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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 2017

FY2017 ANNUAL FINANCIAL HIGHLIGHTS

HK$' million	**FY2017**	FY2016	YoY change
Revenue	**738**	825	–10.5%
Gross profit	**311**	370	–15.9%
Net profit/(loss) attributable to shareholders	**(93)**	25	–472.0%
EPS *(HK cents)*			
— Basic	**(10.57)**	5.09	–307.7%
— Diluted	**(10.57)**	5.09	–307.7%
	As at 31 March 2017	As at 31 March 2016	
Total net asset value	**2,658**	2,330	+14.1%
Cash and cash equivalents	**324**	206	+57.3%
Gearing ratio	**16.4%**	23.0%	–6.6%

* *For identification purposes only*

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 2017, 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 2017

	Notes	2017 HK$'000	2016 HK$'000
REVENUE	*5*	**738,440**	825,331
Cost of sales		**(427,676)**	(455,113)
Gross profit		**310,764**	370,218
Other income and gains, net	*5*	**170,132**	88,958
Selling and distribution expenses		**(263,861)**	(292,666)
Administrative expenses		**(172,403)**	(150,540)
Finance costs	*7*	**(16,555)**	(14,854)
Change in fair value of equity investments at fair value through profit or loss, net		**(47,545)**	3,140
Fair value losses on investment properties, net		**(31,800)**	(18,200)
Gain on disposal of a subsidiary		**–**	2,484
Loss on deemed partial disposal of equity interests in an associate		**–**	(37,101)
Share of profits and losses of associates		**(45,091)**	77,627
PROFIT/(LOSS) BEFORE TAX	*6*	**(96,359)**	29,066
Income tax credit/(expense)	*8*	**2,432**	(3,839)
PROFIT/(LOSS) FOR THE YEAR		**(93,927)**	25,227

	Note	**2017**	2016
		HK$'000	*HK$'000*
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Change in fair value of an available-for-sale investment		**37,204**	54,880
Share of other comprehensive loss of an associate		**(7,805)**	(14,638)
Translation reserve:			
Translation of foreign operations		**(4,430)**	(1,778)
Release upon deemed partial disposal of equity interests in an associate		**–**	(2,537)
Release upon voluntary winding-up of subsidiaries		**(3,030)**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**21,939**	35,927
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(71,988)**	61,154
Profit/(loss) attributable to:			
Owners of the parent		**(93,303)**	25,387
Non-controlling interests		**(624)**	(160)
		(93,927)	25,227
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(71,364)**	61,314
Non-controlling interests		**(624)**	(160)
		(71,988)	61,154
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		(Restated)
Basic and diluted		**HK(10.57) cents**	HK5.09 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**823,487**	637,277
Investment properties		**479,000**	510,800
Goodwill		**15,335**	15,335
Other intangible assets		**213**	290
Investments in associates		**375,574**	428,470
Available-for-sale investment		**912,093**	671,521
Loan and interests receivables	*11*	**80,000**	–
Deposits paid for the acquisition of property, plant and equipment		**10,623**	134,336
Deferred tax assets		**13,761**	10,837
		2,710,086	2,408,866
CURRENT ASSETS			
Inventories		**169,712**	154,760
Trade and other receivables	*12*	**172,908**	209,977
Amounts due from associates		**10,417**	12,308
Equity investments at fair value through profit or loss		**150,303**	197,075
Loan and interests receivables	*11*	**32,823**	24,644
Tax recoverable		**3,307**	2,447
Bank balances and cash		**323,695**	205,608
		863,165	806,819
Non-current asset classified as held for sale		**–**	21,767
		863,165	828,586
CURRENT LIABILITIES			
Trade and other payables	*13*	**149,476**	161,688
Bank borrowings		**62,290**	158,928
Deferred franchise income		**18**	18
Tax payable		**857**	186
		212,641	320,820
NET CURRENT ASSETS		**650,524**	507,766
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,360,610**	2,916,632

	Note	**2017**	2016
	Note	***HK$'000***	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,360,610**	2,916,632
NON-CURRENT LIABILITIES			
Bank borrowings		**697,017**	579,758
Deferred tax liabilities		**5,870**	7,318
		702,887	587,076
NET ASSETS		**2,657,723**	2,329,556
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*14*	**12,651**	3,163
Reserves		**2,639,140**	2,319,327
		2,651,791	2,322,490
Non-controlling interests		**5,932**	7,066
TOTAL EQUITY		**2,657,723**	2,329,556

