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 2016

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 2016, 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 2016

	Notes	**2016** HK$'000	2015 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	**825,331**	831,088
Cost of sales		**(455,113)**	(480,061)
Gross profit		**370,218**	351,027
Other income	5	**88,958**	73,150
Selling and distribution expenses		**(292,666)**	(272,684)
Administrative expenses		**(150,540)**	(135,219)
Finance costs	7	**(14,854)**	(10,362)
Changes in fair value of equity investments at fair value through profit or loss, net		**3,140**	79,773
Fair value gains/(losses) on investment properties, net		**(18,200)**	26,868
Gain on disposal of a subsidiary		**2,484**	–
Loss on deemed partial disposal of equity interests in an associate		**(37,101)**	(32,928)
Share of profits and losses of associates		**77,627**	41,153
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	**29,066**	120,778
Income tax expense	8	**(3,839)**	(17)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**25,227**	120,761

* *For identification purpose only*

	Note	2016 HK$'000	2015 HK$'000
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		**–**	90
PROFIT FOR THE YEAR		**25,227**	120,851
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		**54,880**	(88,874)
Exchange differences on translation of foreign operations		**(1,778)**	(897)
Release of translation reserve upon deemed partial disposal of equity interests in an associate		**(2,537)**	(3,926)
Share of other comprehensive loss of an associate		**(14,638)**	(9,539)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**35,927**	(103,236)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**61,154**	17,615
Profit attributable to:			
Owners of the parent		**25,387**	120,979
Non-controlling interests		**(160)**	(128)
		25,227	120,851
Total comprehensive income attributable to:			
Owners of the parent		**61,314**	17,743
Non-controlling interests		**(160)**	(128)
		61,154	17,615
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
			(Restated)
Basic and diluted			
– For profit for the year		**HK8.30 cents**	HK51.32 cents
– For profit from continuing operations		**HK8.30 cents**	HK51.29 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**637,277**	516,741
Investment properties		**510,800**	510,000
Goodwill		**15,335**	15,335
Other intangible assets		**290**	408
Investments in associates		**428,470**	294,945
Available-for-sale investment		**671,521**	613,615
Deposit paid for the acquisition of property, plant and equipment		**134,336**	–
Deferred tax assets		**10,837**	6,929
		2,408,866	1,957,973
CURRENT ASSETS			
Inventories		**154,760**	151,385
Trade and other receivables	*11*	**234,621**	237,907
Amounts due from associates		**12,308**	10,640
Equity investments at fair value through profit or loss		**197,075**	193,222
Loans and interest receivables		**–**	18,951
Tax recoverable		**2,447**	2,874
Bank balances and cash		**205,608**	250,951
		806,819	865,930
Non-current asset classified as held for sale		**21,767**	–
		828,586	865,930
CURRENT LIABILITIES			
Trade and other payables	*12*	**161,688**	225,717
Bank borrowings		**158,928**	199,223
Deferred franchise income		**18**	18
Tax payable		**186**	587
		320,820	425,545
NET CURRENT ASSETS		**507,766**	440,385
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,916,632**	2,398,358

	2016	2015
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Bank borrowings	**579,758**	350,873
Deferred tax liabilities	**7,318**	1,530
	587,076	352,403
NET ASSETS	**2,329,556**	2,045,955
EQUITY		
Issued capital	**3,163**	42,171
Reserves	**2,319,327**	1,996,558
Equity attributable to owners of the parent	**2,322,490**	2,038,729
Non-controlling interests	**7,066**	7,226
TOTAL EQUITY	**2,329,556**	2,045,955

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, an available-for-sale investment and equity investments at fair value through profit or loss which have been measured at fair value. Non-current asset classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell.

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 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 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 amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year 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. The amendments have had no impact on the Group.

HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the acquisition of investment properties during the year was not a business combination and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] 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
[5] No mandatory effective date is determined but is available for early adoption

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 is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

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 to account for 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. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is yet to assess the full impact of the standard on its financial position and results of operations. The standard is mandatorily effective for annual periods beginning on or after 1 January 2019.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their operations and the goods and services 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 before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, fair value gains/losses from the Group's financial assets at fair value through profit or loss, head office and corporate income and expenses 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	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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	**649,275**	677,401	**163,423**	141,253	**12,633**	12,434	**825,331**	831,088	**–**	–	**–**	–	**825,331**	831,088
Intersegment sales	**–**	–	**–**	–	**7,929**	7,665	**7,929**	7,665	**–**	816	**(7,929)**	(8,481)	**–**	–
Total	**649,275**	677,401	**163,423**	141,253	**20,562**	20,099	**833,260**	838,753	**–**	816	**(7,929)**	(8,481)	**825,331**	831,088
Segment results	**(7,492)**	13,498	**(7,456)**	(30,555)	**(12,331)**	33,141	**(27,279)**	16,084	**–**	(319)	**–**	–	**(27,279)**	15,765
Other income							**88,958**	73,150	**–**	–			**88,958**	73,150
Unallocated expenses							**(63,909)**	(46,092)	**–**	–			**(63,909)**	(46,092)
Finance costs							**(14,854)**	(10,362)	**–**	–			**(14,854)**	(10,362)
Changes in fair value of equity investments at fair value through profit or loss, net							**3,140**	79,773	**–**	–			**3,140**	79,773
Gain on disposal of a subsidiary							**2,484**	–	**–**	–			**2,484**	–
Loss on deemed partial disposal of equity interests in an associate							**(37,101)**	(32,928)	**–**	–			**(37,101)**	(32,928)
Share of profits and losses of associates							**77,627**	41,153	**–**	–			**77,627**	41,153
Profit/(loss) before tax							**29,066**	120,778	**–**	(319)			**29,066**	120,459
Income tax credit/(expense)							**(3,839)**	(17)	**–**	409			**(3,839)**	392
Profit for the year							**25,227**	120,761	**–**	90			**25,227**	120,851

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	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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	**299,803**	279,906	**88,640**	77,198	**693,936**	688,628	**1,082,379**	1,045,732	**–**	–	**1,082,379**	1,045,732
Goodwill	**7,700**	7,700	**7,635**	7,635	**–**	–	**15,335**	15,335	**–**	–	**15,335**	15,335
Segment assets	**307,503**	287,606	**96,275**	84,833	**693,936**	688,628	**1,097,714**	1,061,067	**–**	–	**1,097,714**	1,061,067
Investments in associates							**428,470**	294,945	**–**	–	**428,470**	294,945
Loans and interest receivables							**–**	18,951	**–**	–	**–**	18,951
Equity investments at fair value through profit or loss							**197,075**	193,222	**–**	–	**197,075**	193,222
Available-for-sale investment							**671,521**	613,615	**–**	–	**671,521**	613,615
Tax recoverable							**2,447**	2,874	**–**	–	**2,447**	2,874
Deferred tax assets							**10,837**	6,929	**–**	–	**10,837**	6,929
Bank balances and cash							**205,608**	247,841	**–**	3,110	**205,608**	250,951
Unallocated assets							**623,780**	381,349	**–**	–	**623,780**	381,349
Consolidated total assets							**3,237,452**	2,820,793	**–**	3,110	**3,237,452**	2,823,903
LIABILITIES												
Segment liabilities	**115,600**	121,195	**15,973**	11,974	**12,165**	3,295	**143,738**	136,464	**–**	186	**143,738**	136,650
Bank borrowings							**738,686**	550,096	**–**	–	**738,686**	550,096
Tax payable							**186**	587	**–**	–	**186**	587
Deferred tax liabilities							**7,318**	1,530	**–**	–	**7,318**	1,530
Unallocated liabilities							**17,968**	89,085	**–**	–	**17,968**	89,085
Consolidated total liabilities							**907,896**	777,762	**–**	186	**907,896**	777,948

