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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Interim Financial Highlights

HK$' million	Six months ended 30 September 2023 (Unaudited)	2022 (Unaudited)	Change
Revenue	**678.8**	606.1	**12.0%**
Gross profit	**324.0**	268.2	**20.8%**
Profit/(loss) attributable to owners of the parent	**3.5**	(53.4)	**106.6%**
Earnings/(loss) per share (HK cents)			
— Basic and diluted	**0.30**	(4.35)	**4.65**

	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)	
Net asset value	**3,485.7**	3,688.4	**(5.5%)**
Cash and cash equivalents	**456.0**	525.9	**(13.3%)**
Gearing ratio	**44.6%**	46.3%	**(1.7%)**

* For identification purpose only

INTERIM RESULTS

The board of directors (the "**Board**" or the "**Director(s)**") of Wai Yuen Tong Medicine Holdings Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2023, together with the comparative figures for the corresponding period in 2022. This interim condensed consolidated financial information was not audited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	4	**678,804**	606,127
Cost of sales		**(354,777)**	(337,938)
Gross profit		**324,027**	268,189
Other income and gains, net	4	**86,819**	38,472
Selling and distribution expenses		**(127,484)**	(117,425)
Administrative expenses		**(131,040)**	(139,829)
Fair value losses on financial assets at fair value through profit or loss, net		**(5,095)**	(11,154)
Fair value gains on owned investment properties, net		**1,817**	20,919
Impairment losses on financial assets, net		**(480)**	(10,385)
Write-down of properties held for sale		**—**	(4,685)
Other expenses, net	5	**(53,608)**	(11,400)
Finance costs	6	**(57,790)**	(52,447)
Share of profits and losses of associates		**1,263**	722
PROFIT/(LOSS) BEFORE TAX	5	**38,429**	(19,023)
Income tax expense	7	**(17,305)**	(16,620)
PROFIT/(LOSS) FOR THE PERIOD		**21,124**	(35,643)

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(10,076)**	(5,878)
Reclassification adjustments for gains/ losses included in profit or loss:		
— Impairment losses/(reversal of impairment losses), net	**(93)**	6,629
— Gain on disposal/redemption	**(12)**	(753)
	(10,181)	(2)
Translation reserve:		
Translation of foreign operations	**(187,521)**	(369,930)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(197,702)**	(369,932)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	**(13,344)**	(14,781)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(13,344)**	(14,781)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(211,046)**	(384,713)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(189,922)**	(420,356)

	Note	Six months ended 30 September **2023** **(Unaudited)** ***HK$'000***	2022 (Unaudited) *HK$'000*
Profit/(loss) attributable to:			
Owners of the parent		**3,549**	(53,385)
Non-controlling interests		**17,575**	17,742
		21,124	(35,643)
Total comprehensive loss attributable to:			
Owners of the parent		**(108,636)**	(239,983)
Non-controlling interests		**(81,286)**	(180,373)
		(189,922)	(420,356)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		**HK0.30 cents**	HK(4.35) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2023

	Notes	**30 September 2023 (Unaudited)** ***HK$'000***	31 March 2023 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**899,178**	961,159
Investment properties		**2,926,743**	3,099,676
Net investments in subleases		**6,113**	7,306
Investments in associates		**5,763**	4,500
Financial assets at fair value through other comprehensive income		**144,999**	192,892
Loans and interest receivables	11	**7,724**	17,209
Prepayments and deposits	12	**49,309**	17,070
Intangible assets		**6,006**	—
Deferred tax assets		**12,082**	11,633
Total non-current assets		**4,057,917**	4,311,445
CURRENT ASSETS			
Properties under development		**162,798**	192,950
Properties held for sale		**1,140,345**	1,234,419
Inventories		**307,863**	209,232
Trade receivables	10	**66,566**	68,028
Loans and interest receivables	11	**19,523**	10,749
Prepayments, deposits and other receivables	12	**255,188**	259,226
Net investments in subleases		**4,617**	5,205
Financial assets at fair value through other comprehensive income		**398**	813
Financial assets at fair value through profit or loss		**44,408**	47,449
Tax recoverable		**4,682**	5,790
Pledged deposits		**58,287**	33,496
Restricted bank balances		**5,370**	12,174
Cash and cash equivalents		**456,000**	525,869
		2,526,045	2,605,400
Assets classified as held for sale and assets of a disposal company		**—**	96,970
Total current assets		**2,526,045**	2,702,370

	Notes	**30 September 2023 (Unaudited)** ***HK$'000***	31 March 2023 (Audited) *HK$'000*
CURRENT LIABILITIES			
Trade payables	13	**125,164**	79,489
Other payables and accruals	14	**640,713**	690,388
Contract liabilities	14	**130,102**	175,870
Unsecured notes		**78,923**	—
Interest-bearing bank and other borrowings		**551,351**	614,390
Tax payable		**89,707**	95,848
		1,615,960	1,655,985
Liabilities of a disposal company		**—**	1,203
Total current liabilities		**1,615,960**	1,657,188
NET CURRENT ASSETS		**910,085**	1,045,182
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,968,002**	5,356,627
NON-CURRENT LIABILITIES			
Other payables	14	**72,477**	66,403
Unsecured notes		**—**	125,189
Interest-bearing bank borrowings		**877,709**	907,272
Deferred tax liabilities		**532,080**	569,379
Total non-current liabilities		**1,482,266**	1,668,243
Net assets		**3,485,736**	3,688,384
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**11,711**	12,046
Reserves		**2,214,116**	2,337,145
		2,225,827	2,349,191
Non-controlling interests		**1,259,909**	1,339,193
Total equity		**3,485,736**	3,688,384

1. BASIS OF PREPARATION

Wai Yuen Tong Medicine Holdings Limited (the "**Company**") is incorporated in Bermuda as an exempted company with limited liability and is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are described in note 3 to the unaudited interim condensed consolidated financial information.

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 September 2023 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2023.

The accounting policies and the basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are consistent with those adopted in the Group's audited consolidated financial statements for the year ended 31 March 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as further explained in note 2 below.

This unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss ("**FVTPL**") and financial assets at fair value through other comprehensive income ("**FVTOCI**") which have been measured at fair value. This unaudited interim condensed consolidated financial information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 April 2023. The amendments did not have any impact on the Group's unaudited interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 April 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have significant impact on the net positions of deferred tax assets and deferred tax liabilities, and on the financial position or performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

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

(a) production and sale of Chinese pharmaceutical and health food products — manufacture, processing and sale of traditional Chinese medicine which includes Chinese medicinal products sold under the brand name of "Wai Yuen Tong" and a range of products manufactured using selected medicinal materials with traditional prescription, mainly in Mainland China and Hong Kong;

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about 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/loss before tax except that finance costs, fair value losses on financial assets at FVTPL, net, head office and corporate income and expenses are excluded from such measurement.

