursuant to which the Group agreed to extend the respective repayment date of the outstanding maturing loans owed by CAP to the Group in an aggregate principal amount of HK\$75 million from 30 September 2014 to 30 November 2014 in consideration for the proposed bonds issue by CAP and the intended use of the net proceeds from the bonds issue to repay the outstanding maturing loans. Except for the extension of repayment date, all other terms and conditions of the outstanding maturing loans remain unchanged.

BUSINESS REVIEW (Continued)

(7) Loan facilities granted to China Agri-Products Exchange Limited (“CAP”) (Continued)

As at 30 September 2014, CAP was indebted to the Group in an aggregate loan amount of HK\$325.0 million.

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.

(8) Subscription of CAP’s Bonds

The Group participated in subscribing up to a maximum principal amount of HK\$720.0 million CAP’s bonds, in consideration of receiving a subscription fee of 2.5% of the aggregate principal amount of the CAP’s bonds actually subscribed and repayment of the outstanding loans currently indebted to the Group by CAP, pursuant to the subscription agreement executed on 4 October 2014. Details of the transactions were set out in the Company’s announcement and circular dated 4 October 2014 and 24 October 2014, respectively.

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

The construction project of a five-storey factory building to house the Group’s pharmaceutical (western drug) manufacturing and traditional Chinese medicine manufacturing is underway in accordance with the timetable. Foundation work has been completed in mid-2014 and superstructure works are now in progress. Thereafter, 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

Fund Raising

On 20 August 2014, the Company, an indirect wholly-owned subsidiary of Wang On Group Limited (the “Vendor”) and a placing agent entered into a top-up placing and subscription agreement pursuant to which (i) the Vendor has agreed to place, through the placing agent, 586 million top-up placing shares to not less than six independent investors at a top-up placing price of HK\$0.186 per top-up placing share; and (ii) the Vendor has agreed to subscribe for 586 million top-up subscription shares at a top-up subscription price of HK\$0.186 per top-up subscription share.

The top-up placing and the top-up subscription were completed on 25 August 2014 and 28 August 2014, respectively, and an aggregate of 586 million top-up placing shares have been successfully placed. The aggregate net proceeds from the top-up subscription amounted to approximately HK\$105.7 million. The Group intended to utilise as to approximately HK\$90.0 million of the net proceeds for the construction of the new factory at Yuen Long Industrial Estate for its pharmaceutical manufacturing and the remaining balance of approximately HK\$15.7 million as general working capital of the Group.

As at 30 September 2014, approximately HK\$16.8 million has been utilised for the payment of the superstructure works and consultancy fees for the construction of the new factory at Yuen Long Industrial Estate and approximately HK\$15.7 million has been utilised for the settlement of creditors. The balance of approximately HK\$73.2 million are being deposited in the Group’s bank accounts and to be utilised as intended.

Liquidity and Gearing

As at 30 September 2014, the Group’s total borrowings amounted to approximately HK\$465.7 million (31 March 2014: approximately HK\$391.2 million). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the parent, was approximately 24.1% (31 March 2014: approximately 21.3%).

FINANCIAL REVIEW (Continued)

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, Singapore dollars and Macau Pataca, 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 2014, the Group had capital commitment of approximately HK\$353.7 million (31 March 2014: approximately HK\$26.0 million) in respect of the acquisition of property, plant and equipment, which were contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 30 September 2014, the Group had no material contingent liabilities (31 March 2014: Nil).

EMPLOYEES

As at 30 September 2014, the Group had 750 (31 March 2014: 742) employees, of whom approximately 69% (31 March 2014: approximately 71%) 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. Together with the dispute on political reform just broken out in Hong Kong and the “Occupy Central” event, general public’s daily living and working have been disturbed. This further creates a negative atmosphere that hindering people’s intention to spend and the number of tourists visiting Hong Kong might also decrease. Under this circumstance, our retail business would be 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 are attaching 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. In order to restore the sales momentum in other sale channels, such as chain stores, key accounts, open trade, overseas, 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 aim of balancing the risks 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 online shopping, 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 our investment portfolio for strengthening and broadening our income base.

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.