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 bank borrowings, tax payable, deferred tax liabilities 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	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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))*	**12,388**	7,895	**94**	1,138	**–**	43,927	**12,482**	52,960	**–**	–	**135,299**	950,435	**147,781**	1,003,395
Capital expenditure through acquisition of subsidiaries that are not a business	**–**	–	**–**	–	**70,000**	–	**70,000**	–	**–**	–	**–**	–	**70,000**	–
Depreciation	**8,478**	9,069	**289**	228	**5,291**	5,143	**14,058**	14,440	**–**	–	**663**	803	**14,721**	15,243
Amortisation of other intangible assets	**178**	213	**–**	–	**–**	–	**178**	213	**–**	–	**–**	–	**178**	213
Impairment/(reversal of impairment) of trade receivables	**407**	(210)	**786**	7,622	**–**	–	**1,193**	7,412	**–**	(67)	**–**	–	**1,193**	7,345
Allowance for obsolete inventories	**1,123**	360	**277**	3,881	**–**	–	**1,400**	4,241	**–**	–	**–**	–	**1,400**	4,241
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	**9,466**	4,291	**164**	206	**5,224**	5,865	**14,854**	10,362	**–**	–	**–**	–	**14,854**	10,362
Interest income *(Note (ii))*	**46**	33	**–**	–	**–**	–	**46**	33	**–**	–	**78,337**	63,730	**78,383**	63,763

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

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**597,678**	630,897
The PRC	**188,107**	164,393
Singapore	**250**	298
Macau	**20,217**	15,887
Others	**19,079**	19,613
	825,331	831,088

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

(b) Non-current assets

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**1,723,556**	1,336,486
The PRC	**587**	667
Macau	**2,365**	276
	1,726,508	1,337,429

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 2016 and 2015, 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 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:

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**811,674**	817,715
Rental income from investment properties	**12,633**	12,434
Management and promotion fees	**1,024**	939
	825,331	831,088
Other income		
Effective interest income on loans receivable	**–**	34,399
Interest income on an available-for-sale investment	**72,158**	24,447
Imputed interest income on an available-for-sale investment	**3,026**	489
Interest income on bank deposits	**3,199**	4,428
Dividends from equity investments at fair value through profit or loss	**2,006**	5,838
Recognition of deferred franchise income	**120**	90
Sub-lease rental income	**2,652**	2,527
Commission income	**4,950**	–
Others	**847**	932
	88,958	73,150

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense (including allowance for obsolete inventories of HK$1,400,000 (2015: HK$4,241,000))	**455,113**	480,061
Depreciation	**14,721**	15,243
Amortisation of other intangible assets	**178**	213
Research and development costs	**6,494**	2,633
Minimum lease payments under operating leases	**110,692**	98,016
Auditors' remuneration	**2,080**	1,980
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries and other benefits	**157,707**	143,828
Pension scheme contributions	**13,614**	9,929
	171,321	153,757
Exchange losses, net	**6,420**	649
Impairment of trade receivables*	**1,193**	7,412
Gross rental income	**(12,633)**	(12,434)
Less: direct outgoing expenses	**314**	282
	(12,319)	(12,152)
Loss on disposal of items of property, plant and equipment	**–**	9
Gain on bargain purchase of additional interest in an associate**	**68,126**	4,024

* Impairment of trade receivables is included in "Administrative expenses" 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:

	2016	2015
	HK$'000	*HK$'000*
Interest on bank borrowings	**14,854**	10,362

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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 rate for two of the Group's subsidiaries established in the PRC is 25% (2015: 25%).

	2016	2015
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,605**	1,417
Underprovision in prior years	**365**	1,032
Current – other jurisdiction		
Charge for the year	**–**	85
Deferred taxation	**1,869**	(2,517)
Total tax charge for the year	**3,839**	17

9. DIVIDENDS

The board of directors does not recommend the payment of a final dividend for the years ended 31 March 2016 and 2015.

