WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board of directors (the "**Board**") of Wai Yuen Tong Medicine Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2015, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
CONTINUING OPERATIONS			
REVENUE	*5*	**831,088**	865,258
Cost of sales		**(480,061)**	(475,768)
Gross profit		**351,027**	389,490
Other income	*5*	**73,150**	61,404
Selling and distribution expenses		**(272,684)**	(259,493)
Administrative expenses		**(135,219)**	(108,022)
Finance costs	*7*	**(10,362)**	(7,748)
Changes in fair value of equity investments at fair value through profit or loss, net		**79,773**	46,397
Fair value gains on investment properties, net		**26,868**	25,663
Gain/(loss) on deemed partial disposal of equity interests in an associate		**(32,928)**	1,436
Share of profits and losses of associates		**41,153**	22,747
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**120,778**	171,874
Income tax expense	*8*	**(17)**	(3,676)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**120,761**	168,198
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation		**90**	(5,096)
PROFIT FOR THE YEAR		**120,851**	163,102

* *For identification purpose only*

	Note	2015 HK$'000	2014 HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Change in fair value of an available-for-sale investment		**(88,874)**	–
Exchange differences on translation of foreign operations		**(897)**	562
Release of translation reserve upon deemed partial disposal of equity interests in an associate		**(3,926)**	(6,017)
Share of other comprehensive income of an associate		**(9,539)**	7,123
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(103,236)**	1,668
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,615**	164,770
Profit attributable to:			
Owners of the parent		**120,979**	163,374
Non-controlling interests		**(128)**	(272)
		120,851	163,102
Total comprehensive income attributable to:			
Owners of the parent		**17,743**	165,052
Non-controlling interests		**(128)**	(282)
		17,615	164,770
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
			(Restated)
Basic and diluted			
– For profit for the year		**HK3.09 cents**	HK4.99 cents
– For profit from continuing operations		**HK3.09 cents**	HK5.13 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**516,741**	247,333
Investment properties		**510,000**	467,000
Goodwill		**15,335**	15,335
Other intangible assets		**408**	435
Investments in associates		**294,945**	301,644
Available-for-sale investment		**613,615**	–
Loans and interest receivables		**–**	450,000
Deferred tax assets		**6,929**	5,249
		1,957,973	1,486,996
CURRENT ASSETS			
Inventories		**151,385**	147,254
Trade and other receivables	11	**237,907**	199,126
Amounts due from associates		**10,640**	6,146
Equity investments at fair value through profit or loss		**193,222**	103,528
Loans and interest receivables		**18,951**	105,446
Tax recoverable		**2,874**	7,941
Bank balances and cash		**250,951**	292,511
		865,930	861,952
CURRENT LIABILITIES			
Trade and other payables	12	**225,717**	111,321
Bank borrowings		**199,223**	201,803
Deferred franchise income		**18**	18
Tax payable		**587**	2,864
		425,545	316,006
NET CURRENT ASSETS		**440,385**	545,946
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,398,358**	2,032,942

	2015	2014
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,398,358**	2,032,942
NON-CURRENT LIABILITIES		
Bank borrowings	**350,873**	189,412
Deferred tax liabilities	**1,530**	2,629
	352,403	192,041
NET ASSETS	**2,045,955**	1,840,901
EQUITY		
Issued capital	**42,171**	29,311
Reserves	**1,996,558**	1,804,236
Equity attributable to owners of the parent	**2,038,729**	1,833,547
Non-controlling interests	**7,226**	7,354
TOTAL EQUITY	**2,045,955**	1,840,901

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance, which because the Company has not early adopted the revised disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), are those of the predecessor Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for investment properties, available-for-sale investment and equity investments at fair value through profit or loss, which have been measured at fair value.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2015.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described as above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