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

During the period, management decided to amend the management information reporting to chief operating decision makers by including certain of the other income and gains, which are directly attributable to the activities of the operating segments, into the segment results, with the others remaining in unallocated corporate items under the reconciliation section. Comparative figures have been restated to conform to the current period's presentation.

Segment revenue and results

Six months ended 30 September

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Property investment		Management and sale of properties in agricultural produce exchange markets		Eliminations		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		(restated)		(restated)		(restated)		(restated)		(restated)
Segment revenue:												
Sale to external customers	**330,359**	266,649	**36,362**	32,977	**1,605**	2,884	**310,478**	303,617	**—**	—	**678,804**	606,127
Intersegment sales	**1,182**	14	**27**	368	**7,729**	7,282	**—**	—	**(8,938)**	(7,664)	**—**	—
Other income and gains	**2,543**	1,621	**—**	—	**36,336**	955	**19,206**	26,220	**—**	—	**58,085**	28,796
Total	**334,084**	268,284	**36,389**	33,345	**45,670**	11,121	**329,684**	329,837	**(8,938)**	(7,664)	**736,889**	634,923
Segment results	**19,844**	(12,884)	**7,376**	(2,488)	**(10,882)**	(10,027)	**66,374**	86,053	**—**	—	**82,712**	60,654
Unallocated income and expenses, net											**18,602**	(16,076)
Finance costs											**(57,790)**	(52,447)
Fair value losses on financial assets at FVTPL, net											**(5,095)**	(11,154)
Profit/(loss) before tax											**38,429**	(19,023)
Income tax expense											**(17,305)**	(16,620)
Profit/(loss) for the period											**21,124**	(35,643)

4. REVENUE AND OTHER INCOME AND GAINS, NET

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

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers	**588,777**	507,937
Revenue from other sources		
Gross rental income from investment properties operating leases	**90,027**	98,190
	678,804	606,127

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 September 2023

Segments

	Production and sale of Chinese pharmaceutical and health food products (Unaudited) *HK$'000*	Production and sale of Western pharmaceutical and health food products (Unaudited) *HK$'000*	Management and sale of properties in agricultural produce exchange markets (Unaudited) *HK$'000* *(note)*	Total (Unaudited) *HK$'000*
Type of goods or services				
Sale of goods	323,458	36,362	15,491	375,311
Management and promotion services	6,901	—	—	6,901
Sale of properties	—	—	116,677	116,677
Commission income from agricultural produce exchange markets	—	—	45,136	45,136
Agricultural produce exchange markets ancillary services	—	—	44,752	44,752
Total revenue from contracts with customers	330,359	36,362	222,056	588,777
Geographical markets				
Hong Kong	274,455	20,568	15,491	310,514
Mainland China	26,575	10,061	206,565	243,201
Macau	28,930	5,020	—	33,950
Others	399	713	—	1,112
Total revenue from contracts with customers	330,359	36,362	222,056	588,777
Timing of revenue recognition				
Goods or services transferred at a point in time	323,458	36,362	177,304	537,124
Services transferred over time	6,901	—	44,752	51,653
Total revenue from contracts with customers	330,359	36,362	222,056	588,777

Note: Gross rental income from investment properties operating leases of HK$88,422,000 (six months ended 30 September 2022: HK$95,306,000) that was attributable to the management and sale of properties in agricultural produce exchange markets segment was not included in the above disclosure.

For the six months ended 30 September 2022

Segments

	Production and sale of Chinese pharmaceutical and health food products (Unaudited) *HK$'000*	Production and sale of Western pharmaceutical and health food products (Unaudited) *HK$'000*	Management and sale of properties in agricultural produce exchange markets (Unaudited) *HK$'000* *(note)*	Total (Unaudited) *HK$'000*
Type of goods or services				
Sale of goods	262,396	32,977	1,231	296,604
Management and promotion services	4,253	—	—	4,253
Sale of properties	—	—	108,185	108,185
Commission income from agricultural produce exchange markets	—	—	51,505	51,505
Agricultural produce exchange markets ancillary services	—	—	47,390	47,390
Total revenue from contracts with customers	266,649	32,977	208,311	507,937
Geographical markets				
Hong Kong	203,919	12,277	—	216,196
Mainland China	40,520	17,241	208,311	266,072
Macau	20,299	2,900	—	23,199
Others	1,911	559	—	2,470
Total revenue from contracts with customers	266,649	32,977	208,311	507,937
Timing of revenue recognition				
Goods or services transferred at a point in time	262,396	32,977	160,921	456,294
Services transferred over time	4,253	—	47,390	51,643
Total revenue from contracts with customers	266,649	32,977	208,311	507,937

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 September 2023

Segments

	Production and sale of Chinese pharmaceutical and health food products (Unaudited) *HK$'000*	Production and sale of Western pharmaceutical and health food products (Unaudited) *HK$'000*	Management and sale of properties in agricultural produce exchange markets (Unaudited) *HK$'000* *(note)*	Total (Unaudited) *HK$'000*
Revenue from contracts with customers				
External customers	**330,359**	**36,362**	**222,056**	**588,777**
Intersegment sales	**1,182**	**27**	**—**	**1,209**
Segment revenue	**331,541**	**36,389**	**222,056**	**589,986**
Intersegment adjustments and eliminations	**(1,182)**	**(27)**	**—**	**(1,209)**
Total revenue from contracts with customers	**330,359**	**36,362**	**222,056**	**588,777**

For the six months ended 30 September 2022

Segments

	Production and sale of Chinese pharmaceutical and health food products (Unaudited) *HK$'000*	Production and sale of Western pharmaceutical and health food products (Unaudited) *HK$'000*	Management and sale of properties in agricultural produce exchange markets (Unaudited) *HK$'000* *(note)*	Total (Unaudited) *HK$'000*
Revenue from contracts with customers				
External customers	266,649	32,977	208,311	507,937
Intersegment sales	14	368	—	382
Segment revenue	266,663	33,345	208,311	508,319
Intersegment adjustments and eliminations	(14)	(368)	—	(382)
Total revenue from contracts with customers	266,649	32,977	208,311	507,937

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income		
Interest income on loan receivables	**334**	1,482
Interest income on financial assets at FVTPL and FVTOCI	**2,615**	1,054
Interest income on bank deposits	**2,445**	2,656
Finance income on net investments in subleases	**78**	192
Dividends from financial assets at FVTPL and FVTOCI	**2,133**	1,271
Rental income from other properties	**16,757**	20,466
Consultancy income	**12,122**	3,582
Government subsidies*	**1,180**	4,739
Others	**4,990**	1,140
	42,654	36,582
Gains, net		
Gain on disposal/redemption of financial assets at FVTOCI	**12**	753
Gain on early redemption of unsecured notes	**7,903**	774
Gain on disposal of an investment property	**—**	363
Gain on disposal of items of property, plant and equipment, net	**36,250**	—
	44,165	1,890
Other income and gains, net	**86,819**	38,472

* Government subsidies during the six months ended 30 September 2023 represented The People's Republic of China (the "**PRC**") government subsidies of HK$1,180,000 (six months ended 30 September 2022: HK$4,739,000) granted to the Group by the local governmental authority in Mainland China for the business support on its operations in agricultural produce exchange markets in Mainland China.