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 305,691,091 (2015: 235,722,378 (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 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 19 May 2015 and share consolidation of every twenty existing shares of HK$0.01 each was consolidated into one consolidated share of HK$0.2 each completed on 15 March 2016.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 March 2016 and 2015 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:

	2016	2015
	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	**25,387**	120,895
From a discontinued operation	**–**	84
	25,387	120,979

	Number of shares	
	2016	2015
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**305,691,091**	235,722,378

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**128,956**	126,256
Less: accumulated impairment	**(1,367)**	(11,135)
	127,589	115,121
Rental and other deposits	**32,518**	26,832
Prepayments	**31,817**	55,925
Other receivables	**42,697**	40,029
Deposit paid for the acquisition of property, plant and equipment	**134,336**	–
	241,368	122,786
Total trade and other receivables	**368,957**	237,907
Less: Deposit classified as a non-current asset	**(134,336)**	–
	234,621	237,907

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. 72% (2015: 73%) 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:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**47,262**	35,948
31 – 60 days	**25,061**	19,772
61 – 120 days	**31,219**	37,602
121 – 180 days	**4,286**	7,823
Over 180 days	**19,761**	13,976
	127,589	115,121

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$36,138,000 (2015: HK$31,272,000) 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:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**5,109**	10,431
31 – 60 days	**5,071**	7,287
61 – 120 days	**5,670**	11,517
121 – 180 days	**3,606**	446
Over 180 days	**16,682**	1,591
	36,138	31,272

The Group has provided in full 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 period. The directors are of the opinion that no provision for impairment is necessary in respect of this balance as there has not been a significant change in credit quality and the balance is still considered fully recoverable.

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

	2016	2015
	HK$'000	*HK$'000*
At 1 April	**11,135**	3,790
Impairment losses recognised	**1,193**	7,345
Amount written off as uncollectible	**(10,961)**	–
At 31 March	**1,367**	11,135

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$1,367,000 (2015: HK$11,135,000) 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

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**78,008**	81,517
Accrual of salaries and commission	**19,533**	22,365
Accrual of advertising and promotion	**11,381**	10,170
Rental deposits received	**2,971**	2,799
Other payables and accruals	**49,795**	108,866
	161,688	225,717

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

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**57,237**	19,598
31 – 60 days	**15,475**	22,398
61 – 120 days	**3,994**	38,767
Over 120 days	**1,302**	754
	78,008	81,517

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:

	2016	2015
	HK$'000	*HK$'000*
RMB	**9,178**	7,132
NTD	**456**	440
USD	**544**	1,274
EUR	**2,233**	38
SGD	**4**	4

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2016, the Group recorded a turnover of approximately HK$825.3 million (2015: approximately HK$831.1 million) and profit attributable to owners of the parent of approximately HK$25.4 million (2015: approximately HK$121.0 million).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil). No interim dividend was made for the six months ended 30 September 2015 (30 September 2014: Nil).

BUSINESS REVIEW

For the year ended 31 March 2016, the Group recorded a turnover of approximately HK$825.3 million (2015: approximately HK$831.1 million), representing a slight decrease of approximately 0.7% over last year. Besides, the Group recorded a drop in profit attributable to owners of the parent for the year ended 31 March 2016, reaching approximately HK$25.4 million (2015: approximately HK$121.0 million). Such decrease in results was mainly attributable to, among other things, the decrease in fair value of equity investments at fair value through profit or loss (net), the fair value losses on investment properties (net), the increases in selling and distribution expenses and administrative expenses, despite the increase in share of profits and losses of associates and the increase in gross profit and other income.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the year under review decreased by approximately 4.1% from HK$677.4 million for last year to approximately HK$649.3 million. The operating environment for the year remained acute and continued to dampen consumer confidence, thus causing a decline in the sales performance of our retail business and other channels including key accounts, open trade and overseas. Despite the slight drop in the sales revenue, we managed to achieve an improvement in gross profit margin as a result of better sales mix. In the face of the current challenging business environment, we remain committed to our stringent and comprehensive quality control procedures throughout all our production processes. To respond to the market trend and needs in a timely manner, we continue to strengthen our research efforts for product innovation and expansion of our product range for consumers. Our Wai Yuen Tong brand's unique combination of quality, price and convenience also helps to solidify our leading position in the market. In addition, modern consumers' increasing concern on their personal health and the growing trend of people consuming health supplements for their well-being will further add impetus to our growth in the long run.