PROSPECTS (Continued)

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. The Group is now paying its utmost effort and full attention in the construction of the new and modernised five-storey factory building located at Yuen Long Industrial Estate 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. To prepare for the commencement of production of this new factory in 2017 and to ensure its capacity could be utilised efficiently, the Group has enhanced the effort on new products development and registration, especially focus on those Chinese and western medicinal products, which we believe that their uniqueness and curative effect are the key attraction to consumers and considering to be the future continuous income source to the Group. As such, the Group is confident that our leading position as a local Hong Kong brand in the pharmaceutical industry will be further strengthened.

DISCLOSURE OF INTERESTS

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

As at 30 September 2014, 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 the share options of the Company:

Name of director	Date of grant	Exercise price per share HK\$	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) %
Ms. Tang Mui Fun	8.1.2009	1.2050	78,214	8.1.2010 to 7.1.2019	78,214	0.002

Notes:

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

On 1st anniversary of the date of grant: 30% vest
On 2nd anniversary of the date of grant: Further 30% vest
On 3rd anniversary of the date of grant: Remaining 40% vest
- The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2014 of 3,517,142,969 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 2014, 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 2014, to the best knowledge of the directors, the following persons 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:

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 3) %
Wang On Group Limited (" Wang On ") (Note 1)	864,542,034	24.58
Wang On Enterprises (BVI) Limited (" WOE ") (Note 1)	864,542,034	24.58
Rich Time Strategy Limited (" Rich Time ") (Note 1)	864,542,034	24.58
Caister Limited (" Caister ") (Note 2)	864,542,034	24.58
Mr. Tang Ching Ho (Note 2)	864,542,034	24.58
Ms. Yau Yuk Yin (Note 2)	864,542,034	24.58
Mr. Andy Wei	327,170,000	9.30

Notes:

- Rich Time, a wholly-owned subsidiary of WOE, which is a wholly-owned subsidiary of Wang On, beneficially owned 864,542,034 shares of the Company. WOE and Wang On are taken to be interested in 864,542,034 shares of the Company held by Rich Time.
- Caister, a company wholly-owned by Mr. Tang Ching Ho (a director of the Company and Wang On), beneficially owned 2,336,125,102 shares in Wang On, representing 35.8% in the issued share capital of Wang On. Therefore, Caister, Mr. Tang Ching Ho and Ms. Yau Yuk Yin (the spouse of Mr. Tang Ching Ho) are deemed to be interested in the 864,542,034 shares indirectly held by Wang On through WOE and Rich Time, respectively.
- The percentage represented the number of shares over the total issued share capital of the Company as at 30 September 2014 of 3,517,142,969 shares.

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

Save as disclosed above, as at 30 September 2014, there were no other persons 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.

SHARE OPTION SCHEME (CONTINUED)

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

Name or category of participant	Number of share options				Outstanding as at 30 September 2014	Date of grant	Exercise price per share HK\$	Exercisable period*
	Outstanding as at 1 April 2014	Granted during the period	Exercised during the period	Lapsed or cancelled during the period				
Executive Director								
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	451,239	-	-	(62,572)	388,667	8.1.2009	1.2050	8.1.2010 – 7.1.2019
	723,185	-	-	(96,265)	626,920	12.5.2010	0.4321	12.5.2011 – 11.5.2020
	1,174,424	-	-	(158,837)	1,015,587			
	1,252,638	-	-	(158,837)	1,093,801			

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

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

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 158,837 share options lapsed under the 2003 Scheme. As at 30 September 2014, the Company had 1,093,801 share options outstanding under the 2003 Scheme and there was no share option outstanding under the 2013 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 1,093,801 additional ordinary shares of the Company and additional share capital of HK\$10,938.01 and share premium of HK\$822,545.73 (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 2014.