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 2017. 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012–2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) 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 profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) 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 a 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 applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group's financial statements as the Group did not have any disposal group held for sale during the year.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance* Contracts[2]
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*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Amendments to HKAS 40	*Transfers of Investment Property*[2]
Annual Improvements 2014–2016 Cycle	Amendments to a number of HKFRSs[5]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[2]

1 Effective for annual periods beginning on or after 1 January 2017
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 No mandatory effective date yet determined but available for adoption
5 Effective for annual periods beginning on or after 1 January 2017 or 2018, with early application permitted

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

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 April 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

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 previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

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 June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 April 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 April 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 April 2017.

Amendments to HKAS 40 were issued with the purpose of clarifying when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or cease to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The Group expects to adopt the amendments from 1 April 2018.

Annual Improvements to HKFRSs 2014–2016 Cycle issued in March 2017 sets out amendments to a number of HKFRSs. Details of the applicable amendments are as follows:

- HKFRS 12 *Disclosure of Interests in Other Entities*: Clarified the scope of the standard by specifying that certain disclosure requirements is not required for subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

- HKAS 28 *Investments in Associates and Joint Ventures*: Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

HK(IFRIC)-Int 22 was issued in June 2017 with the purpose of clarifying that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. The Group expects to adopt the amendments from 1 April 2018.

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 three reportable operating segments as follows:

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

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

(c) property investment — investment in commercial premises for rental income.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income and gains, 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, loan and interests receivables, equity investments at fair value through profit or loss, an 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.

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Property investment		Eliminations		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**578,294**	649,275	**149,859**	163,423	**10,287**	12,633	**–**	–	**738,440**	825,331
Intersegment sales	**–**	–	**–**	–	**6,936**	7,929	**(6,936)**	(7,929)	**–**	–
Total	**578,294**	649,275	**149,859**	163,423	**17,223**	20,562	**(6,936)**	(7,929)	**738,440**	825,331
Segment results	**(35,357)**	(7,492)	**(12,373)**	(7,456)	**(29,553)**	(12,331)	**–**	–	**(77,283)**	(27,279)
Other income									**170,132**	88,958
Unallocated expenses									**(80,017)**	(63,909)
Finance costs									**(16,555)**	(14,854)
Changes in fair value of equity investments at fair value through profit or loss, net									**(47,545)**	3,140
Gain on disposal of a subsidiary									**–**	2,484
Loss on deemed partial disposal of equity interests in an associate									**–**	(37,101)
Share of profits and losses of associates									**(45,091)**	77,627
Profit/(loss) before tax									**(96,359)**	29,066
Income tax credit/(expense)									**2,432**	(3,839)
Profit/(loss) for the year									**(93,927)**	25,227

Segment assets and liabilities

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Property investment		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Assets excluding goodwill	**607,682**	299,803	**259,971**	88,640	**636,876**	693,936	**1,504,529**	1,082,379
Goodwill	**7,700**	7,700	**7,635**	7,635	**–**	–	**15,335**	15,335
Segment assets	**615,382**	307,503	**267,606**	96,275	**636,876**	693,936	**1,519,864**	1,097,714
Investments in associates							**375,574**	428,470
Loan and interests receivables							**112,823**	24,644
Equity investments at fair value through profit or loss							**150,303**	197,075
Available-for-sale investment							**912,093**	671,521
Tax recoverable							**3,307**	2,447
Deferred tax assets							**13,761**	10,837
Bank balances and cash							**323,695**	205,608
Unallocated assets							**161,831**	599,136
Consolidated total assets							**3,573,251**	3,237,452
LIABILITIES								
Segment liabilities	**106,124**	115,600	**12,037**	15,973	**3,372**	12,165	**121,533**	143,738
Bank borrowings							**759,307**	738,686
Tax payable							**857**	186
Deferred tax liabilities							**5,870**	7,318
Unallocated liabilities							**27,961**	17,968
Consolidated total liabilities							**915,528**	907,896

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

- all assets are allocated to operating segments other than investments in associates, loan and interests 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