(2) Western Pharmaceutical and Health Food Products

Turnover for the year under review increased by approximately 15.6% from approximately HK$141.3 million of the previous year to HK$163.4 million. While sales in both Mainland China and Hong Kong have achieved encouraging growth, the overall gross profit margin has also improved as a result of better sales mix. Cough syrup products under our "Madame Pearl's" brand posted a rise in turnover. The sales performance of personal care products continued to be positive and has shown a stable sales momentum. Pearl's anti-mosquito products, which have been a leading brand of the category in Hong Kong for five consecutive years, have also exhibited healthy growth during the year. The continuous product development, effective advertising and added promotion efforts as well as intensified product penetration all contributed to the positive sales performance for the year. Down the road, we will strive to expand our market share in both Mainland China and Hong Kong by broadening our revenue base through new product development and exploration of various sales channels such as institutional sales to hospitals.

(3) Property Investment

On 24 April 2015, the Group entered into a provisional sale and purchase agreement for the sale and assignment of the entire issued share capital and the related shareholder loan of Smart Star Investments Limited ("**Smart Star**"), an indirect wholly-owned subsidiary of the Company, for a consideration of HK$45.0 million. The principal asset of Smart Star was a property in North Point, Hong Kong. The disposal was completed on 23 July 2015 and a disposal gain of approximately HK$2.5 million was recorded in this regard. Details of the transaction were set out in the company's announcement dated 27 April 2015.

On 13 November 2015, the Group entered into a sale and purchase agreement for the acquisition of the entire issued share capital and the relevant shareholder loans of two companies from an indirect wholly-owned subsidiary of Wang On Group Limited, a substantial shareholder of the Company whose shares are listed on the Main Board of the Stock Exchange, for a consideration of HK$70 million. The acquisition was completed on 23 December 2015. The principal assets of the aforesaid companies are properties located in Tsuen Wan and Sham Shui Po respectively which are currently leased to an associate and a subsidiary of the Company for operating "Wai Yuen Tong" stores. Details of the transaction were set out in the Company's announcement dated 13 November 2015 and circular dated 4 December 2015.

On 25 November 2015, the Group entered into a provisional sale and purchase agreement for the sale of a property located in Sheung Shui ("**Sheung Shui Property**") for a consideration of HK$88.0 million. The disposal was completed on 31 May 2016, details of which were set out in the Company's announcement dated 26 November 2015.

As at the end of the reporting period, the Group owned thirteen properties which are all retail premises. Some of the Group's properties were leased out for commercial purpose whereas some were used by its retail shops. As at the date of this announcement, the Group owns twelve properties as a result of completion of disposal of Sheung Shui Property on 31 May 2016 as mentioned above. We believe in the long-term prospect 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 Easy One Financial Group Limited (formerly known as PNG Resources Holdings Limited)

Easy One Financial Group Limited ("**Easy One**"), 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 provision of finance.

On 30 April 2015, the shareholding of the Group in Easy One was diluted from 24.37% to 20.33% upon completion of the new issue placing of 220 million shares in Easy One at a price of HK$0.225 per Easy One share and a deemed disposal loss of approximately HK$37.1 million was recognised.