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

The changes in the information of the directors of the Company since the publication of the 2014 annual report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

- (i) pursuant to a service agreement dated 18 June 2014 entered into between the Company and Mr. Tang Ching Ho, the chairman of the Company, the salary of Mr. Tang has been increased from HK\$55,180 per month to HK\$1.0 million per month with effect from 1 July 2014. In addition, commencing from the financial year ended 31 March 2014, Mr. Tang is entitled to a yearly performance bonus on the basis of 3.0% of the audited consolidated net profit after taxation of the Group;
- (ii) Mr. Chan Chun Hong, Thomas resigned as an independent non-executive director of Shanghai Prime Machinery Company Limited with effect from 27 June 2014; and
- (iii) the Company entered into the letters of appointment with Messrs. Leung Wai Ho, Siu Man Ho, Simon, Yuen Chi Choi and Cho Wing Mou for the renewal of their appointment as the independent non-executive directors of the Company for not more than three years commencing from 29 October 2014 at an annual remuneration of HK\$140,000 on the basis of their experience and contribution to the Group.

Save for the above, 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 RULE 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 the supplemental agreements dated 11 July 2011 and 22 August 2013 and the 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;
- (b) a loan agreement dated 28 August 2009 (as supplemented and amended by the supplemental agreement dated 22 August 2013 and the 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 the 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, which is extended to 30 November 2014 pursuant to the supplemental agreements dated 30 September 2014, details of which were set out in the Company's announcement dated 4 October 2014;

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

- (d) a loan agreement dated 22 November 2012 (as amended by the 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, respectively; and
- (e) a loan agreement dated 28 May 2013 (as amended by the 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.

Subsequent to the reporting period, PNG fully repaid an aggregate outstanding loan principal of HK\$200.0 million together with the relevant accrued interest indebted to the Group as set out in (a) and (b) above in October 2014.

Furthermore, on 4 October 2014, the Group, through its wholly-owned subsidiary, entered into a subscription agreement among CAP pursuant to which, the Group agreed to subscribe for up to a maximum principal amount of HK\$720.0 million five year 10.0% coupon bonds (the "**2019 Bonds**") to be issued by CAP (the "**Bonds Subscription**"), in consideration of (i) receiving a subscription fee of 2.5% of the aggregate principal amount of the 2019 Bonds actually subscribed; and (ii) the intended use of the net proceeds from the bonds issue to repay the outstanding maturing loans set out in (c) to (e) above, details of which were set out in the Company's announcement dated 4 October 2014 jointly issued with CAP, Wang On and PNG and the Company's circular dated 24 October 2014. The Bonds Subscription has been approved by the shareholders of the Company at the special general meeting held on 10 November 2014.

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 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 enquiries of all directors, the Company confirmed that all directors had complied with the required standard set out in the Model Code throughout the period under review and no incident of non-compliance by the directors was noted by the Company during the period.

AUDIT COMMITTEE

The Company has established an 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 2014 of the Group. The Audit Committee comprises the four independent non-executive directors of the Company, namely Messrs. Yuen Chi Choi, Leung Wai Ho, Siu Man Ho, Simon and Cho Wing Mou, and is chaired by Mr. Yuen Chi Choi.

APPRECIATIONS

I would like to take this opportunity to thank our customers, suppliers, business partners, shareholders and institutional investors for their continued support given to the Group during the period. I would also like to thank my fellow members of the Board and all staff for their contribution to the Group.

By Order of the Board
Tang Ching Ho
Chairman

Hong Kong, 19 November 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2014

		Six months ended 30 September	
	<i>Notes</i>	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
CONTINUING OPERATIONS			
REVENUE	4	381,045	410,964
Cost of sales		(220,393)	(220,816)
Gross profit		160,652	190,148
Other income	4	33,667	27,549
Selling and distribution expenses		(130,396)	(125,734)
Administrative expenses		(60,784)	(49,387)
Finance costs	6	(4,682)	(3,555)
Change in fair value of investments held-for-trading, net		29,670	6,461
Fair value gains on investment properties, net		2,568	13,663
Loss on deemed partial disposal of equity interests in an associate		(32,928)	–
Share of results of associates		13,951	4,951
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	5	11,718	64,096
Income tax expense	7	(287)	(4,151)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		11,431	59,945
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	8	–	(901)
PROFIT FOR THE PERIOD		11,431	59,044
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		–	571
Release of translation reserve upon deemed partial disposal of equity interests in an associate		(3,926)	–
Share of other comprehensive income/(loss) of an associate		(5,178)	7,041

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Six months ended 30 September 2014