	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Property investment		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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))*	**8,465**	12,388	**79,189**	94	**–**	–	**314,468**	135,299	**402,122**	147,781
Capital expenditure through acquisition of subsidiaries that are not a business	**–**	–	**–**	–	**–**	70,000	**–**	–	**–**	70,000
Depreciation	**8,117**	8,478	**274**	289	**5,092**	5,291	**971**	663	**14,454**	14,721
Amortisation of other intangible assets	**153**	178	**–**	–	**–**	–	**–**	–	**153**	178
Impairment of trade receivables, net	**3,317**	407	**1,700**	786	**–**	–	**–**	–	**5,017**	1,193
Allowance for obsolete inventories	**3,489**	1,123	**1,469**	277	**–**	–	**–**	–	**4,958**	1,400

Note:

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

Geographical information

(a) Revenue from external customers

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**570,798**	597,678
Mainland China	**130,837**	188,107
Macau	**13,853**	20,217
Others	**22,952**	19,329
	738,440	825,331

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

(b) Non-current assets

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**1,595,309**	1,723,556
Mainland China	**107,945**	587
Macau	**978**	2,365
	1,704,232	1,726,508

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 2017 and 2016, no revenue from transactions with a single external customer contributed over 10% to the total revenue of the Group.

5. REVENUE AND OTHER INCOME AND GAINS, NET

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 earned during the year.

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**727,064**	811,674
Rental income from investment properties	**10,287**	12,633
Management and promotion fees	**1,089**	1,024
	738,440	825,331
Other income		
Interest income on a loan receivable	**1,585**	–
Interest income on an available-for-sale investment	**81,979**	72,158
Imputed interest income on an available-for-sale investment	**3,368**	3,026
Interest income on bank deposits	**636**	3,199
Dividends from equity investments at fair value through profit or loss	**3,299**	2,006
Recognition of deferred franchise income	**120**	120
Sub-lease rental income	**7,852**	2,652
Commission income	**–**	4,950
Others	**1,447**	847
	100,286	88,958
Gains, net		
Gain on disposal of items of property, plant and equipment, net	**64,531**	–
Gain on winding-up of subsidiaries	**3,540**	–
Exchange gains, net	**1,775**	–
	69,846	–
	170,132	88,958

6. PROFIT/(LOSS) BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories recognised as an expense (including allowance for obsolete inventories of HK$4,958,000 (2016: HK$1,400,000))	**427,676**	455,113
Depreciation	**14,454**	14,721
Amortisation of other intangible assets	**153**	178
Research and development costs	**8,389**	6,494
Lease payments under operating leases in respect of land and buildings:		
Minimum lease payments	**119,387**	110,692
Contingent rents	**13,124**	14,911
Auditor's remuneration	**2,300**	2,080
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries and other benefits	**157,795**	157,707
Pension scheme contributions	**10,777**	13,614
	168,572	171,321
Foreign exchange difference, net	**(1,775)**	6,420
Impairment of trade receivables, net*	**5,017**	1,193
Gross rental income	**(10,287)**	(12,633)
Less: direct outgoing expenses	**587**	314
	(9,700)	(12,319)
Gain on bargain purchase of additional interest in an associate**	**–**	68,126

* Impairment of trade receivables, net, 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 is as follows:

	2017	2016
	HK$'000	*HK$'000*
Interest on bank borrowings	**16,555**	14,854

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2017	2016
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**1,542**	1,605
Underprovision in prior years	**398**	365
Deferred taxation	**(4,372)**	1,869
Total tax charge/(credit) for the year	**(2,432)**	3,839

9. DIVIDENDS

The board of directors does not recommend the payment of any dividend in respect of the year ended 31 March 2017 (2016: Nil).

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 883,085,846 (2016: 498,929,590 (restated)) in issue during the year.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings/(loss) per share for both years has been adjusted retrospectively to reflect the impact of the WYT Rights Issue (as defined in note 14 to this announcement) completed on 29 September 2016.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the year ended 31 March 2016 has been adjusted to reflect the impact of the rights issue completed on 19 May 2015 and the share consolidation completed on 15 March 2016.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 March 2017 and 2016 in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings/(loss) per share amounts presented.

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

	2017	2016
	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 calculations	**(93,303)**	25,387

	Number of shares	
	2017	2016
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculations	**883,085,846**	498,929,590

11. LOAN AND INTERESTS RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Loan receivable, unsecured	**80,000**	–
Interest receivables	**32,823**	24,644
	112,823	24,644
Less: Loan receivable classified as a non-current asset	**(80,000)**	–
Portion classified as current assets	**32,823**	24,644

The loan receivable is stated at amortised cost with principal amount of HK$80,000,000 and an effective interest rate of 6.5% per annum. The credit term of the loan receivable is within 2 years. The carrying amount of the loan receivable approximates to its fair value.