The Group has complied with all attached conditions before the six months ended 30 September 2023 and 2022 and recognised these grants in profit or loss as "Other income and gains, net" in the respective accounting period.

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense (including allowance for obsolete inventories of HK$1,293,000 (six months ended 30 September 2022: HK$372,000))	**191,519**	170,242
Cost of properties sold	**103,879**	97,982
Cost of services provided	**59,379**	69,714
Depreciation of owned assets	**26,318**	27,373
Depreciation of right-of-use assets	**28,274**	29,118
Foreign exchange differences, net	**2,756***	5,363*
Impairment losses/(reversal of impairment losses) on financial assets, net:		
Trade receivables	**531**	3,160
Financial assets included in prepayments, deposits and other receivables	**39**	16
Debt investments at FVTOCI	**(93)**	6,629
Loans and interest receivables	**3**	580
	480	10,385
Gross rental income	**(106,784)**	(118,656)
Less: Direct outgoing expenses	**12,591**	15,146
	(94,193)	(103,510)

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss on disposal of a subsidiary	**2,665***	—
Loss on disposal of items of property, plant and equipment	**—**	306*
Impairment losses on items of property, plant and equipment, net	**48,187***	5,731*
Write-down of properties held for sale to net realisable value	**—**	4,685
Net fair value losses on sub-leased investment properties	**1,203****	4,273**

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

** The expense is included in "Cost of services provided" above.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**49,336**	38,226
Interest on lease liabilities	**2,902**	2,068
Interest on unsecured notes	**5,552**	12,153
	57,790	52,447

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The provision for PRC land appreciation tax ("**LAT**") is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the period	**643**	548
Current — Mainland China		
Charge for the period	**9,551**	19,403
LAT	**9,436**	4,846
Current — other jurisdiction		
Charge for the period	**—**	282
Overprovision in prior periods	**—**	(1,821)
Deferred taxation	**(2,325)**	(6,638)
Total tax charge for the period	**17,305**	16,620

8. INTERIM DIVIDEND

The board of directors does not recommend the payment of any interim dividend in respect of the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share for the six months ended 30 September 2023 is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period of 1,191,588,899 (six months ended 30 September 2022: 1,227,846,185).

No adjustment has been made to the basic earnings/(loss) per share amount presented for the six months ended 30 September 2023 and 2022 in respect of a dilution as the impact of the share options issued by China Agri-Products Exchange Limited ("**CAP**") had no dilutive effect on the basic earnings/(loss) per share amount presented.

The calculations of basic and diluted earnings/(loss) per share amounts are based on:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**3,549**	(53,385)

	Number of shares Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares used in the basic and diluted earnings/(loss) per share calculation	**1,191,588,899**	1,227,846,185

10. TRADE RECEIVABLES

	30 September 2023 (Unaudited)	31 March 2023 (Audited)
	HK$'000	*HK$'000*
Trade receivables	**90,265**	91,062
Less: Accumulated impairment	**(23,699)**	(23,034)
	66,566	68,028

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 7 to 120 days. Each customer has a maximum credit limit and the credit limit is reviewed regularly. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's associates of HK$6,065,000 (31 March 2023: HK$5,908,000) which are repayable on credit terms similar to those offered to the major customers of the Group.

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

	30 September 2023 (Unaudited)	31 March 2023 (Audited)
	HK$'000	*HK$'000*
Within 1 month	**27,728**	29,244
1 to 3 months	**17,188**	19,259
Over 3 months but within 6 months	**17,216**	12,864
Over 6 months	**4,434**	6,661
	66,566	68,028

11. LOANS AND INTEREST RECEIVABLES

	30 September 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
Loans receivables	**67,594**	50,519
Interest receivables	**574**	21,025
	68,168	71,544
Less: Impairment allowance	**(40,921)**	(43,586)
	27,247	27,958
Less: Portion classified as non-current assets	**(7,724)**	(17,209)
Portion classified as current assets	**19,523**	10,749

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
Prepayments	**37,296**	52,281
Deposits paid for the acquisition of property, plant and equipment	**34,411**	1,620
Rental and other deposits	**115,142**	101,727
Other receivables	**111,797**	111,501
Right-of-return assets	**1,465**	1,666
Cost of obtaining contracts	**5,132**	8,252
Total prepayments, deposits and other receivables	**305,243**	277,047
Less: Impairment allowance	**(746)**	(751)
	304,497	276,296
Less: Portion classified as non-current assets	**(49,309)**	(17,070)
Portion classified as current assets	**255,188**	259,226

13. TRADE PAYABLES

	30 September 2023 (Unaudited)	31 March 2023 (Audited)
	HK$'000	*HK$'000*
Trade payables	**125,164**	79,489

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

	30 September 2023 (Unaudited)	31 March 2023 (Audited)
	HK$'000	*HK$'000*
Within 1 month	**62,564**	29,259
1 to 3 months	**17,374**	11,236
Over 3 months but within 6 months	**2,976**	1,117
Over 6 months	**42,250**	37,877
	125,164	79,489

The trade payables are non-interest-bearing and have an average term of 30 to 360 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

14. OTHER PAYABLES AND ACCRUALS/CONTRACT LIABILITIES

	30 September 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
Receipts in advance	**206,650**	201,721
Rental and other deposits received	**86,108**	102,021
Contract liabilities	**130,102**	175,870
Refund liabilities	**2,114**	2,114
Other payables	**203,707**	250,181
Accruals	**85,339**	82,987
Lease liabilities	**129,272**	117,767
	843,292	932,661
Less: Portion classified as non-current liabilities	**(72,477)**	(66,403)
Portion classified as current liabilities	**770,815**	866,258
Represented by:		
Contract liabilities	**130,102**	175,870
Current portion of other payables and accruals	**640,713**	690,388
Portion classified as current liabilities	**770,815**	866,258

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Revenue

For the six months ended 30 September 2023 (the "**Period**"), total revenue of the Group increased by approximately 12.0% to approximately HK$678.8 million, which was mainly attributable to the increase in sales performance of both Chinese pharmaceutical and health food products and Western pharmaceutical and health food products.

Gross profit

The Group's gross profit increased by approximately HK$55.8 million or approximately 20.8% to approximately HK$324.0 million for the Period as compared to approximately HK$268.2 million for the six months ended 30 September 2022. The increase was mainly due to the improvement of gross profit margin of both Chinese and Western pharmaceutical and health food products.

Other income and gains, net

Other income and gains of the Group increased by approximately HK$48.3 million or approximately 125.7% from approximately HK$38.5 million for the six months ended 30 September 2022 to approximately HK$86.8 million for the Period. The increase was mostly because of the gain arising from the disposal of a property.