3. NEW AND REVISED HKFRSs AND REVISED DISCLOSURE REQUIREMENTS UNDER THE REVISED LISTING RULES NOT YET ADOPTED

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

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

Amendments to HKFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments to HKFRS 10 also clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Consequential amendments were made to HKFRS 12 to require an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss in accordance with HKFRS 9 to present the disclosures in respect of investment entities in accordance with HKFRS 12. HKAS 28 (2011) was also amended to allow an investor that is not itself an investment entity, and has an interest in an investment entity associate or joint venture, to retain the fair value measurement applied by the investment entity associate or joint venture to the interests in its subsidiaries. The amendments are not expected to have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 April 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclosure and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 April 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The HKAS 16 and HKAS 41 Amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of HKAS 16 instead of HKAS 41. After initial recognition, bearer plants will be measured under HKAS 16 at accumulated cost before maturity. After the bearer plants mature, they will be measured either using the cost model or revaluation model in accordance with HKAS 16. The amendments also require that produce growing on the bearer plants will remain in the scope of HKAS 41 and is measured at fair value less costs to sell. Government grants relating to bearer plants will now be accounted for in accordance with HKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any impact on the Group as the Group does not have any bearer plants.

The HKAS 19 Amendments apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The Group expects to adopt the amendments from 1 April 2015.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2, the Group expects to adopt the amendments from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

In addition, the amendments to the Listing Rules announced by the Stock Exchange in February 2015 relating to the disclosure of financial information with reference to the Companies Ordinance (Cap. 622) and HKFRs will be applied for the year ending 31 March 2016. They will affect the presentation and disclosure of certain information in the consolidated financial statements for the next financial year.

4. OPERATING SEGMENT INFORMATION

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

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

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

(c) production and sale of bottled birds' nest drinks and herbal essence products – processing and sale of bottled birds' nest drinks, dried birds' nest, herbal essence, health tonics and other health products ("**Birds' Nest Sub-group**") (discontinued during the year ended 31 March 2014); 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 equity investments at fair value through profit or loss, gain on deemed partial disposal of equity interests in an associate and share of profits and losses of associates are excluded from such measurement.

Segment assets exclude investments in associates, loans and interest receivables, equity investments at fair value through profit or loss, available-for-sale investment, tax recoverable, deferred tax assets, bank balances and cash and unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude bank borrowings, tax payable, deferred tax liabilities and unallocated liabilities as these liabilities are managed on a group basis.

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

Segment revenue and results

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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**677,401**	701,620	**141,253**	152,042	**12,434**	11,596	**831,088**	865,258	**–**	16,847	**–**	–	**831,088**	882,105
Intersegment sales	**–**	–	**–**	–	**7,665**	6,391	**7,665**	6,391	**816**	23,503	**(8,481)**	(29,894)	**–**	–
Total	**677,401**	701,620	**141,253**	152,042	**20,099**	17,987	**838,753**	871,649	**816**	40,350	**(8,481)**	(29,894)	**831,088**	882,105
Segment results	**13,498**	53,502	**(30,555)**	(9,052)	**33,141**	32,265	**16,084**	76,715	**(319)**	(6,641)	**–**	–	**15,765**	70,074
Other income							**73,150**	61,404	**–**	1,495			**73,150**	62,899
Unallocated expenses							**(46,092)**	(29,077)	**–**	–			**(46,092)**	(29,077)
Finance costs							**(10,362)**	(7,748)	**–**	–			**(10,362)**	(7,748)
Changes in fair value of equity investments at fair value through profit or loss, net							**79,773**	46,397	**–**	–			**79,773**	46,397
Gain/(loss) on deemed partial disposal of equity interests in an associate							**(32,928)**	1,436	**–**	–			**(32,928)**	1,436
Share of profits and losses of associates							**41,153**	22,747	**–**	–			**41,153**	22,747
Profit/(loss) before tax							**120,778**	171,874	**(319)**	(5,146)			**120,459**	166,728
Income tax credit/(expense)							**(17)**	(3,676)	**409**	50			**392**	(3,626)
Profit/(loss) for the year							**120,761**	168,198	**90**	(5,096)			**120,851**	163,102