	Six months ended 30 September	
<i>Note</i>	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(9,104)	7,612
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,327	66,656
Profit attributable to:		
Owners of the parent	11,490	59,080
Non-controlling interests	(59)	(36)
	11,431	59,044
Total comprehensive income attributable to:		
Owners of the parent	2,386	66,702
Non-controlling interests	(59)	(46)
	2,327	66,656
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
<i>10</i>		
Basic and diluted		
– For profit for the period	HK0.38 cents	HK2.02 cents
– For profit from continuing operations	HK0.38 cents	HK2.05 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2014

	<i>Notes</i>	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	320,716	247,333
Investment properties	12	485,700	467,000
Goodwill		15,335	15,335
Investments in associates		270,899	301,644
Other intangible assets		347	435
Loans and interest receivables	14	450,000	450,000
Deferred tax assets		5,249	5,249
Total non-current assets		1,548,246	1,486,996
CURRENT ASSETS			
Inventories		160,909	147,254
Trade and other receivables	15	162,331	199,126
Amounts due from associates	16	6,834	6,146
Investments held-for-trading		133,198	103,528
Loans and interest receivables	14	105,301	105,446
Tax recoverable		141	7,941
Bank balances and cash		400,909	292,511
Total current assets		969,623	861,952
CURRENT LIABILITIES			
Trade and other payables	17	106,987	111,321
Bank borrowings		283,146	201,803
Deferred franchise income		33	18
Tax payable		2,638	2,864
Total current liabilities		392,804	316,006
NET CURRENT ASSETS		576,819	545,946
TOTAL ASSETS LESS CURRENT LIABILITIES		2,125,065	2,032,942

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2014

	<i>Note</i>	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Bank borrowings		182,576	189,412
Deferred tax liabilities		2,384	2,629
Total non-current liabilities		184,960	192,041
NET ASSETS			
		1,940,105	1,840,901
EQUITY			
Share capital	18	35,171	29,311
Reserves		1,897,639	1,804,236
Equity attributable to owners of the parent		1,932,810	1,833,547
Non-controlling interests		7,295	7,354
TOTAL EQUITY		1,940,105	1,840,901

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2014

	Attributable to owners of the parent											
	Share capital	Share premium	Special reserve	General reserve	Share option		Other reserve	Asset revaluation reserve	Retained profits/ (accumulated losses)	Non-controlling interests	Total equity	
					reserve	translation reserve						
					(Unaudited)	(Unaudited)						
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		(note a)	(note b)			(note c)						
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Six months ended 30 September 2014

	Attributable to owners of the parent											
	Share capital		Special reserve	General reserve	Share option		Other reserve	Asset revaluation reserve	Retained profits/ (accumulated losses)	Non-controlling interests		Total equity
	premium	reserve			reserve	reserve				reserve	Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2014	29,311	1,340,510	(27,150)	215,599	582	34,063	(1,226)	28,014	213,844	1,833,547	7,354	1,840,901
Profit/(loss) for the period	-	-	-	-	-	-	-	-	11,490	11,490	(59)	11,431
Other comprehensive loss for the period:												
Share of other comprehensive income of an associate	-	-	-	-	-	(5,178)	-	-	-	(5,178)	-	(5,178)
Release upon partial disposal of equity interests in an associate	-	-	-	-	-	(3,926)	-	-	-	(3,926)	-	(3,926)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(9,104)	-	-	11,490	2,386	(59)	2,327
Issue of shares (note 18)	5,860	103,136	-	-	-	-	-	-	-	108,996	-	108,996
Share issue expenses (note 18)	-	(3,326)	-	-	-	-	-	-	-	(3,326)	-	(3,326)
Forfeiture of share options	-	-	-	-	(72)	-	-	-	72	-	-	-
Final 2014 dividend declared	-	-	-	-	-	-	-	-	(8,793)	(8,793)	-	(8,793)
Release upon partial disposal of equity interests in an associate	-	-	-	-	-	-	204	-	(204)	-	-	-
At 30 September 2014	35,171	1,440,320*	(27,150)*	215,599*	510*	24,959*	(1,022)*	28,014*	216,409*	1,832,810	7,295	1,940,105

* These reserve accounts comprise the consolidated reserves of approximately HK\$1,897,639,000 (31 March 2014: approximately HK\$1,804,236,000) in the consolidated statement of financial position.