At 31 March 2017, the loan and interests receivables that are neither past due nor impaired relate to borrowers for whom there was no recent history of default.

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**87,984**	128,956
Less: accumulated impairment	**(2,611)**	(1,367)
	85,373	127,589
Rental and other deposits	**36,597**	32,518
Prepayments	**31,709**	31,817
Other receivables	**19,229**	18,053
Deposits paid for the acquisition of property, plant and equipment	**10,623**	134,336
	98,158	216,724
Total trade and other receivables	**183,531**	344,313
Less: Deposits classified as a non-current asset	**(10,623)**	(134,336)
Portion classified as current assets	**172,908**	209,977

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.

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:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**32,007**	47,262
1 to 3 months	**30,288**	42,199
3 to 6 months	**20,276**	18,367
Over 6 months	**2,802**	19,761
	85,373	127,589

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$16,285,000 (2016: HK$36,138,000) 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.

13. TRADE AND OTHER PAYABLES

	2017 *HK$'000*	2016 *HK$'000*
Trade payables	**61,077**	78,008
Accrual of salaries and commission	**17,955**	19,533
Accrual of advertising and promotion	**15,570**	11,381
Rental deposits received	**4,563**	2,971
Other payables and accruals	**50,311**	49,795
	149,476	161,688

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

	2017 *HK$'000*	2016 *HK$'000*
Within 1 month	**22,536**	57,237
1 to 3 months	**23,422**	18,752
3 to 6 months	**10,201**	717
Over 6 months	**4,918**	1,302
	61,077	78,008

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.

14. SHARE CAPITAL

Shares

	2017 *HK$'000*	2016 *HK$'000*
Authorised:		
60,000,000,000 ordinary shares of HK$0.01 each	**600,000**	600,000
Issued and fully paid:		
1,265,142,888 (2016: 316,285,722) ordinary shares of HK$0.01 each	**12,651**	3,163

During the year, the movements in share capital and share premium account of the Company were summarised as follows:

	Number of shares in issue	Issued capital *HK$'000*	Share premium *HK$'000*	Total *HK$'000*
At 1 April 2016	316,285,722	3,163	1,725,243	1,728,406
Issue of rights shares *(Note)*	948,857,166	9,488	398,521	408,009
Share issue expenses *(Note)*	–	–	(7,344)	(7,344)
At 31 March 2017	1,265,142,888	12,651	2,116,420	2,129,071

Note:

On 29 September 2016, the Company completed a rights issue of three rights shares for every one existing share of the Company held by qualifying shareholders at an issue price of HK$0.43 per rights share (the "**WYT Rights Issue**") and a total of 948,857,166 rights shares were issued at a total cash consideration, before expenses, of approximately HK$408,009,000. The related share issue expenses charged to share premium account amounted to HK$7,344,000.

As a result of the WYT Rights Issue, the issued share capital of the Company increased from 316,285,722 shares of HK$0.01 each to 1,265,142,888 shares of HK$0.01 each. Details of the WYT Rights Issue were disclosed in the Company's announcements dated 8 July 2016 and 28 September 2016 and prospectus dated 6 September 2016.

Share options

Details of the Company's share option scheme will be set out in the section headed "Share Option Scheme" in the Company's 2017 annual report.

15. EVENT AFTER THE REPORTING PERIOD

On 29 May 2017, Winning Rich Investments Limited ("**Winning Rich**"), an indirect wholly-owned subsidiary of the Group, entered into an extension agreement with China Agri-Products Exchange Limited ("**CAP**"), pursuant to which Winning Rich agreed to extend the payment date of the debt security interest ("**CAP Interest**") from 29 May 2017 to 31 August 2017 in consideration for interest calculated at the rate 12% per annum which shall be payable on the CAP interest for such extension period.

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and re-presented to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 March 2017, the Group's turnover dropped by approximately 10.53% to approximately HK$738.4 million (2016: approximately HK$825.3 million). The Group recorded a loss attributable to owners of the parent amounting to approximately HK$93.3 million (2016: a profit attributable to owners of the parent amounted to approximately HK$25.4 million). The deteriorating results was mainly attributable to the unrealised loss in fair value of equity investments at fair value through profit or loss of the Group, the drop in turnover, and share of results in Easy One Financial Group Limited ("**Easy One**"), an associate of the Company, which had reported a significant loss during the year.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil). No interim dividend was made for the six months ended 30 September 2016 (30 September 2015: Nil).