Segment assets and liabilities

	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		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS												
Assets excluding goodwill	**279,906**	257,976	**77,198**	103,826	**688,628**	622,939	**1,045,732**	984,741	**–**	2,739	**1,045,732**	987,480
Goodwill	**7,700**	7,700	**7,635**	7,635	**–**	–	**15,335**	15,335	**–**	–	**15,335**	15,335
Segment assets	**287,606**	265,676	**84,833**	111,461	**688,628**	622,939	**1,061,067**	1,000,076	**–**	2,739	**1,061,067**	1,002,815
Investments in associates							**294,945**	301,644	**–**	–	**294,945**	301,644
Loans and interest receivables							**18,951**	555,446	**–**	–	**18,951**	555,446
Equity investments at fair value through profit or loss							**193,222**	103,528	**–**	–	**193,222**	103,528
Available-for-sale investment							**613,615**	–	**–**	–	**613,615**	–
Tax recoverable							**2,874**	7,941	**–**	–	**2,874**	7,941
Deferred tax assets							**6,929**	5,249	**–**	–	**6,929**	5,249
Bank balances and cash							**247,841**	283,103	**3,110**	9,408	**250,951**	292,511
Unallocated assets							**381,349**	79,814	**–**	–	**381,349**	79,814
Consolidated total assets							**2,820,793**	2,336,801	**3,110**	12,147	**2,823,903**	2,348,948
LIABILITIES												
Segment liabilities	**121,195**	83,437	**11,974**	13,357	**3,295**	3,621	**136,464**	100,415	**186**	654	**136,650**	101,069
Bank borrowings							**550,096**	391,215	**–**	–	**550,096**	391,215
Tax payable							**587**	2,714	**–**	150	**587**	2,864
Deferred tax liabilities							**1,530**	2,367	**–**	262	**1,530**	2,629
Unallocated liabilities							**89,085**	10,270	**–**	–	**89,085**	10,270
Consolidated total liabilities							**777,762**	506,981	**186**	1,066	**777,948**	508,047

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

- all assets are allocated to operating segments other than investments in associates, loans and interest receivables, equity investments at fair value through profit or loss, available-for-sale investment, tax recoverable, deferred tax assets, bank balances and cash, and unallocated assets representing property, plant and equipment and other receivables of investment holding companies.

- all liabilities are allocated to operating segments other than tax payable, deferred tax liabilities, bank borrowings, and unallocated liabilities representing other payables of investment holding companies.

Other segment information

	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		Unallocated		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:														
Additions to non-current assets *(Note (i))*	**7,895**	7,833	**1,138**	31	**43,927**	85,337	**52,960**	93,201	**–**	1,102	**950,435**	46,638	**1,003,395**	140,941
Depreciation	**9,069**	11,119	**228**	45	**5,143**	4,652	**14,440**	15,816	**–**	1,791	**803**	1,295	**15,243**	18,902
Amortisation of other intangible assets	**213**	213	**–**	–	**–**	–	**213**	213	**–**	–	**–**	–	**213**	213
Impairment/(reversal of impairment) of trade receivables	**(210)**	194	**7,622**	(6)	**–**	–	**7,412**	188	**(67)**	195	**–**	–	**7,345**	383
Allowance for obsolete inventories	**360**	243	**3,881**	3,790	**–**	–	**4,241**	4,033	**–**	1,750	**–**	–	**4,241**	5,783
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:														
Finance costs	**4,291**	1,188	**206**	247	**5,865**	6,313	**10,362**	7,748	**–**	–	**–**	–	**10,362**	7,748
Interest income *(Note (ii))*	**33**	22	**–**	–	**–**	–	**33**	22	**–**	–	**63,730**	53,277	**63,763**	53,299

Notes:

(i) Additions to non-current assets include investment properties, available-for-sale investment, property, plant and equipment and other intangible assets.

(ii) Interest income consists of effective interest income on loans receivable, bank deposits and available-for-sale investment and imputed interest income on an available-for-sale investment.

Geographical information

(a) ***Revenue from external customers***

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**630,897**	656,971
The PRC	**164,393**	172,403
Singapore	**298**	216
Macau	**15,887**	9,710
Others	**19,613**	25,958
	831,088	865,258

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

(b) ***Non-current assets***

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**1,336,486**	1,029,661
The PRC	**667**	734
Singapore	**–**	413
Macau	**276**	939
	1,337,429	1,031,747

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

Information about major customers

During the years ended 31 March 2015 and 2014, no revenue from transactions with a single external customer contributed over 10% of the total revenue of the Group.