Notes:

- 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.
- 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.
- The other reserve comprises the Group's share of other reserve of its associate which in turn 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

Six months ended 30 September 2014

		Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<i>Notes</i>			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash used in operations	(798)	(16,041)
	Interest received	2,162	1,317
	Hong Kong profits tax refunded/(paid)	7,045	(27)
	Overseas taxes paid	(3)	(752)
	Net cash flows from/(used in) operating activities	8,406	(15,503)
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchases of items of property, plant and equipment	(81,541)	(19,328)
11			
	Purchase of an investment property	(16,132)	(37,810)
12			
	Additions of cost of trademarks	(21)	–
	Interest received	27,916	18,696
	Dividend received from associates	2,664	2,664
	Repayment of loans receivables	–	15,000
	New advances of loans receivables	–	(150,000)
	Proceeds of disposal of items of property, plant and equipment	404	–
	Net cash flows used in investing activities	(66,710)	(170,778)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Six months ended 30 September 2014

	Notes	Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	18	108,996	–
Share issue expenses	18	(3,326)	–
New bank borrowings		95,255	97,000
Repayments of bank borrowings		(20,748)	(12,602)
Dividends paid		(8,793)	(8,793)
Interest paid		(4,682)	(3,554)
Net cash flows from financing activities		166,702	72,051
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		108,398	(114,230)
Cash and cash equivalents at beginning of period		292,511	356,145
Effect of foreign exchange rate changes, net		–	22
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
Bank balances and cash		400,909	241,937

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2014

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 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 2014.

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 2014, which 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 HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622), 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

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 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10 <i>Consolidated Financial Statements</i> , HKFRS 12 <i>Disclosure of Interests in Other Entities</i> and HKAS 27 (2011) <i>Separate Financial Statements – Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

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;

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

3. OPERATING SEGMENT INFORMATION (Continued)

- (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 (“**Birds’ Nest Sub-group**”) (discontinued during the year ended 31 March 2014 (note 8)); 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, net changes in fair values of investments held-for-trading and investment properties, loss on deemed partial disposal of equity interests in an associate and share of results of associates are excluded from such measurement.

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 September

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

	Continuing operations						Discontinued operation							
	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Property investment		Total continuing operations		Production and sale of bottled birds' nest drinks and herbal essence products		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:														
Sales to external customers	313,256	326,452	61,696	78,897	6,093	5,615	381,045	410,964	-	7,660	-	-	381,045	418,614
Intersegment sales	-	-	-	-	3,646	3,172	3,646	3,172	-	11,576	(3,646)	(14,749)	-	-
Total	313,256	326,452	61,696	78,897	9,739	8,787	384,691	414,136	-	19,226	(3,646)	(14,749)	381,045	418,614
Segment results	(675)	25,558	(14,572)	(1,311)	3,083	2,783	(12,164)	27,010	-	(1,990)			(12,164)	25,020
Other income							33,667	27,549	-	1,039			33,667	28,588
Unallocated expenses							(18,364)	(11,983)	-	-			(18,364)	(11,983)
Finance costs							(4,682)	(3,555)	-	-			(4,682)	(3,555)
Change in fair value of investments held-for-trading, net							29,670	6,461	-	-			29,670	6,461
Fair value gains on investment properties, net							2,568	13,663	-	-			2,568	13,663
Loss on deemed partial disposal of equity interests in an associate							(32,928)	-	-	-			(32,928)	-
Share of results of associates							13,951	4,951	-	-			13,951	4,951
Profit/(loss) before tax							11,718	64,096	-	(951)			11,718	63,145
Income tax credit/(expense)							(287)	(4,151)	-	50			(287)	(4,101)
Profit/(loss) for the period							11,431	59,945	-	(901)			11,431	59,044

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

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 from continuing operations is as follows:

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue		
Sales of goods	374,520	404,958
Rental income from investment properties	6,093	5,615
Management and promotion fees	432	391
	381,045	410,964
Other income		
Effective interest income on loans receivables	27,772	23,010
Interest income on bank deposits	2,162	1,317
Dividends from investments held-for-trading	1,609	1,548
Sub-lease rental income	1,267	1,437
Exchange gains, net	435	–
Others	422	237
	33,667	27,549

**NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)**

Six months ended 30 September 2014

5. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Cost of inventories recognised as an expense (including allowance for obsolete inventories of approximately HK\$1,944,000 (2013: approximately HK\$633,000))	220,393	220,816
Depreciation	7,744	8,784
Amortisation of other intangible assets	109	104
Exchange losses/(gains), net	(435)	128
Recognition/(reversal) of impairment losses of trade and other receivables	5,329	(59)
Gross rental income	(6,093)	(5,615)
Less: direct outgoing expenses	139	114
	(5,954)	(5,501)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

6. FINANCE COSTS

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

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	2,338	970
Bank borrowings wholly repayable beyond five years	2,344	2,585
	4,682	3,555

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rates of 16.5% (six months ended 30 September 2013: 16.5%) on the estimated assessable profits arising in Hong Kong 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 is 25% (six months ended 30 September 2013: 25%).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

7. INCOME TAX EXPENSE (Continued)

The Group's income tax expense from continuing operations is as follows:

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Current — Hong Kong		
Charge for the period	350	4,143
Underprovision in prior periods	322	8
Current — other jurisdiction		
Overprovision in prior periods	(140)	—
Deferred taxation	(245)	—
Total tax charge for the period	287	4,151

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

8. DISCONTINUED OPERATION

During the year ended 31 March 2014, the Group significantly scaled down the operation of its Birds' Nest Sub-group due to the continuous decline in demand for its products. The Group wound up the subsidiaries in the Birds' Nest Sub-group. As such, the business of the Birds' Nest Sub-group was classified as a discontinued operation in the Group's condensed consolidated financial statements.

The results of the discontinued operation for the period ended 30 September 2013 is presented below:

	Six months ended 30 September 2013 (Unaudited) HK\$'000
Revenue	7,650
Cost of sales	(7,394)
Gross profit	256
Other income	1,039
Selling and distribution expenses	(763)
Administrative expenses	(1,483)
Loss before tax from the discontinued operation	(951)
Income tax credit	50
Loss for the period from the discontinued operation	(901)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

8. DISCONTINUED OPERATION (Continued)

The results of the discontinued operation for the period ended 30 September 2013 is presented below: (continued)

	Six months ended 30 September 2013 (Unaudited) HK\$'000
Attributable to:	
Owners of the parent	(854)
Non-controlling interests	(47)
	<hr/>
	(901)

The net cash flows incurred by the discontinued operation for the period ended 30 September 2013 is presented below:

	Six months ended 30 September 2013 (Unaudited) HK\$'000
Operating activities	1,428
Investing activities	(3)
	<hr/>
Net cash inflow	1,425
	<hr/>
	2013
Basic and diluted loss per share from the discontinued operation	HK0.03 cents

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

8. DISCONTINUED OPERATION (Continued)

The calculation of basic and diluted loss per share (note 10) from the discontinued operation is based on:

	2013
Loss attributable to ordinary equity holders of the parent from the discontinued operation	HK\$854,000
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

9. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: Nil).

10. 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 3,040,017,286 (30 September 2013: 2,931,142,969) 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 2014 and 2013 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share amounts presented.

**NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)**

Six months ended 30 September 2014

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

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in basic and diluted earnings per share calculations		
From continuing operations	11,490	59,934
From a discontinued operation (<i>note 8</i>)	–	(854)
	11,490	59,080

	Number of shares Six months ended 30 September	
	2014 (Unaudited)	2013 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	3,040,017,286	2,931,142,969

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group incurred approximately HK\$81,541,000 (six months ended 30 September 2013: approximately HK\$19,328,000) on the additions of items of property, plant and equipment.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

12. INVESTMENT PROPERTIES

	HK\$'000
Carrying amount at 1 April 2014 (Audited)	467,000
Additions	16,132
Net gains from fair value adjustments	2,568
Carrying amount at 30 September 2014 (Unaudited)	485,700

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.