On 28 May 2015, the Group, through its wholly-owned subsidiaries, Hearty Limited and Suntech Investments Limited, executed an irrevocable undertaking in favour of Easy One (as supplemented on 16 July 2015 and 30 July 2015) pursuant to which the Group agreed to fully subscribe for an aggregate of 674,418,750 rights shares under its provisional entitlement and apply for 380,000,000 rights shares by way of excess application, under the rights issue proposed by Easy One in the proportion of five rights shares for every two Easy One shares held at HK$0.168 per rights share of Easy One. (which was subsequently changed to HK$0.105 per rights share pursuant to the acknowledgment deed executed in favour of Easy One on 16 July 2015). Immediately upon completion of the Easy One rights issue on 22 September 2015, the Group's shareholding in Easy One was increased to 28.51%.

The Group's share of profit of Easy One amounted to approximately HK$77.9 million (2015: approximately HK$41.0 million) including gain on bargain purchase of approximately HK$68.1 million for the year ended 31 March 2016 (2015: approximately HK$4.0 million).

No impairment on the investment in Easy One was recognised by the Group during the year under review (2015: Nil) as the recoverable amount was assessed to be closed to the carrying value of the interest in Easy One.

(5) Investment in China Agri-Products Exchange Limited ("CAP")

Pursuant to the subscription agreement dated 4 October 2014 (as supplemented on 28 November 2014), 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 (the "**2019 Bonds**"). As at 31 March 2016, the fair value of the 2019 Bonds held by the Group amounted to approximately HK$671.5 million (2015: approximately HK$613.6 million).

(6) 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 a net gain on change in fair value of equity investments at fair value through profit or loss of approximately HK$3.1 million for the year under review (2015: approximately HK$79.8 million).

(7) New Factory Construction Project in Yuen Long Industrial Estate

The Group has been granted a land lot in Yuen Long Industrial Estate for the construction of a state-of-the-art factory to manufacture both Western pharmaceutical and Chinese traditional medicines. The construction of the plant has been completed and trial production is now underway. Normal production is scheduled to commence in early 2017.

(8) Acquisition of a Factory Building and Two Dormitory Buildings in the PRC

To expand the Group's manufacturing capacity and further strengthen its business in the PRC, on 16 July 2015, the Group entered into a provisional agreement with The Sky High Plastic Works Limited (the "**Vendor**"), a third party independent of and not connected with the Company and its connected persons, for the acquisition of a factory building and two dormitory buildings erected on the Land Lot No. G12204-0126 located at Nanbu Village, Pingshan Town, Shenzhen, the PRC, with a gross floor area of approximately 19,475 square meters for a total consideration of approximately HK$81.3 million. HK$32.5 million have been paid on or before 23 October 2015 as part of the consideration and the balance of HK$48.8 million paid on 9 December 2015 to the Vendor's solicitors as stakeholder shall be released to the Vendor upon completion on or before 31 July 2016. Given that additional time is required for arranging the formalities for completing the acquisition, completion of the acquisition has been extended from 16 October 2015 to 31 July 2016, details of which were set out in the Company's announcements dated 20 July 2015, 20 October 2015, 30 December 2015, 24 February 2016 and 27 April 2016 respectively.

FINANCIAL REVIEW

Fund Raising

On 19 May 2015, the Company completed 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 and a total of 2,108,571,484 rights shares were issued. The net proceeds from the Rights Issue amounted to approximately HK$222.4 million. The Group intended to utilise 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; and the remaining balance of approximately HK$42.4 million for general working capital of the Group. As at 31 March 2016, approximately HK$70.0 million were utilised for the payment of construction costs for the Group's new factory at Yuen Long Industrial Estate; approximately HK$50.0 million were applied for the repayment of bank borrowings and interests; approximately HK$42.4 million were utilised for the Group's general working capital for the settlement to suppliers and payment of salaries; and approximately HK$60.0 million were utilised as the deposit for property acquisition.