5. REVENUE AND OTHER INCOME

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

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**817,715**	852,758
Rental income from investment properties	**12,434**	11,596
Management and promotion fees	**939**	904
	831,088	865,258
Other income		
Effective interest income on loans receivable	**34,399**	50,136
Interest income on an available-for-sale investment	**24,447**	–
Imputed interest income on an available-for-sale investment	**489**	–
Interest income on bank deposits	**4,428**	3,163
Dividends from equity investments at fair value through profit or loss	**5,838**	1,760
Recognition of deferred franchise income	**90**	90
Sub-lease rental income	**2,527**	2,780
Others	**932**	3,475
	73,150	61,404

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense (including allowance for obsolete inventories of HK$4,241,000 (2014: HK$4,033,000))	**480,061**	475,768
Depreciation	**15,243**	17,111
Amortisation of other intangible assets	**213**	213
Research and development costs	**2,633**	692
Minimum lease payments under operating leases in respect of office properties and retail shops	**98,016**	97,743
Auditors' remuneration	**1,980**	1,900
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries and other benefits	**143,828**	124,523
Share-based payment	**–**	4
Pension scheme contributions	**9,929**	9,391
	153,757	133,918
Exchange losses, net	**649**	92
Impairment of trade receivables*	**7,412**	188
Gross rental income	**(12,434)**	(11,596)
Less: direct outgoing expenses	**282**	244
	(12,152)	(11,352)
Loss on disposal of items of property, plant and equipment	**9**	143
Gain on bargain purchase of additional interest in an associate**	**4,024**	–

* Impairment of trade receivables is included in "Administrative expense" in the consolidated statement of profit or loss and other comprehensive income.

** Gain on bargain purchase of additional interest in an associate is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

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

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**4,168**	2,862
Bank borrowings wholly repayable beyond five years	**6,194**	4,886
	10,362	7,748

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the Enterprise Income Tax ("**EIT**") rate of two of the Group's subsidiaries established in the PRC is 25% (2014: 25%).

	2015	2014
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**1,417**	3,128
Underprovision in prior years	**1,032**	117
Current – other jurisdiction		
Charge for the year	**85**	480
Overprovision in prior years	**–**	(189)
Deferred taxation	**(2,517)**	140
Total tax charge for the year	**17**	3,676

The share of tax attributable to associates amounted to tax charge of approximately HK$20,703,000 (2014: approximately HK$12,573,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss and other comprehensive income.

9. DIVIDENDS

	2015	2014
	HK$'000	HK$'000
Proposed final – Nil (2014: HK0.3 cents per ordinary share)	**–**	8,793

The board of directors does not recommend any payment of dividend in respect of the year ended 31 March 2015 (2014: HK0.3 cents per ordinary share).

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,917,462,323 (2014: 3,276,796,621 (restated)) in issue during the year.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for both years has been adjusted retrospectively to reflect the impact of a rights issue of one rights share for every two existing shares held by qualifying shareholders at an issue price of HK$0.108 per rights share completed on 20 May 2015.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 March 2015 and 2014 in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings per share amount presented.

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

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculations:		
From continuing operations	**120,895**	168,205
From a discontinued operation	**84**	(4,831)
	120,979	163,374

	Number of shares	
	2015	2014
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**3,917,462,323**	3,276,796,621

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**126,256**	139,509
Less: accumulated impairment	**(11,135)**	(3,790)
	115,121	135,719
Rental and other deposits	**26,832**	25,703
Prepayments	**55,925**	22,056
Other receivables	**40,029**	15,648
	122,786	63,407
Total trade and other receivables	**237,907**	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 the credit limit is reviewed regularly. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. 73% (2014: 77%) of the trade receivables that are neither past due nor impaired are with good credit quality in view of good historical repayment records.

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

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**35,948**	46,931
31 – 60 days	**19,772**	29,811
61 – 120 days	**37,602**	37,414
121 – 180 days	**21,799**	21,563
	115,121	135,719

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of approximately HK$31,272,000 (2014: approximately HK$30,679,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss as the directors assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

An aged analysis of trade receivables which were past due but not impaired, based on the due date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**10,431**	6,892
31 – 60 days	**7,287**	7,631
61 – 120 days	**11,517**	15,698
121 – 180 days	**446**	425
Over 180 days	**1,591**	33
	31,272	30,679

The Group has provided fully for all receivables that were 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 who has made continuous settlements subsequent to the reporting date. The directors are of the 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.