13. PLEDGED 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 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Land and buildings	181,132	155,733
Investment properties	485,700	467,000
	666,832	622,733

**NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)**

Six months ended 30 September 2014

14. LOANS AND INTEREST RECEIVABLES

Details of the loans and interest receivables are as follows:

Loan	Name of borrower	Maturity date	Effective Interest rate per annum	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
10% unsecured HK\$190 million loan (Note (i))	PNG	12 November 2016 (Note (i))	9.14%	206,761	197,236
10% unsecured HK\$10 million loan (Note (i))	PNG	8 July 2017 (Note (i))	9.14%	10,230	12,179
				216,991	209,415

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

14. LOANS AND INTEREST RECEIVABLES (Continued)

Loan	Name of borrower	Maturity date	Effective Interest rate per annum	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
10% unsecured HK\$60 million loan (Note (ii))	CAP*	30 November 2014 (Note (ii))	9.89%	60,000	63,008
10% unsecured HK\$15 million loan (Note (ii))	CAP	30 November 2014 (Note (ii))	9.89%	15,000	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	110,093
12% unsecured HK\$50 million loan	CAP	27 May 2016	11.40%	51,611	54,603
				338,310	346,031
Less: Loans and interest receivables classified as non-current assets				555,301 (450,000)	555,446 (450,000)
				105,301	105,446

* CAP is an associate of PNG and is listed on the Stock Exchange.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

14. LOANS AND INTEREST RECEIVABLES (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 of Loan to PNG**"), respectively. On 22 August 2013, the Group and PNG entered into two supplemental agreements, and pursuant to which the Group agreed to extend the repayment dates of these loans for three years from respective Original Maturity Dates of Loan to PNG (the "**New Repayment Dates of Loan to PNG**") and the interest rate are increased from 8% to 10% per annum which will be applicable for the period from the Original Maturity Dates of Loan to PNG to the New Repayment Dates of Loan to PNG.
- (ii) The loans with principal amounts of HK\$60,000,000 and HK\$15,000,000 granted to CAP are unsecured, bear interest at 10% per annum and both are repayable on 30 September 2014 (the "**Original Maturity Dates of Loan to CAP**"). On 30 September 2014, the Group and CAP entered into two supplemental agreements, and pursuant to which the Group agreed to extend the repayment dates of these loans for two months from respective Original Maturity Dates of Loan to CAP (the "**New Repayment Dates of Loan to CAP**") while the interest rate kept unchanged.

Loans and interest receivables 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 interest receivables approximate to their fair values.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

15. TRADE AND OTHER RECEIVABLES

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Trade receivables	100,580	139,509
Less: accumulated impairment	(9,119)	(3,790)
	91,461	135,719
Rental and other deposits	25,416	25,703
Prepayments	27,612	22,056
Other receivables	17,842	15,648
	70,870	63,407
Total trade and other receivables	162,331	199,126

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. 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.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Trade receivables are non-interest-bearing.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

15. TRADE AND OTHER RECEIVABLES (Continued)

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

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
0 – 30 days	5,556	6,892
31 – 60 days	3,640	7,631
61 – 120 days	8,359	15,698
121 – 180 days	1,948	425
Over 180 days	–	33
	19,503	30,679

During the year ended 31 March 2014, the Group had provided fully for all receivables that was past due over 180 days because historical experience shows that receivables that are past due beyond 180 days are generally not recoverable, except for a receivable that was past due over 180 days but not impaired and was related to the sales to a PRC customer that had made continuous settlements subsequently. The directors were of the opinion that no provision for impairment was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

16. AMOUNTS DUE FROM ASSOCIATES

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Trade receivables due from associates	6,834	6,146

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

As at 30 September 2014 and 31 March 2014, 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.

17. TRADE AND OTHER PAYABLES

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Trade payables	58,200	64,937
Accrual of salaries and commission	20,478	14,789
Accrual of advertising and promotion	3,094	2,651
Rental deposits received	2,840	2,627
Other payables and accruals	22,375	26,317
	106,987	111,321

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

17. TRADE AND OTHER PAYABLES (Continued)

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

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
0 – 30 days	30,673	26,782
31 – 60 days	23,333	20,710
61 – 120 days	3,359	16,379
Over 120 days	835	1,066
	58,200	64,937

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.