BUSINESS REVIEW

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the current year has decreased by approximately 10.93% from the previous year to approximately HK$578.3 million.

Hong Kong market is the major market of the Group's Chinese pharmaceutical and health food products, of which sluggish operating environment persisted in the current year. The retail market in Hong Kong had been affected by the lowered number of mainland visitors, which led to a drop in sales revenue of the retail business of the Group. During the current year, there is a slight decrease in our gross profit margin as a result of constantly improving sales mix and stringent cost control. As the Group continued to widen distribution network of the products, sales channels including key accounts achieved a mild growth during the current year. In respect of market presence, the online shopping platform developed by the Group has brought much convenience to the consumers, while enhancing the effectiveness of the marketing of products. E-commerce sales channels started to generate revenue during the year.

During the current year, the Group continued strictly adhering to the comprehensive quality assurance procedures. In the beginning of 2017, the construction of the Group's new manufacturing factory (the "**New Factory**") for western pharmaceutical and Chinese traditional medicines in Yuen Long Industrial Estate was completed and it has commenced production. The new facility served to complement the Group's plan on production commissioning and operation, its effort on continued beefing up of the research and development capacity, its pursuit on innovation, meeting market demand and trend and expanding product variety. The brand "Wai Yuen Tong", with its inexpensive and high-quality pharmaceutical and health food products, has taken the leading position in the industry and has been well recognised by the market for years.

Under China Thirteenth Five-Year Plan, traditional Chinese medicine was promoted to a national strategic industry status. The Group will actively act in accordance with the government policies in Hong Kong and the People's Republic of China (the "**PRC**") to facilitate and stimulate business development. We expect that at our factory (the "**Mainland Factory**") located in Pingshan, Shenzhen, the PRC could obtain Good Manufacturing Practice ("**GMP**") certification from the State Food and Drug Administration in the second half of 2017. The main products from the Mainland Factory are Chinese medicine crude slices. Upon its commissioning, the production capacity and variety of our Chinese medicinal products could be expanded.

(2) Western Pharmaceutical and Health Food Products

Turnover for the current year decreased slightly by approximately 8.26% to approximately HK$149.9 million compared to last year.

Amid the economic downturn of Hong Kong, with the Group's quality products, we managed to record a growth in the retail sales in Hong Kong, yet that in the mainland China recorded a weaker sales figure. Coping with the intense market competition in the mainland China, the Group implemented proactive marketing expansion strategies focusing on the mainland market. We strived to reinforce our brand recognition in the mainland and increase market share by offering discounts in prices as promotion for the Group's products, as a result we recorded a decrease in gross profit margin. The Group's famous "Pearl's" MosquitOut products are leading brand of the category in Hong Kong, and had exhibited steady growth in sales during the current year. Products under "MP-Professional" brand like Madame Pearl's Breath Easy patches had shown a steady growth. However, cough syrup products under our "Madame Pearl's" brand posted a decrease in turnover.

In addition to our marketing strategies to consolidate the mainland market, the Group will continue our relentless research effort and product development, with the aim to enrich our product variety to meet the market demand. In the meantime, the Group will strive to intensify our product penetration into the market through enhanced advertisement and promotion activities and exploration of sales channels, such as institutional sales to hospitals, to boost our sales revenue.

(3) Property Investment

On 25 November 2015, the Group entered into a provisional sale and purchase agreement for the sale of a property located in Sheung Shui, Hong Kong for a consideration of HK$88.0 million. The disposal was completed on 31 May 2016 and a gain on disposal of approximately HK$65.7 million was recorded in this regard. Details of the transaction were set out in the Company's announcement dated 26 November 2015.

During the current year, the Group owned twelve properties which are all retail premises. Some of these properties were leased out for commercial purpose whereas some were used as our retail shops. During the current year, the net fair value losses on investment properties of the Group amounted to HK$31.8 million. Despite the downward adjustment in valuation of the properties during the year, the Company is confident in the long-term prospect of commercial properties in Hong Kong and considers that our investment property portfolio can provide stability to and strengthen the Group's income base in the long run.

(4) Investment in Easy One

Easy One, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), is principally engaged in the businesses of property development in the PRC, provision of finance and securities brokerage services in Hong Kong.