The movements in provision for impairment of trade receivables are as follows:

	2015	2014
	HK$'000	*HK$'000*
At 1 April	**3,790**	3,408
Impairment losses recognised	**7,345**	383
Exchange realignment	**–**	(1)
At 31 March	**11,135**	3,790

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately HK$11,135,000 (2014: approximately HK$3,790,000) that are considered irrecoverable by management after consideration of the credit quality of those individual customers based on their settlement records. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**81,517**	64,937
Accrual of salaries and commission	**22,365**	14,789
Accrual of advertising and promotion	**10,170**	2,651
Rental deposits received	**2,799**	2,627
Other payables and accruals	**108,866**	26,317
	225,717	111,321

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

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**19,598**	26,782
31 – 60 days	**22,398**	20,710
61 – 120 days	**38,767**	16,379
Over 120 days	**754**	1,066
	81,517	64,937

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

At the end of the reporting period, the trade and other payables that are denominated in currencies, other than the functional currencies of the respective group entities, are set out below:

	2015	2014
	HK$'000	*HK$'000*
Renminbi	**7,132**	16,074
New Taiwan Dollar	**440**	844
United States Dollar	**1,274**	233
Euro	**38**	–
Singapore Dollar	**4**	–

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2015, the Group recorded a turnover of approximately HK$831.1 million (2014: approximately HK$865.3 million) and profit attributable to owners of the parent of approximately HK$121.0 million (2014: approximately HK$163.4 million).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: HK0.3 cents per ordinary share). No interim dividend was made for the six months ended 30 September 2014 (30 September 2013: Nil).

BUSINESS REVIEW

For the year ended 31 March 2015, the Group's results were beyond expectation and recorded a turnover of approximately HK$831.1 million (2014: approximately HK$865.3 million), representing a decrease of approximately 4.0% over last year. Besides, the Group recorded a decrease in profit attributable to owners of the parent for the year ended 31 March 2015, reaching approximately HK$121.0 million (2014: approximately HK$163.4 million). Such decrease in results 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 equity investments at fair value through profit or loss.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the year under review decreased by approximately 3.4% from HK$701.6 million for last year to approximately HK$677.4 million. It had been a challenging period, especially during the second half of 2014, when a series of political and social campaigns took place, such as the occupy central movement, anti-mainlander activities, and protest against cross-border traders of parallel goods, all of which had significantly slowed down local economic growth, particularly in the retail business segment. Against this backdrop, our retail stores still recorded growth of 4%, driven by product lines such as premium herbs and dried seafood. Continuous product range expansion and promotions proved to have certain impact on customers' preference. Wai Yuen Tong becomes one of the leading retailers selling these products.

However, sales performance in other channels such as key accounts, open trade, and overseas all declined when compared with those of the previous year. The adjustment in the results of other channels had neutralised the contribution from local retail growth.

(2) Western Pharmaceutical and Health Food Products

Turnover for the year under review decreased by approximately 7.0% from HK$152.0 million for last year to approximately HK$141.3 million. Sales were adversely affected by restriction on sales of "Madame Pearl's" cough syrup containing codeine in Mainland China. Meanwhile, the sales performance of personal care products under the "Pearl's" brand remained strong, in particular its anti-mosquito products, which had been the best-selling brand of this category in Hong Kong for three consecutive years. Both "Madame Pearl's" and "Pearl's" products had gathered strong growth momentum through innovative product development, effective advertising and promotional efforts, as well as increased product penetration in different sales channels.

(3) Property Investment

After book closed 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 for 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 which is used as the Group's 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 13 properties, all of which are for retail purpose. Currently, six properties are leased to third parties, while seven properties are used by the Group's retail shops. Our management is positive about the long-term prospects of commercial properties in Hong Kong and considers that the investment property portfolio can serve to stabilise and strengthen the Group's income base.

Subsequent to the end of the reporting period, on 24 April 2015, the Group entered into a provisional agreement for sales and assignment of the entire issued share capital and the related shareholder loan of Smart Star Investments Limited, an indirect wholly-owned subsidiary of the Company which held a property in North Point, Hong Kong for a consideration of HK$45.0 million. The disposal will be completed on or before 23 July 2015, details of which was set out in the Company's announcement dated 27 April 2015.

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

PNG is a company listed on the main board of the Stock Exchange which is principally engaged in the businesses of property development in the PRC and retailing of the fresh pork meat 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 24.07% and incurred 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.