Liquidity and Gearing and Financial Resources

As at 31 March 2016, the Group had total assets of approximately HK$3,237.5 million (2015: approximately HK$2,823.9 million) which were financed by current liabilities of approximately HK$320.8 million (2015: approximately HK$425.5 million), non-current liabilities of approximately HK$587.1 million (2015: approximately HK$352.4 million) and shareholders' equity of approximately HK$2,329.6 million (2015: approximately HK$2,046.0 million).

As at 31 March 2016, the Group's bank balances and cash were approximately HK$205.6 million (2015: approximately HK$251.0 million). As at 31 March 2016, the Group's total bank borrowings amounted to approximately HK$738.7 million (2015: approximately HK$550.1 million), all of which bore interest at floating interest rates and were denominated in Hong Kong dollars. As at 31 March 2016, the maturity profile of all bank borrowings based on the scheduled repayment dates set out in the relevant loan agreements was shown below, together with the corresponding figures as at 31 March 2015:

	2016 **HK$'000**	2015 HK$'000
Repayable:		
Within one year	**130,040**	85,035
In the second year	**154,522**	86,489
In the third to fifth years, inclusive	**331,638**	221,972
Beyond five years	**122,486**	156,600
	738,686	550,096

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 2.6 (2015: approximately 2.0). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the parent, was approximately 31.8% (2015: approximately 27.0%). The Group always adopts a conservative approach in its financial management.

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 2016, the Group had capital commitment of approximately HK$57.9 million (2015: approximately HK$249.5 million) in respect of the acquisition of property, plant and equipment, which were contracted for but not provided in the consolidated financial statements.

Pledge of Assets

As at 31 March 2016, the Group's bank borrowings were secured by the Group's land and buildings and investment properties, with a total carrying value of approximately HK$619.5 million (2015: approximately HK$688.4 million).

Contingent Liabilities

As at 31 March 2016, the Group had no material contingent liabilities (2015: Nil).

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to enhancing and strengthening efforts on environmental protection, so as to facilitate industrial upgrading. We proactively implement environmental protection policies, gradually adjust its portfolio, conduct energy-saving, emission reduction and pollution prevention strategies and so forth. The Group has not only improved the quality management system but also strengthened the quality of the audit to ensure the quality and safety of Chinese and Western pharmaceutical project control. During the year under review, there was no material non-compliance with applicable laws and regulations by the Group that have significant impact on the business and operations of the Group.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognises our employees as the key element that contributes to the Group's success. As at 31 March 2016, the Group had 778 (2015: 757) employees, of whom approximately 75.0% (2015: 71%) were located in Hong Kong and the rest were located in Mainland China. The Group remunerates its employees mainly 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's performance. Other benefits such as medical and retirement benefits and structured training programs are also provided. Meanwhile, the Group endeavours to provide a safe workplace to our employees. The Board believes that the Group maintains admirable relations with the employees.

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

CORPORATE SOCIAL RESPONSIBILITY

The Group involved in community and charitable activities such as sponsoring school fairs and carnivals, university orientation camps, the Personal Emergency Link Service for the elderly and activities for the elderly organised by Culture Homes. Given the support from the management, the Group built up a team of staff volunteers to get involved in volunteer work.