During the current year, there has been no change in the Group's shareholding in Easy One. As at 31 March 2017, the Group held 132,418,625 shares, representing approximately 28.51% of the issued shares of Easy One.

The Group's share of loss of Easy One amounted to approximately HK$47.7 million for the current year (2016: share of profit amounted to approximately HK$77.9 million).

No impairment on the investment in Easy One was recognised by the Group during the current year (2016: Nil) as the recoverable amount was assessed to be close to the carrying value of the interest in Easy One.

During the current year, the Group granted a loan facility to Easy One of not exceeding HK$100.0 million for a term of 24 months at an interest rate of 6.5% per annum, details of which were set out in the Company's announcement dated 5 October 2016. As at the date of this announcement, HK$100.0 million had been drawn down by Easy One.

(5) Investment in CAP

CAP, a company listed on the Main Board of the Stock Exchange, is principally engaged in the management and sales of properties in agricultural produce exchange markets in the PRC.

Pursuant to the subscription agreement dated 4 October 2014 (as supplemented on 28 November 2014), the Group had subscribed an unlisted 5-year bond due November 2019 with coupon rate of 10.0% per annum issued by CAP with an outstanding principal amount of HK$720 million on 28 November 2014 (the "**First CAP Bond**").

In addition, pursuant to the sale and purchase agreement dated 5 July 2016 (as supplemented on 8 July 2016), the Group acquired bonds issued by CAP with an outstanding principal amount of HK$200 million (the "**Second CAP Bond**", together with the First CAP Bond, the "**CAP Bonds**") from Double Leads Investments Limited ("**Double Leads**"), a subsidiary of Wang On Group Limited ("**Wang On**"), a controlling shareholder and the ultimate holding company of the Company whose shares are listed on the Main Board of the Stock Exchange.

As at 31 March 2017, the Group held a principal amount of HK$920.0 million (2016: HK$720 million) of CAP Bonds and the fair value of the CAP Bonds held by the Group amounted to approximately HK$912.1 million (2016: approximately HK$671.5 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 loss on change in fair value of equity investments at fair value through profit or loss of approximately HK$47.5 million for the current year (2016: a net gain of approximately HK$3.1 million).

(7) Commissioning of the New Factory in Yuen Long

The Group had obtained the permission to construct the New Factory, a state-of-the-art factory in Yuen Long Industrial Estate to manufacture both Chinese traditional medicines and Western pharmaceutical, which certifies that our products are "100% made in Hong Kong" and attain international product quality standard. The construction of the New Factory was completed early this year in alignment with the Group's plan of commissioning the production and operation of the New Factory in early 2017. Upon the commissioning of the New Factory, both our overall production capacity and level of product quality control has been enhanced significantly. In the first half of 2017, the factory has been awarded PIC/S EU standard certification by Therapeutic Goods Administration of Australia, and it is expected to obtain the PIC/S certification from Pharmacy and Poisons Board of Hong Kong in the second half of 2017. The New Factory has six Chinese medicine production lines and three Western pharmaceutical production lines, which include additional separate workshops and a number of advanced equipment. Parts of the production process are fully automated. In the meantime, we will also begin our own production of Luxembourg Western pharmaceutical products in the New Factory, which is equipped with state-of-the-art laboratory in microbiology and laboratory equipment. With the addition of pure water system conforming to the specifications in the British Pharmacopoeia, the products will be in compliance with the Hospital Authority's tenders as well as the indicators of the prescription medicines by local doctors.

(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 the Mainland Factory comprising a factory building and two dormitory buildings 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. Completion of the acquisition had been extended from 16 October 2015 to 30 June 2017, details of which were set out in the Company's announcements dated 20 July 2015, 20 October 2015, 30 December 2015, 24 February 2016, 27 April 2016, 27 July 2016 and 30 December 2016, respectively.

FINANCIAL REVIEW

Fund Raising

On 29 September 2016, the Company completed a rights issue on the basis of 3 rights shares for every 1 existing share held by qualifying shareholders at an issue price of HK$0.43 per rights share and a total of 948,857,166 rights shares were issued (the "**Rights Issue**"). The net proceeds from the Rights Issue amounted to approximately HK$400.7 million, of which the Group intended to utilise (i) approximately HK$50.0 million for the payment of installation of facilities and equipment for the Group's factory in the PRC; (ii) approximately HK$200.0 million for the acquisition of the HK$200.0 million CAP Bond from Double Leads; (iii) approximately HK$50.0 million for the repayment of outstanding bank borrowings and interests of the Group; and (iv) the remaining balance of approximately HK$100.7 million for general working capital of the Group.