On 23 December 2014, the Group's equity interest in PNG was increased from 24.07% to 24.37% upon completion of a distribution in specie of PNG shares by Wang On Group Limited ("**Wang On**") in which the Company currently holds 2.16% equity interest. Subsequent to the reporting period and:

(a) on 30 April 2015, the shareholding interest of the Group in PNG was further diluted from 24.37% to 20.33% immediately upon completion of the new issue placing of 220 million shares in PNG at a price of HK$0.225 per PNG share, details of which were set out in the announcements of PNG dated 14 April 2015 and 30 April 2015, respectively. As this regard, a deemed disposal loss of approximately HK$2.6 million may be recorded; and

(b) on 28 May 2015, the Group through its wholly-owned subsidiaries, Hearty Limited and Suntech Investments Limited, executed an irrevocable undertaking in favour of PNG pursuant to which the Group agreed to subscribe for an aggregate of 674,418,750 rights shares which comprises the full acceptance of the provisional entitlement and apply for 380,000,000 rights shares by way of excess application, under the rights issue proposed by PNG in the proportion of five rights shares for every two PNG shares held on the record date at HK$0.168 per rights share of PNG, details of which were set out in the joint announcement dated 4 June 2015 issued by the Company and PNG.

The Group's share of profit of PNG amounted to approximately HK$41.0 million including gain on bargain purchase of HK$4.0 million for the year ended 31 March 2015 (2014: approximately HK$22.8 million). The improvement in results of PNG 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, despite the negative impact of loss on deemed disposal of an associate of PNG during the year under review.

No impairment loss on the Group's investment in PNG was recognised by the Group during the period under review (2014: Nil), as the recoverable amount was assessed to be close to the carrying value of the Group's interest in PNG.

(5) Equity investments at fair value through profit or loss

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 equity investments at fair value through profit or loss of approximately HK$79.8 million for the year under review (2014: approximately HK$46.4 million).

(6) Loan facilities granted to PNG

In October 2014, PNG fully repaid all of its outstanding loan principals indebted to the Group in an aggregate sum of HK$200.0 million, together with accrued interest 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 dates of the outstanding maturing loans owed by CAP to the Group in an aggregate principal amount of HK$75.0 million from 30 September 2014 to 30 November 2014 in consideration of the use of the net proceeds from the proposed bonds issued by CAP to repay the principals of the outstanding maturing loans. On 28 November 2014, CAP fully repaid all of the outstanding loans in an aggregate sum of HK$325.0 million due to the Group, inclusive of the above mentioned extended loans. The payment of the related outstanding interest of approximately HK$19.0 million was extended to be repaid on or before 31 May 2015 pursuant to a facility letter dated 28 November 2014 entered into between CAP and Winning Rich Investments Limited, an indirect wholly-owned subsidiary of the Group, and such outstanding interest has been fully paid by CAP by the end of May 2015.

(8) Investments in CAP

(a) Subscription of CAP's Bonds

The Group had subscribed up to a principal amount of HK$720.0 million 10.0% coupon bonds due 2019 issued by CAP on 28 November 2014, in consideration of receiving a subscription fee of 2.5% of the aggregate principal amount of the CAP's bonds subscribed and repayment of the outstanding loans principal then indebted to the Group by CAP, pursuant to the subscription agreement (as supplemented on 28 November 2014) entered into on 4 October 2014 among CAP, Winning Rich Investments Limited, Peony Finance Limited, Double Leads Investments Limited and CCB International Capital Limited, details of which were set out in the Company's announcements dated 4 October 2014 and 28 November 2014 and the circular of the Company dated 24 October 2014, respectively.

(b) Underwriting Rights Shares of CAP

As disclosed in the Company's announcement and circular dated 8 January 2015 and 13 March 2015, respectively, the Group participated in underwriting 660 million rights shares at HK$0.3 per CAP's rights share under the rights issue proposed by CAP in the proportion of eight adjusted rights shares for every one adjusted CAP share held on the record date (the "**CAP Rights Issue**"), in consideration of receiving commission of 2.5% of the aggregate subscription price for the underwritten rights shares, pursuant to the underwriting agreement entered into on 23 December 2014 among CAP, Jade Range Limited, the Company and Kingston Securities Limited.

As a result of the over-subscription of the CAP Rights Issue, completion of which took place on 14 May 2015, the Group was not required to take up any underwritten shares, details of which were disclosed in the announcement of CAP dated 13 May 2015. Thus, as at the date of this annual report, the Group did not hold any equity interest in CAP.