Selling and distribution expenses

Selling and distribution expenses increased by approximately HK$10.1 million or approximately 8.6% from approximately HK$117.4 million for the six months ended 30 September 2022 to approximately HK$127.5 million for the Period. The increase was mainly owing to the increase in advertising and promotion expenses after the COVID-19 pandemic.

Administrative expenses

Administrative expenses decreased by approximately HK$8.8 million or approximately 6.3% from approximately HK$139.8 million for the six months ended 30 September 2022 to approximately HK$131.0 million for the Period. The decrease was mainly due to reduction in legal and professional expenses.

Other expenses, net

Other expenses increased by approximately HK$42.2 million or approximately 370.2% from approximately HK$11.4 million for the six months ended 30 September 2022 to approximately HK$53.6 million for the Period. The increase was mostly attributable to the impairment loss on items of property, plant and equipment, net.

Profit/(loss) for the Period attributable to owners of the parent

During the Period, the Group recorded a profit attributable to owners of the parent of approximately HK$3.5 million (six months ended 30 September 2022: a loss attributable to owners of the parent of approximately HK$53.4 million). Such turnaround from loss to profit was mainly attributable to the combined effect of (i) increase in sales and gross profit generated from the production and sale of pharmaceutical and health food products; and (ii) gain on disposal of a property as partially offset by the decrease in fair value gains on owned investment properties and the increase in impairment losses on property, plant and equipment.

BUSINESS REVIEW

With the 3-year COVID-19 pandemic coming to an end and ease of travel restrictions in early 2023, the global economy normalcy restored and entered the post-pandemic era. Hong Kong economy expanded 4.1% year-on-year in the third quarter of 2023, accelerating from a 1.5% rise in the previous period. It was the strongest economic growth since the fourth quarter of 2021. The growth in private consumption was still slow which is 6.3% year-on-year in real terms as compared to 8.2% in the second quarter of 2023. On external trade, goods continued to decline in both exports and imports. During the Period, the Group kept abreast of the development trend of consumption and business, and continued to optimize its businesses from multiple aspects including marketing promotion, channels expansion and technology application.

The Consumption Voucher Scheme ("**CVS**") in April and July 2023 continued to support consumption demand but the recent tightened financial conditions, elevated interest rate and deteriorating property market may have some dampening effect on consumer spending and sentiment. Moreover, Hong Kong citizens are now more willing and eager to spend their holidays overseas in the post-pandemic era. This may also cause negative impact on our business to some extent.

The recent traveler traffic flow between Hong Kong and Mainland China showed that number of northbound travelers is far more than that of southbound travelers during weekends and holiday periods. In addition, the consumption behaviors of these inbound tourists have also changed from previous habitual shopping to "check-in" or snapshot in KOL hotspots as well as in-depth travel. As a result, the reduced number of local customers visiting our shops together with the change in mainland tourists' consumption behavior may give rise to weakened sales in holiday periods.

Looking ahead, it is expected that Hong Kong economy will experience a rebound in 2024 as compared to 2023. Majority of Hong Kong's consumers spending decisions remain prudent keeping in mind the elevated interest rates and deteriorating property market. The labour market should improve further in the near term with the extent of improvement largely depending on the performance of domestic economic activities.

Chinese Pharmaceutical and Health Food Products

In the third quarter, Hong Kong experienced an acceleration in economic growth, with a notable 4.1% increase compared to the previous year. This growth was primarily fueled by inbound tourism and increased private consumption, indicating positive signs of recovery in these areas. However, despite these positive developments, the business landscape in Hong Kong still poses challenges. One significant challenge is the shifting consumption patterns of tourists, which necessitates businesses to adapt their strategies to meet changing preferences and demands. Additionally, the retail market sentiments remain uncertain, adding further complexity to the operating environment. Nevertheless, the Group is actively striving to capitalize on business opportunities in the market and position ourselves for success. By remaining proactive and adaptive, the Group aims to overcome the obstacles and achieve growth in this evolving business environment.

"Preparing medicine with dedication, Growing strong with reputation." The Group remains committed to provide top-quality Traditional Chinese Medicine ("**TCM**") products and services. In order to meet the increasing demand for Chinese medicine practitioners' consultation and enhance our services, we have established a Centralized Decoction Center in August 2023. Our commitment is to deliver decocted TCM directly to customers' home within 24 hours. Furthermore, we have been actively expanding our business throughout the Period. This includes the opening of new retail outlets in popular tourist areas, as well as our presence on various e-commerce platforms and partnerships with Health & Beauty drug chains. We aim to reach a wider customer base and provide our products and services to a broader audience. Additionally, with the flourishing cross-border e-commerce and the influx of Chinese tourists, we have re-prioritized our advertising spending to support the growth of the Chinese market.

As Hong Kong anticipates the arrival of seasonal influenza A and the ongoing presence of COVID-19, the Group has launched several new products to help citizens overcome the pandemic. One such product is Cordyceps Plus, designed to support the respiratory system for both adults and children. It is also suitable for people suffering long COVID symptoms. Recognizing the growing population of older adults, the Group has also launched a series of joint and bone products which offer support for joint health and bone strength. The Group has partnered with The Hong Kong Polytechnic University in 2023, launching "Nano Bone Enhancer". This collaboration combines the expertise of science and traditional Chinese herbs to enhance the effect of traditional Chinese medicine. The discovery of Cordyceps Cs4 Nano-Selenium has revealed its potential to promote the formation of osteoblasts and bone matrix, thereby contributing to the strengthening of bone density. By introducing these new products and leveraging scientific collaborations, the Group aims to meet the evolving health needs of the community and provide effective remedies.

With the Group's dedicated efforts as outlined above, the Chinese pharmaceutical and health food products business experienced remarkable growth. The total revenue reached HK$330.4 million, reflecting an impressive increase of approximately 23.9% compared to the same period of previous year. This significant growth demonstrates the effectiveness of the strategies implemented by the Group. Furthermore, the Group's success is further highlighted by achieving the recognition of being "The Chinese supplement brand most used in the past 12 months"* in Hong Kong. This acknowledgement underscores the trust and preference of consumers in Hong Kong for Wai Yuen Tong products. It is a testament to the Group's commitment to providing high-quality Chinese supplements that meet the needs and expectations of the local market. The combined achievements of substantial revenue growth and being recognized as the most used Chinese supplement brand in Hong Kong validate the Group's efforts in expanding its business, introducing new products, and catering to the evolving demands of consumers. These achievements position the Group as a leading player in the market, with a strong reputation for delivering reliable and sought-after Chinese pharmaceutical and health food products.