As at 31 March 2017, approximately HK$200.0 million were utilised for the acquisition of the HK$200.0 million CAP Bond. The balance of the net proceeds of the Rights Issue was being held as bank deposits and would be utilised as intended.

Liquidity and Gearing and Financial Resources

As at 31 March 2017, the Group had total assets of approximately HK$3,573.3 million (2016: approximately HK$3,237.5 million) which were financed by current liabilities of approximately HK$212.6 million (2016: approximately HK$320.8 million), non-current liabilities of approximately HK$702.9 million (2016: approximately HK$587.1 million) and shareholders' equity of approximately HK$2,657.7 million (2016: approximately HK$2,329.6 million).

As at 31 March 2017, the Group's bank balances and cash were approximately HK$323.7 million (2016: approximately HK$205.6 million). As at 31 March 2017, the Group's total bank borrowings amounted to approximately HK$759.3 million (2016: approximately HK$738.7 million), all of which bore interest at floating interest rates and were denominated in Hong Kong dollars. As at 31 March 2017, 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 2016:

	2017	2016
	HK$'000	*HK$'000*
Bank loans repayable:		
Within one year	**62,290**	130,040
In the second year	**34,790**	154,522
In the third to fifth years, inclusive	**139,370**	331,638
Beyond five years	**522,857**	122,486
	759,307	738,686

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 4.1 (2016: approximately 2.6). The gearing ratio, being the ratio of total borrowings net of bank balances and cash to equity attributable to owners of the parent, was approximately 16.4% (2016: approximately 23.0%). The Group always adopts a conservative approach in its financial management.

Significant Investments Held

As at 31 March 2017, the Group had available-for-sale investment of approximately HK$912.1 million and equity investments at fair value through profit or loss of approximately HK$150.3 million, details of which were set out as follows:

		As at 31 March 2017			For the year ended 31 March 2017				Fair value/carrying amount		
Nature of investments	**Number of shares held**	**Amount/ units held**	**Percentage of shareholding in such stock**	**Percentage to the Group's total assets**	**Addition/ (Disposal)**	**Change in fair value**	**Imputed interest income**	**Interests/ Dividends received**	**As at 31 March 2017**	**As at 31 March 2016**	**Investment cost**
	'000	*HK$'000*	*%*	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Available- for-sale investment (unlisted securities debenture):											
CAP — 10% 5-year Bonds ("**2019 Bonds**")	–	912,093	–	25.526%	200,000	37,204	3,368	81,979	912,093	671,521	920,000
Equity investments at fair value through profit or loss:											
A. Listed Investments											
Kingston Financial Group Limited ("Kingston")	12,336	31,210	0.09%	0.873%	–	(14,310)	–	247	31,210	45,520	9,413
Jun Yang Solar Power Investments Ltd ("Jun Yang")	1,333	172	0.05%	0.005%	–	(254)	–	–	172	426	9,705
Town Health International Investment Limited ("Town Health")	52,500	65,100	0.68%	1.821%	–	(11,550)	–	514	65,100	76,650	16,434
Sino Harbour Property Group Ltd ("Sino Harbour")	36,000	18,360	1.46%	0.514%	–	(9,900)	–	–	18,360	28,260	20,049
Wang On	423,000	29,610	2.19%	0.829%	–	(10,998)	–	2,538	29,610	40,608	16,819
B. Mutual Funds											
Emerging Market Bond Fund	33	540	–	0.015%	–	46	–	–	540	494	519
China Growth Fund	13	135	–	0.004%	–	25	–	–	135	110	130
Asian Equity Plus Fund	20	246	–	0.007%	–	14	–	–	246	232	212
ASEAN Frontiers Fund	21	234	–	0.007%	–	13	–	–	234	221	212
USD Money Fund	57	558	–	0.015%	–	19	–	–	558	539	541
Opus Mezzanine Fund 1 LP		4,138	–	0.116%	–	123	–	–	4,138	4,015	3,900
		150,303		4.206%	–	(46,772)	–	3,299	150,303	197,075	77,934

The principal activities of the other listed securities are as follows:

1. *Kingston Financial Group Limited ("**Kingston**")*

   Kingston is principally engaged in the provision of a wide range of financial services which include securities underwriting and placements, margin and initial public offering financing, securities brokerage, corporate finance advisory services, futures brokerage and asset management services. Kingston also provides gaming and hospitality services in Macau.