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

The Group has been granted the lease of a piece of land located in Yuen Long Industrial Estate to construct a modern five-storey factory to manufacture both Western pharmaceutical and Chinese traditional medicine. Foundation work of the factory building has been completed in mid-2014 and it has been topped out at the end of 2014. The infrastructure, fitting-out, machinery and equipment ordering works are in progress and are expected to be completed by the end of 2015 or in early 2016, and it is expected that the whole factory construction will be completed in 2016, while operation is scheduled to commence in early 2017. To ensure its capacity could be utilised efficiently, the Group has expedited its effort in new product development and registration.

FINANCIAL REVIEW

Fund Raising

(a) On 20 August 2014, Rich Time Strategy Limited, an indirect wholly-owned subsidiary of Wang On (the "**Vendor**"), a placing agent, and the Company 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. The net proceeds of approximately HK$105.7 million were raised and utilised as to approximately HK$90.0 million for the construction of the new factory at Yuen Long Industrial Estate for pharmaceutical manufacturing and the remaining balance of approximately HK$15.7 million as general working capital of the Group.

(b) On 20 November 2014, the Company and a placing agent entered into a placing agreement pursuant to which the Company, through the placing agent, placed an aggregate of 700 million shares to not less than six independent investors at a price of HK$0.133 per share. The new issue placing was completed on 4 December 2014. The net proceeds of approximately HK$90.5 million were raised and utilised as to approximately HK$40.0 million for expansion of its production facilities, approximately HK$20.0 million for the repayment of bank borrowings and approximately HK$30.5 million for general working capital of the Group.

(c) The Company offered 2,108,571,484 shares of HK$0.01 each in the share capital of the Company for subscription by the qualifying shareholders of the Company by way of the rights issue on the basis of one (1) rights share for every two (2) existing shares held on the record date at the subscription price of HK$0.108 per rights share subject to fulfilment of the conditions precedent set out in the underwriting agreement dated 25 March 2015 entered into between Kingston Securities Limited and the Company. Net proceeds of approximately HK$220.6 million were raised and utilised as to approximately HK$70.0 million for the payment of construction costs of the Group's new factory at Yuen Long Industrial Estate for pharmaceutical manufacturing business, approximately HK$60.0 million for potential property acquisition opportunities, approximately HK$50.0 million for the repayment of bank borrowings and interests of the Group, and the remaining balance of approximately HK$40.6 million for general working capital of the Group.

Liquidity and Gearing

As at 31 March 2015, the Group's total borrowings amounted to approximately HK$550.1 million (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 27.0% (2014: approximately 21.3%).

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 and Hong Kong dollars, matches the currency requirements of the Group's operating expenses. The Group therefore does not engage in any hedging activities.

Capital Commitment

As at 31 March 2015, the Group had capital commitment of approximately HK$249.50 million (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 31 March 2015, the Group had no material contingent liabilities (2014: Nil).

EMPLOYEES

As at 31 March 2015, the Group had 757 (2014: 742) employees, of whom approximately 71% (2014: approximately 71%) were located in Hong Kong and the rest were located in Mainland China. The Group remunerates its employees based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's performance as well as the individual performance. Other benefits such as medical and retirement benefits and structured training programs are also provided.

PROSPECTS

The recent radical social movement against mainlanders along with weakened currencies of economies in the region have led to the declining number of visitors from the PRC. A softened retail sector was evidenced by a 2.3% decrease year-on-year in value index of retail sales in the first quarter of 2015. The limit being set on multi-entry visa of mainlanders since April this year is expected to further affect the already slowing retail segment, which could remain in the doldrums for a while. Local residents' spending, which contributes 70% of our retail business, may partly offset the impact on our local retail sales in the current year. On the other hand, shrunken revenue from the PRC is likely to dampen our overall performance for the current financial year.

In order to strengthen our sales network, the Group has expanded Wai Yuen Tong's sales platform in Macau in the year under review. Two potential sites have been confirmed, and the Group plans to establish three stores in the territory during the current financial year. Wai Yuen Tong will roll out the marketing campaign of its cult product – Young Yum Pills in the second quarter, while the "Baby Club" will be launched to support the marketing of the Group's infant products in the current financial year.