* *Source: IPSOS Healthcare Traditional Chinese Medicine Health Supplement Brand Study 2023*

Western Pharmaceutical and Health Food Products

During the Period, after every country or region released all the restriction on borders, commercial & social activities, Travel frequency of people increased and there was a small-scale outbreak of the COVID-19 & Influenzas before the summer. With this small scale outbreak, our Madame Pearl's cough syrup has recorded a positive growth on sales, that leaded the total revenue of Luxembourg western pharmaceutical and consumer products business delivered a growth of 9.1% over same period of previous year.

Responding to such a turbulent market environment, the Group keep striving different efforts in realizing business opportunities in the market. Madame Pearls, our flagship brand, achieved the Hong Kong cough syrup sales champion for 13 consecutive years, underpinned by our continuous efforts in strategic sales and marketing activities. During the Period, the Group made sound and solid progress on building up the marketing campaigns, and to enrich the distribution channels on Luxembourg products. Furthermore, to comply with Mainland China's relevant regulations, the Group has engaged selected local distributors with strong existing networks, to increase the penetration of the "Madame Pearl's" in the medical channels and "Pearl's" brand into the consumer channels in the Mainland China.

In regards to Pearl's, another key brand of the Group's, have established leadership in mosquito repellent product category in Hong Kong. The sales revenue of Pearl's Mosquitout products reported a growth of 6% over the same period of previous year.

During the pandemic period, consumer purchasing behavior has greatly shifted from offline to online. In response to this trend, we have been actively deploying resources to develops our e-commerce business channel, including the distribution of Madame Pearl's and Pearl's products through our own online platform (WYT e-shop) and selected third-party e-commerce platforms, e.g. HKTV mall, Ztore etc. as well as develop our cross-border e-commerce business.

Property Investment

As at 30 September 2023, the Group owned 11 properties in Hong Kong which are all retail properties (whereas the Group has entered into two sale and purchase agreements with respect to the acquisition of two properties which transactions were pending completion as of 30 September 2023). A majority of these properties were used as the retail shops under self-operating and franchise modes. The net fair value loss on owned investment properties for the Period amounted to approximately HK$0.9 million (six months ended 30 September 2022: net fair value gains of approximately HK$8.0 million).

During the Period, the Group completed the disposal of a company holding interest in property situated at the 11th Floor of Well Town Industrial Building (together with the related roof portion and a carparking space), No. 13 Ko Fai Road, Kowloon, Hong Kong to an independent third party at a consideration of HK$71.0 million (Please refer to the joint announcements dated 6 February 2023 and 19 June 2023 for details) and the sale of a property situated at Shop B on G/F and Portion of the Yard, Nos 66, 68, 70 & 72 Tai Wai Road, Shatin, the New Territories, Hong Kong to an independent third party at a consideration of HK$66.8 million (Please refer to the joint announcement dated 21 March 2023 for details).

On 8 September 2023, the Group entered into the sale and purchase agreements with two subsidiaries of Wang On Properties Limited ("**WOP**") to acquire two companies holding interest in properties situated at Shop No. 77, Ground Floor, Nos. 1–11, 15–17 Mount Sterling Mall and Nos. 10–16 Lai Wan Road, (Phase 7) Mei Foo Sun Chuen, Lai Chi Kok, Kowloon, Hong Kong ("**Property I**") and Shop F on Ground Floor of Kam Bo Building, No. 2 Tung Lok Street, Yuen Long, the New Territories, Hong Kong ("**Property II**") at a consideration of HK$43.8 million and HK$35.0 million respectively. Completion of acquisitions of Property I and Property II took place in mid-October and mid-November 2023, respectively. For more details, please refer to the joint announcement dated 8 September 2023.

Management and Sale of Properties in Agricultural Produce Exchange Markets

China Agri-Products Exchange Limited ("**CAP**", together with its subsidiaries, the "**CAP Group**") is principally engaged in the management and sale of properties in agricultural produce exchange markets in the People's Republic of China (the "**PRC**").

The CAP Group managed 11 agricultural produce exchange markets in the PRC, across five provinces. During the Period, CAP recorded revenue of approximately HK$310.5 million (six months ended 30 September 2022: approximately HK$303.6 million) which included (i) approximately HK$193.8 million (six months ended 30 September 2022: approximately HK$195.4 million) generated from operating agricultural produce exchange markets, and (ii) approximately HK$116.7 million (six months ended 30 September 2022: approximately HK$108.2 million) generated from sale of properties.

Hubei Province

Wuhan Baisazhou Market

Wuhan Baisazhou Agricultural and By-Product Exchange Market ("**Wuhan Baisazhou Market**") is one of the largest agricultural produce exchange market operators in the PRC. Wuhan Baisazhou Market is situated in the Hongshan District of Wuhan City, the PRC with a site area of approximately 310,000 square metres and one of the most notable agricultural produce exchange markets in Hubei Province. Wuhan Baisazhou Market was awarded "Top 50 of National Agricultural Products Comprehensive Wholesale Markets" by China Agricultural Wholesale Market Association in 2022. The award was a sign to the market contribution being made by the Group's effort and expertise as an agricultural produce exchange market operator in the PRC. Rental income from properties letting is the major income generated from Wuhan Baisazhou Market.

Huangshi Market

Huangshi Hongjin Agricultural and By-Product Exchange Market ("**Huangshi Market**") is a joint venture project of the Group founded in January 2015 with an operating area of approximately 23,000 square metres. Huangshi City is a county level city in Hubei Province and around is 100 kilometres away from Wuhan Baisazhou Market. Huangshi Market, as a second-tier agricultural produce exchange market, created synergy with Wuhan Baisazhou Market to boost vegetables and by-products trading. The turnover of Huangshi Market decreased by approximately 7% as compared to the six months ended 30 September 2022.

Suizhou Market

Suizhou Baisazhou Agricultural and By-Product Exchange Market ("**Suizhou Market**") is another joint venture project of the Group founded in March 2018. It occupies approximately 240,000 square metres. The Group pursued asset-light operation business model by taking up the contract management rights to operate this market. During the Period, the turnover of Suizhou Market decreased by approximately 1% as compared to the six months ended 30 September 2022.

Henan Province

Luoyang Market

Luoyang Hongjin Agricultural and By-Product Exchange Market ("**Luoyang Market**") is the flagship project of the Group in Henan Province, the PRC, with a site area of approximately 255,000 square metres. The turnover of Luoyang Market decreased by approximately 56% due to the decrease in properties sale recognition during the Period as compared to the six months ended 30 September 2022. Luoyang Market was awarded "Top 50 of National Agricultural Products Comprehensive Wholesale Markets" by China Agricultural Wholesale Market Association in 2022.

Puyang Market

Puyang Hongjin Agricultural and By-Product Exchange Market ("**Puyang Market**") is one of our joint venture projects in cooperation with a local partner in Henan Province, the PRC. During the Period, Puyang Market faced keen competition from a new market. The turnover of Puyang Market decreased by approximately 22% mainly due to decrease in properties sale recognition during the Period as compared to the six months ended 30 September 2022.