18. SHARE CAPITAL

Shares

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Authorised: 60,000,000,000 ordinary shares of HK\$0.01 each	600,000	600,000
Issued and fully paid: 3,517,142,969 (31 March 2014: 2,931,142,969) ordinary shares of HK\$0.01 (31 March 2014: HK\$0.01) each	35,171	29,311

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

18. SHARE CAPITAL (Continued)

Shares (Continued)

A summary of the transactions during the period in the Company's issued share capital is as follows:

	Number of share in issue	Issued capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 April 2013, 31 March 2014 and 1 April 2014	2,931,142,969	29,311	1,340,510	1,369,821
Issue of shares (<i>Note</i>)	586,000,000	5,860	103,136	108,996
Share issue expenses (<i>Note</i>)	–	–	(3,326)	(3,326)
At 30 September 2014	3,517,142,969	35,171	1,440,320	1,475,491

Note: On 20 August 2014, the Company, Rich Time, an indirect wholly-owned subsidiary of Wang On and Kingston Securities Limited ("**Kingston**"), the placing agent, entered into a placing and subscription agreement pursuant to which Rich Time agreed to place through Kingston 586,000,000 shares of the Company to certain independent parties at a price of HK\$0.186 per share; and (ii) Rich Time has conditionally agreed to subscribe for an aggregate of 586,000,000 shares at a price of HK\$0.186 per share (the "**WYT Top-up Placing and Subscription**"). The WYT Top-up Placing and Subscription was completed on 28 August 2014.

Share option

Details of the Company's share option scheme are set out in the Section "Share Option Scheme" of the interim report 2014.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

19. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases and sub-leases its investment properties (note 12) and office properties, respectively, 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\$6,093,000 (six months ended 30 September 2013: approximately HK\$5,615,000) and approximately HK\$1,267,000 (six months ended 30 September 2013: approximately HK\$1,437,000), respectively. The properties are expected to generate rental yield of 2.6% (six months ended 30 September 2013: 2.7%) on an ongoing basis.

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 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within one year	14,031	13,225
In the second to fifth years, inclusive	8,136	11,767
	22,167	24,992

(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 three 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\$8,933,000 (six months ended 30 September 2013: approximately HK\$9,644,000).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

19. OPERATING LEASE ARRANGEMENTS (Continued)

(b) As lessee (Continued)

The Group made minimum lease payments of approximately HK\$39,250,000 (six months ended 30 September 2013: approximately HK\$39,966,000) under operating leases during the period in respect of its office properties and retail shops.

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 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Within one year	77,633	70,509
In the second to fifth years, inclusive	82,930	74,083
	160,563	144,592

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 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Contracted, but not provided for: Property, plant and equipment	353,680	25,974

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

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:

		Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Wang On and its subsidiaries			
— Rental received by the Group	(i)	996	996
— Rental paid by the Group	(i)	413	735
— Management fee paid by the Group	(i)	60	60
— Sales of Chinese pharmaceutical products by the Group	(ii)	1,666	93
Associates			
— Sales of Chinese pharmaceutical products by the Group	(ii)	10,494	9,740
— Rental received by the Group	(i)	722	693
— Effective interest income on loans received by the Group	(iii)	9,973	8,453
— Management and promotion fees received by the Group	(i)	432	391

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 14 to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

21. RELATED PARTY TRANSACTIONS (Continued)

- (b) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short-term employment benefits	4,567	1,768
Post-employment benefits	35	33
	4,602	1,801

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 consolidated statement of financial position approximate to their fair values.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2014

22. FAIR VALUE MEASUREMENT (Continued)

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

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

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

Level 2: 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: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assets measured at fair value:

	30 September 2014			
	Level 1	Level 2	Level 3	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investments held-for-trading	131,532	1,666	–	133,198

	31 March 2014			
	Level 1	Level 2	Level 3	Total
	(Audited)	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investments held-for-trading	101,933	1,595	–	103,528

The Group did not have any financial liabilities measured at fair value as at 30 September 2014 (31 March 2014: Nil).

During the six months ended 30 September 2014, 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 2013: Nil).

**NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)**

Six months ended 30 September 2014

**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 19 November 2014.