At the end of April, the Group opened the first Wai Yuen Tong concept store at Percival Street, Causeway Bay to further elevate its retail service. The new concept store provides a wider selection of premium herbs, Chinese medicine consultation, and upgraded VIP services in an environment boasting modern design integrated with trendy elements. The new concept store serves to enhance the brand image of Wai Yuen Tong and has been well received by customers.

The main focus of Madame Pearl's in the coming year will be on new product launches, with an aim to accelerate and differentiate its cough syrup product line.

To prepare for the commencement of production of the Group's new factory in Yuen Long Industrial Estate in 2017 and to ensure optimum utilisation of its capacity, the Group has stepped up its effort in new product development and registration, with an emphasis on Chinese and Western pharmaceutical products.

We intend to broaden our sales of Western pharmaceutical and healthcare products via intensified investment in major growth areas, including various regional markets in China and launch of new products under the Pearl's label. We have restructured our operations in China to direct the sales of Madame Pearl's children cough syrup to hospitals as prescribed medicine. Such change is expected to boost sales of the product which has been suffering from restriction on its retail distribution in China.

Looking forward, the Group will continue to stress on expanding its product range, broaden its customer base, reinforce quality control and enhance marketing and promotion activities, so as to further uplift the image and competitiveness of its brands and products. To continue to leverage social media for effective promotion of brand awareness, the Group continues to use facebook, mobile apps and other online platforms for promotion.

In addition, we are identifying opportunities for business development including merger and acquisition. The Group will consider acquiring suitable retail premises for long term capital appreciation and to minimise the impact of rising rental costs.

With expanding geographical scope, continuous launch of premium products and strategic marketing efforts, we are well-poised to ride out the challenges in the local retail market, capitalising on our prestigious brand name and a seasoned management.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Board has reviewed the corporate governance practices of the Company and is satisfied that the Company had applied the principals and complied with the code provisions set out in the Corporate Governance Code ("**CG Code**") set out in Appendix 14 to the Listing Rules throughout the financial year ended 31 March 2015, except for the following deviation:

Code provision A.2.7 of the CG Code provides that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. Since Mr. Li Ka Fai, David was appointed as an independent non-executive director of the Company on 17 March 2015 and due to the tight business engagement of both the chairman and Mr. Li, they did not have a meeting for the year ended 31 March 2015.

Further details of the Company's corporate governance practices are set out in the corporate governance report to be contained in the Company's 2015 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the directors of the Company on the terms no less exacting terms than the required standard set forth in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all directors, the Company confirmed that all directors had complied with the required standard set out in the Model Code throughout the financial year under review. No incident of non-compliance by the directors was noted by the Company during the year.

AUDIT COMMITTEE

The Company has established its audit committee (the "**Audit Committee**") with specific terms of reference in accordance with the requirements of the Listing Rules. At the end of the reporting period, the Audit Committee comprises Mr. Li Ka Fai, David, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou, all of them are the independent non-executive directors of the Company, and Mr. Li Ka Fai, David was elected as the chairman of the Audit Committee.

During the year, the Audit Committee met twice with the management to review and consider, among other things, the accounting principles and practices adopted by the Group, the financial report matters (including the review of consolidated interim results for the six-month ended 30 September 2014), the statutory compliance, internal controls, continuing connected transactions and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget. The Audit Committee has also reviewed the consolidated final results of the Group for the year ended 31 March 2015 with the management.

ANNUAL GENERAL MEETING

The 2015 annual general meeting of the shareholders of the Company will be held at Palace Room, Basement 1, The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong, on Thursday, 20 August 2015 at 11:00 a.m. and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Monday, 17 August 2015 to Thursday, 20 August 2015 (both days inclusive) for determining eligibility to attend and vote at the 2015 annual general meeting. In order to be eligible to attend and vote at the 2015 annual general meeting, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m., Friday, 14 August 2015.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of the HKExnews (http://www.hkexnews.hk) and the Company (http://www.wyth.net). The 2015 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
Wai Yuen Tong Medicine Holdings Limited
(位元堂藥業控股有限公司*)
Tang Ching Ho
Chairman

Hong Kong, 25 June 2015

As at the date of this announcement, the Board comprises three executive directors of the Company, namely Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun, and four independent non-executive directors of the Company, namely Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David.

* *For identification purpose only*