Kaifeng Market

Kaifeng Hongjin Agricultural and By-Product Exchange Market ("**Kaifeng Market**"), with a gross floor construction area of approximately 140,000 square metres, is the Group's third market operation point for the facilitation of the building of an agricultural produce exchange market network in Henan Province, the PRC. During the Period, the turnover of Kaifeng Market increased by approximately 8% due to the increases in properties sale recognition and property rental income as compared to the six months ended 30 September 2022. Kaifeng Market was awarded "Top 50 of National Agricultural Products Comprehensive Wholesale Markets" by China Agricultural Wholesale Market Association in 2022.

Guangxi Zhuang Autonomous Region

Yulin Market

Yulin Hongjin Agricultural and By-Product Exchange Market ("**Yulin Market**") is one of the largest agricultural produce exchange markets in Guangxi Zhuang Autonomous Region ("**Guangxi Region**") with a site area of approximately 415,000 square metres. The turnover of Yulin Market increased by approximately 104% due to the increase in properties sale recognition during the Period as compared to the six months ended 30 September 2022.

Qinzhou Market

Qinzhou Hongjin Agricultural and By-Product Exchange Market ("**Qinzhou Market**"), with a gross floor construction area of approximately 180,000 square metres, is the Group's second market operation point for the facilitation of the building of an agricultural produce market network in the Guangxi Region. The turnover of Qinzhou Market decreased by approximately 22% during the Period as compared to the six months ended 30 September 2022.

Jiangsu Province

Xuzhou Market

Xuzhou Agricultural and By-Product Exchange Market ("**Xuzhou Market**") occupies approximately 200,000 square metres and is located in the northern part of Jiangsu Province, the PRC. During the period, the turnover of Xuzhou Market decreased by approximately 3% as compared to the six months ended 30 September 2022. Xuzhou Market was awarded "Top 100 of National Agricultural Products Wholesale Markets" by China Agricultural Wholesale Market Association in 2022.

Huai'an Market

Huai'an Hongjin Agricultural and By-Product Exchange Market ("**Huai'an Market**") occupies approximately 100,000 square metres, is located at Huai'an City of Jiangsu Province, the PRC. Phase one of Huai'an Market had been in operation and it is expected that the transaction volume of Huai'an Market will gradually improve after the market becomes more mature. The turnover of Huai'an Market decreased by approximately 30% due to decrease in properties sale recognition as compared to the six months ended 30 September 2022.

Liaoning Province

Panjin Market

Panjin Hongjin Agricultural and By-Product Exchange Market ("**Panjin Market**"), with a construction area of around 50,000 square metres, is the Group's first attempt in investment in Liaoning Province, the PRC. Panjin Market focused on the trading of river crabs and held regular market fairs. During the Period, the performance of Panjin Market was steady. The turnover of Panjin Market remained stable as compared to the six months ended 30 September 2022.

FINANCIAL REVIEW

Liquidity and Gearing and Financial Resources

As at 30 September 2023, the Group had total assets of approximately HK$6,584.0 million (31 March 2023: approximately HK$7,013.8 million) which were financed by current liabilities of approximately HK$1,616.0 million (31 March 2023: approximately HK$1,657.2 million), non-current liabilities of approximately HK$1,482.3 million (31 March 2023: approximately HK$1,668.2 million) and shareholders' equity of approximately HK$3,485.7 million (31 March 2023: approximately HK$3,688.4 million).

As at 30 September 2023, the Group's total of cash and cash equivalents and pledged deposit were approximately HK$514.3 million (31 March 2023: approximately HK$559.4 million).

As at 30 September 2023, the Group's total interest-bearing debts amounted to approximately HK$1,508.0 million (31 March 2023: approximately HK$1,646.9 million), all of which bore interest at fixed or floating interest rates and were denominated in Hong Kong dollars or Renminbi ("**RMB**").

	At 30 September 2023		At 31 March 2023	
	HK$ million	***Approximate effective interest rate***	*HK$ million*	*Approximate effective interest rate*
Unsecured Notes	**79**	**12%**	125	12%
Financial institution borrowings	**1,429**	**7%**	1,516	5%
Other borrowings	**—**	**—**	6	7%
Total	**1,508**		1,647	

As at 30 September 2023, the Unsecured Notes issued by CAP would mature in September 2024; and the financial institution borrowings of the Group would mature during the period from October 2023 to May 2029.

The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.6 (31 March 2023: approximately 1.6). The gearing ratio, being the ratio of total interest-bearing debts net of cash and cash equivalents and pledged deposits to equity attributable to owners of the parent, was approximately 44.6% (31 March 2023: approximately 46.3%). The Group always adopts a conservative approach in its financial management.

Significant Investments Held

As at 30 September 2023, the Group had financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss of approximately HK$145.4 million and approximately HK$44.4 million respectively, details of which were set out as follows:

	As at 30 September 2023		For the six months ended 30 September 2023			Fair value/carrying amount		
Name of Investments	Amount held	Approximate percentage to Group's net assets	Fair value gain/(loss)	Interest income	Dividends received	As at 30 September 2023	As at 31 March 2023	Investment costs
	HK$'000	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(a) Financial assets at fair value through other comprehensive income:								
— Equity investments								
Wang On	78,971	2.27%	(10,300)	–	687	78,971	89,271	81,506
Others	27,082	0.78%	(3,044)	–	1,368	27,082	54,378	51,070
— Debt investments	39,344	1.13%	(10,076)	2,020	–	39,344	50,056	61,426
Sub-total	**145,397**	**4.18%**	**(23,420)**	**2,020**	**2,055**	**145,397**	**193,705**	**194,002**
(b) Financial assets at fair value through profit or loss:								
— Unlisted funds	41,726	1.20%	89	–	–	41,726	41,637	96,750
— Others	2,682	0.08%	(5,184)	595	78	2,682	5,812	4,081
Sub-total	**44,408**	**1.28%**	**(5,095)**	**595**	**78**	**44,408**	**47,449**	**100,831**
Total	**189,805**	**5.46%**	**(28,515)**	**2,615**	**2,133**	**189,805**	**241,154**	**294,833**

The principal activities of the securities are as follows:

(i) Wang On is principally engaged in (i) management and sublicensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment, property development and asset management in Hong Kong through WOP (Stock Code: 1243), its 75%-owned listed subsidiary; (iii) manufacturing and/or retailing of pharmaceutical and health food products through the Company, its 69.19%-owned listed subsidiary; and (iv) management and sale of properties in agricultural produce exchange markets in the PRC through CAP, a 53.37%-owned listed subsidiary of the Company and a 20.17%-owned listed affiliate company of it. As at 30 September 2023, the Group was interested in 1,716,749,000 shares in Wang On, representing approximately 11.18% of all its issued shares.

(ii) Save as disclosed above, the Group also invested in other equity securities and bonds, the fair value of each of which represented less than 1.00% of the net assets of the Group as at 30 September 2023.