POSSIBLE RISKS AND UNCERTAINTIES

The Group has examined all of the risks identified by the Group based on our risk management system and considered that the major risks and uncertainties that may affect the Group included (i) industrial policy risk: with the deepening of medical system reform and the issuance of a number of industrial policies and laws in respect of medical charge control and control of medicines and certification for Traditional Chinese Medicine significant effect may be brought to the future development of the pharmaceutical industry; (ii) low growth of customer base: due to reducing the number of mainland tourists and Hong Kong economy recession this year; (iii) environmental protection policies: environmental impact, efficiency and security of key infrastructure; (iv) cost control; (v) impairment of inventory: impairment value of inventory due to weather, expiry date and other damages; (vi) supply chain disruption: due to industrial issues, risks of supplier control and flexibilities, to deal with competitive pricings; (vii) inability to penetrate emerging markets: with potential difficulties to effectively penetrate traditional industries and traditional products into emerging markets; (viii) respond to customer behaviour: economy recession, consumers reduced consumption, reduction in consumer spendings and change of impulsive shopping behavior; (ix) sourcing: less globalized sourcing, the impact on the relative competitiveness of costs; (x) volatility in retail rental: continue increasing in retail rental; and (xi) foreign exchange: fluctuations in the exchange rate affecting the Group's cashflow and profits.

In response to the abovementioned possible risks, the Group had a close monitor to the policy changes, strengthen our interpretation and analysis of policies and adjust strategies in advance to cope with the ever-changing operating environment. In particular, the Group will strengthen the marketing management to cope with changes in consumer behavior and needs, closely control inventories, establish our own sales policies and product development, safety management and environmental protection level, and push forward the construction of lean management and risk control system. For possible risks, the Company actively proposed solutions to lower down their impacts on the business of the Company.

PROSPECTS

The Group expects the market environment in the near term to remain very challenging. The uncertain macro-economic conditions around the world and the economic slowdown in both Hong Kong and the PRC continue to hamper consumer confidence and the retail sector. Moreover, in April 2015, the PRC and Hong Kong governments announced the change of Shenzhen permanent residents' multiple-entry permits to one-visit-one-week permits upon renewal, which has been further exacerbating the currently declining flow of mainland tourist arrivals in Hong Kong. The relatively stronger Hong Kong dollar and depreciating yuan have also weakened the consumption sentiment of mainland visitors in Hong Kong.

In the face of the current difficult operating environment, 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 to further uplift the image and competitiveness of its brands and its products. In addition, the Group will increase its focus and devote more resources in other sale channels, such as chain stores, key accounts, open trade, overseas, so as to widen and enrich the channel mix of its sales. Recognising the importance of the cyber world nowadays, the Group will also invest more in online shopping platforms and digital marketing.

Besides, the Group will explore merger and acquisition opportunities as a means to expedite its growth as well as diversify its investment portfolio for strengthening and broadening its income base. The Group will also keep an eye on suitable retail premises for long term capital appreciation and seek to contain the impact of rental costs on its retail business. The Group will strive to enhance its efficiency and to exercise stringent cost control without compromising the quality of its products.

The inauguration of the modern manufacturing plant at Yuen Long Industrial Estate in early 2017 will greatly enhance the production and research capacity of the Group. The Group will hence have greater flexibility to meet different market demands and be able to manufacture more diverse pharmaceutical and healthy food products to cater for various market segments.

Looking forward, the Group sees opportunities as well as challenges in the market. With its quality products and established foundation, the Group is well-positioned to tackle the upcoming challenges and seize the opportunities ahead. The Group is confident and optimistic about its future outlook.

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 set out in Appendix 14 to the Listing Rules throughout the financial year ended 31 March 2016.

Further details of the Company's corporate governance practices are set out in the corporate governance report to be contained in the Company's 2016 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 2015, the statutory compliance, internal controls and risk management, continuing connected transactions and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget. The Audit Committee has reviewed with the Company's management the consolidated final results of the Group for the year ended 31 March 2016.

ANNUAL GENERAL MEETING

The 2016 annual general meeting of the shareholders of the Company will be held at Garden Rooms A and B, New World Millennium Hong Kong Hotel of 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong, on Tuesday, 9 August 2016 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 OF MEMBERS

The register of members of the Company will be closed from Thursday, 4 August 2016 to Tuesday, 9 August 2016 (both dates inclusive) for determining eligibility to attend and vote at the 2016 annual general meeting. In order to be eligible to attend and vote at the 2016 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., Wednesday, 3 August 2016.

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 2016 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, 8 June 2016

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*