(iii) Save as disclosed above, the Group also invested in other unlisted funds and derivative financial instruments, the fair value of each of which represented less than 1.00% of the net assets of the Group as at 30 September 2023.

Financial Review and Prospects of Significant Investments Held

(a) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include listed equity securities and listed debt investments. The Group has always adopted a prudent investment strategy and would closely monitor the market changes and adjust its investment portfolio as and when necessary. The Group intended to hold these investments for long term purpose aiming to generating a stable income.

As at 30 September 2023, the fair value of the Group's investment in bonds and equity securities amounted to approximately HK$39.3 million (31 March 2023: approximately HK$50.1 million) and approximately HK$106.1 million (31 March 2023: approximately HK$143.6 million), respectively.

The Group recorded a net loss on change in fair value of financial assets at fair value through other comprehensive income of approximately HK$23.4 million in the other comprehensive income for the Period (six months ended 30 September 2022: net loss of approximately HK$20.7 million).

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

As at 30 September 2023, the Group maintained an investment portfolio of listed equity instruments, unlisted funds and derivative financial instruments. The Group has always adopted a prudent investment strategy and would closely monitor the market changes and adjust its investment portfolio as and when necessary.

The Group had recorded a net loss on change in fair value of financial assets at fair value through profit or loss of approximately HK$5.1 million for the Period (six months ended 30 September 2022: net loss of approximately HK$11.2 million).

Listed Notes due in 2024 ("Listed Notes") and Partial Repurchase During The Period

In May 2014, CAP established a HK$1,000,000,000 medium term note program. The Listed Notes issued under the program are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of debt issue to professional investors only (stock code: 5755). As at 30 September 2023, the Listed Notes in the principal amount of HK$90.0 million (31 March 2023: HK$150.0 million) remained outstanding after the repurchase and cancellation in the principal amount of HK$60.0 million during the Period. Carrying value of the Listed Notes was approximately HK$78.9 million (31 March 2023: approximately HK$125.2 million).

Foreign Exchange

The Board is of the opinion that the Group has material foreign exchange exposure in RMB. All the bank borrowings are denominated in Hong Kong dollars and RMB. The revenue of the Group, mostly denominated in Hong Kong dollars and RMB, matches the currency requirements of the Group's operating expenses. Currently, the Group does not have a foreign currency hedging policy.

The activities of the Group are exposed to foreign currency risks mainly arising from its operations in Mainland China. The RMB exposure of the Group is mainly derived from currency translation risk arising from the net assets of our Mainland subsidiaries. The re-translation of these net assets denominated in RMB into Hong Kong dollars using the exchange rate as of the reporting date resulted in a re-translation loss of approximately HK$187.5 million (six months ended 30 September 2022: loss of approximately HK$369.9 million). The re-translation loss was recognised in other comprehensive income/exchange reserve.

Treasury Policy

With an aim to ensuring adequate financial resources are available for business growth whilst maintaining a prudent capital structure, the Group manages its financial risks including currency risk, interest rate risk and price risk. The Group invests its surplus funds in fixed deposits, debt investments and unlisted funds to maximise assets efficiency.

Capital Commitment

As at 30 September 2023, the Group had capital commitment of approximately HK$228.9 million (31 March 2023: approximately HK$225.9 million) in respect of the acquisition of property, plant and equipment and construction contracts, which were contracted for but not provided for in the unaudited interim condensed consolidated financial information.

Pledge of Assets

As at 30 September 2023, certain bank loans of the Group were secured by the Group's property, plant and equipment, owned investment properties and certain rental income generated therefrom, properties held for sale, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, pledged deposits, with a total carrying value of approximately HK$2,583.6 million (31 March 2023: approximately HK$3,086.8 million).

Financial Guarantee

As at 30 September 2023, the Group provided guarantees of approximately HK$27.2 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (31 March 2023: approximately HK$36.1 million). Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds.

Other Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Future Plans for Material Investments or Capital Assets

On 8 September 2023, Guidepost Investments Limited (an indirect wholly-owned subsidiary of the Company) (the "**Purchaser**"), and Viva Action Limited (the then indirect wholly-owned subsidiary of WOP (the "**Vendor I**") entered into a sale and purchase agreement (the "**Sale and Purchase Agreement I**"), pursuant to which the Vendor I conditionally agreed to sell, and the Purchaser conditionally agreed to purchase (a) the entire issued share capital of Success Vision Limited (a direct wholly-owned subsidiary of the Vendor I) (the "**Target Company I**"), holding a property in Lai Chi Kok and (b) the shareholder's loan owing by the Target Company I to the Vendor I as at the date of completion at a consideration of HK$43.8 million (subject to adjustment) subject to the terms and conditions set out in the Sale and Purchase Agreement I (the "**Transaction I**").

On 8 September 2023, the Purchaser and Shining Sun Developments Limited (the then indirect wholly-owned subsidiary of WOP) (the "**Vendor II**") also entered into a sale and purchase agreement (the "**Sale and Purchase Agreement II**"), pursuant to which the Vendor II conditionally agreed to sell, and the Purchaser conditionally agreed to purchase (a) the entire issued share capital of Nice Treasure Limited (a direct wholly-owned subsidiary of the Vendor II) (the "**Target Company II**") holding a property in Yuen Long and (b) the shareholder's loan owing by the Target Company II to the Vendor II as at the date of completion at a consideration of HK$35.0 million (subject to adjustment) subject to the terms and conditions set out in the Sale and Purchase Agreement II (the "**Transaction II**").

The entering into of the Sale and Purchase Agreement I and the Sale and Purchase Agreement II and the transactions contemplated thereunder and the implementation thereof had been approved by the independent shareholders of the Company at the special general meeting held on 19 October 2023 and the Transaction I and Transaction II had been completed on 25 October 2023 and 15 November 2023, respectively.

For more details, please refer to the announcements of the Company dated 8 September 2023 and 19 October 2023 and the circular of the Company dated 29 September 2023.

Save as disclosed above, during the Period, the Group did not have any other significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or capital assets.

Events After Reporting Period

CAP repurchased outstanding Listed Notes (stock code: 5755) in an aggregate amount of HK$20 million on 13 October 2023 and 20 October 2023 via open market. The repurchases were funded by internal resources. The repurchased notes had been cancelled on 2 November 2023.

On 21 November 2023, Guidepost Investments Limited, (an indirect wholly-owned subsidiary of the Company, the "**Vendor**"), as vendor, and the Company as guarantor, entered into a provisional agreement with Ascend Progress Limited (the "**Purchaser**"), as purchaser and Centaline Property Agency Limited as property agent, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the entire issued shares of Oriental Sino Investments Limited (the "**Target Company**"), being the registered owner of the property comprising a shop unit situated at Shop AB on G/F, Po Wing Building of Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road and Nos. 108, 110, 112, 116, 118 & 120 Percival Street, Hong Kong, and assign the benefit of the loan owing to the Vendor by the Target Company, to the Purchaser for the consideration of HK$100.0 million. For details, please refer to the announcement of the Company dated 21 November 2023.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognises our employees as the key element that contributes to the Group's success. As at 30 September 2023, the Group had 1,962 (31 March 2023: 1,941) employees, of whom approximately 36.6% (31 March 2023: approximately 35.4%) were located in Hong Kong and Macau and the rest were located in Mainland China. The Group remunerated its employees based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may also be granted to selected staff by reference to the Group's performance, where appropriate, as well as the individual's performance. The Company has adopted a new share option scheme in August 2023 to reward participants who have contributed or may contribute to the Group and to encourage participants to work towards enhancing the value of the Company. The Group also provides a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong and pays retirement contributions in accordance with the statutory requirements for our PRC staff. Other benefits such as medical and retirement benefits and structured training programs were also provided. Meanwhile, the Group endeavours to provide a safe workplace to our employees. The Board believes that the Group maintains admirable relations with the employees.

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

PROSPECTS

Chinese and Western Pharmaceutical and Health Food Products

Despite the uncertain retail market sentiments, the Group remains committed to providing high-quality Chinese medicine practitioners' consultation services. In addition to service enhancements, the Group is dedicated to improving its Customer Relationship Management (CRM) system. By enhancing this system, the Group aims to build stronger and closer relationships with its consumers. Strengthening customer engagement and loyalty is a priority, as it fosters trust and long-term relationships, ultimately benefiting both the Group and its customers.

Looking ahead, the national policy for the Guangdong-Hong Kong-Macau Greater Bay Area presents a promising outlook for the business of Chinese pharmaceutical and health food products. This key development area offers opportunities for growth. The Group is poised to leverage these prospects and capitalize on the potential of the Greater Bay Area and to position itself for sustained success in the Chinese pharmaceutical and health food products industry.

Regarding the Western pharmaceutical products, grasped the small-scale outbreak of the COVID-19 & Influenzas before this summer season, the Group has continued to strengthen the sales and extended the distribution in the retail channels, like Mannings, Watson's and the supermarket chains for our flagship brand, "Madame Pearl's". Also, our "Madame Pearl's" cough syrup will ride on the upcoming peak season of Influenza in the winter time to drive the sales growth, the Group expects a positive growth result on the Western pharmaceutical products. By recruiting the strategic distribution partners for our Madame Pearl's cough syrup in Mainland China, the Group also expected a strong growth in the coming years. Simultaneously, the Group will diversify the business by catching up the opportunity on launching more medicines for treating Upper Respiratory Infection (URI) under the brand name of "Madame Pearl's" to build up "Madame Pearl's" as the "Specialist of Upper Respiratory Infection". The Group is continuing on developing the cross-border e-commerce business to reach the consumers in the Greater Bay Area and Asia Pacific Region.

Management and Sale of Properties in Agricultural Produce Exchange Markets

During the Period, the continuous high tension between the PRC and the United States, and the downfall of Chinese real estate hindered the economic growth. However, such effects has little impact on the CAP Group's operation which is mainly focused on the PRC domestic market. Looking ahead, the CAP Group will continue to build a nationwide agricultural produce exchange network by leveraging on its leading position in the industry, readily replicable business model, well-advanced management system, information technology infrastructure and quality customer services.

Once again, agricultural development is the PRC central government's first priority policy for the next few years. In 2023, the Central Committee of Communist Party of China and the State Council of China released the "No. 1 Central Document of 2023". The document vows to promote investments in agricultural produce exchange markets, expand the agricultural produce network, build logistic infrastructure and storage facilities for agriculture produce and improve regional cold storage infrastructure. On the other hand, it is expected that the "Belt and Road Initiative" policy will drive the overall growth of the PRC economy and provide a sustainable way for the PRC's continuing development.

In order to capture new business opportunities, the CAP Group has taken further steps to expand its operations in the PRC by cooperating with different partners with an "asset light" strategy. It has also explored electronic platform development to capture the opportunity of technology advancement brought by the promotion of data economy by the PRC government. The CAP Group further expanded its operations to wet market and trading by leveraging on its leading position in the industry, the CAP Group is confident that its business strategy and operation model will deliver long-term benefits to CAP and its shareholders as a whole.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, the Company repurchased a total of 33,540,000 shares of HK$0.01 each of the Company on The Stock Exchange of Hong Kong Limited. All the repurchased shares were subsequently cancelled by the Company on 10 August 2023.

Details of the share repurchases during the Period are as follows:

Month of repurchase	Number of share repurchased	Purchase price per share Highest	Purchase price per share Lowest	Aggregate amount
		HK$	*HK$*	*HK$*
July 2023	33,540,000	0.45	0.425	14,727,600

The repurchases of the Company's shares during the Period were made pursuant to the mandate granted by the shareholders of the Company (the "**Shareholder(s)**") at the 2022 annual general meeting of the Company held on 26 August 2022, with a view to benefiting the Shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company. As at 30 September 2023 and up to the date of this announcement, the total number of shares of the Company in issue was 1,171,102,888 shares.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Board has reviewed the corporate governance practices of the Company and is satisfied that the Company had applied the principles and complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the Period, except for the following deviation:

Code provision C.2.1

Code provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period, Mr. Tang Ching Ho ("**Mr. Tang**"), the chairman of the Board, also assumed the role of managing Director, which arrangement deviated from code provision C.2.1 of the CG Code. Mr. Tang has extensive management experience in corporate management and is responsible for overall corporate planning, strategic policy making of the Group which is of great value in enhancing the efficiency to cope with the dynamic business environment. Furthermore, there are various experienced individuals in charge of various business units in the daily business operation and the Board comprises three executive Directors and four independent non-executive Directors with balance of skill and experience appropriate for the Group's further development. The Company does not propose to comply with code provision C.2.1 of the CG Code for the time being but will continue to review such deviation to enhance the best interest of the Group as a whole.

The Group continues to review and propose, as and when appropriate, by taking into consideration of such deviation and any other relevant factors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with specific terms of reference (as amended from time to time) in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over, among other things, the Group's financial reporting process, internal controls, risk management and other corporate governance issues. The Audit Committee has reviewed with the Company's management the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2023. The Audit Committee comprises the four independent non-executive Directors, namely Messrs. Li, Ka Fai, David, Leung Wai Ho, Siu Man Ho, Simon and Cho Wing Mou and Mr. Li Ka Fai, David is the chairman of the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the Company at (www.wyth.net). The 2023 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
WAI YUEN TONG MEDICINE HOLDINGS LIMITED
(位元堂藥業控股有限公司*)
Tang Ching Ho
Chairman and Managing Director

Hong Kong, 28 November 2023

As at the date of this announcement, the executive Directors are Mr. Tang Ching Ho, Ms. Tang Wai Man and Ms. Law Man Yee, Anita and the independent non-executive Directors are Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David.