2. *Jun Yang Solar Power Investments Ltd ("**Jun Yang**")*

   Jun Yang is principally engaged in financial services business, solar energy business with a current focus on development, construction, operation and maintenance of power station projects, money lending business and asset investment business.

3. *Town Health International Medical Group Limited ("**Town Health**")*

   Town Health is principally engaged in (i) healthcare business investments; (ii) provision and management of medical, dental and other healthcare related services; and (iii) investments and trading in properties and securities.

4. *Sino Harbour Property Group Ltd ("**Sino Harbour**")*

   Sino Harbour is principally engaged in the property development business with a focus on residential properties in Jiangxi Province, the PRC.

5. *Wang On*

   Wang On is principally engaged in property development, property investment, management and sub-licensing of Chinese wet markets and provision of finance in Hong Kong and the PRC.

The Group also invested in certain other mutual funds including an emerging market bond fund, a China-focused growth fund, an Asian equity "plus" fund and an US dollar currency fund.

Financial Review and Prospect of Significant Investments Held

Available-for-sale investment

As at 31 March 2017, the Group held the CAP Bonds in the principal amount of HK$920.0 million (2016: HK$720.0 million). As at 31 March 2017, the fair value of the CAP Bonds amounted to approximately HK$912.1 million (2016: approximately HK$671.5 million). The CAP Bonds had provided a reasonable and stable cash income stream to the Group and the Group intended to hold it to maturity.

Equity investments at fair value through profit or loss

With a view to optimise its use of cash resources, the Group invested in various listed equity securities and mutual funds for trading purposes with prudence and in a cautious manner. As at 31 March 2017, the Group maintained an investment portfolio of listed equity securities in Hong Kong and mutual funds. The Group had recorded a net loss on change in fair value of equity investments through profit or loss of approximately HK$47.5 million for the year under review (2016: a net gain of approximately HK$3.1 million). 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.

Foreign Exchange

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

Capital Commitment

As at 31 March 2017, the Group had capital commitment of approximately HK$11.0 million (2016: approximately HK$57.9 million) in respect of the acquisition of property, plant and equipment, which were contracted for but not provided for in the consolidated financial statements.

Pledge of Assets

As at 31 March 2017, 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$634.6 million (2016: approximately HK$619.5 million).

Contingent Liabilities

As at 31 March 2017, the Group had no material contingent liabilities (2016: Nil).

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 2017, the Group had 947 (2016: 778) employees, among them approximately 57.2% (2016: approximately 75.0%) were located in Hong Kong and the rest were located in the 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 could also 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 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. Furthermore, the Group has formulated corresponding schemes about investor relationship with its shareholders and investors.

PRINCIPLE RISKS AND UNCERTAINTIES

The Group has examined the principal risks facing the Group through our risk management and internal control system and we consider 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 decrease in 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 globalised 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 principle risks, the Group has been closely monitoring the changes in the policies in Hong Kong and mainland China, and would 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 would actively propose solutions to lower their impacts on the business of the Company.

PROSPECTS

Despite the lackluster Hong Kong retail sector with a gloomy outlook due to the combined effect of PRC tourists' mounting sentiment against Korea recently and tensions in the Korean Peninsula and the Europe clouded with repeated terror attacks, it is expected that some of the tourists will choose Hong Kong as their travel destination, which directly benefiting Hong Kong retail industry. According to the statistics published by the Census and Statistics Department, retail sales in Hong Kong in March increased from the same period last year, demonstrating gradual improvements in the retail market. Meanwhile, government policies of mainland China and Hong Kong have emphasised public health. These new policies bring about new regulations and management systems standardising Chinese medicine provide a driving force for the Chinese medicine industry to prosper, enable us to move towards modernisation as well as promote Chinese medicine to the world. Led by the PRC's "Belt and Road" initiative, the progressive growth of Chinese medicine market in the mainland China will provide abundant opportunities for the Group.

The Group will continue to adhere to its strict product quality control and maintain sincere customer services at its highest quality to deal with the challenges ahead. A more important factor of our success lies in the flexibility of our management in developing and introducing new products and services to keep up with the changes in the market and customer consumption pattern, and to enhance our product diversity and further expand our customer base. In terms of marketing, the management would continue exploring new sales channels and promotion approaches, which may include comprehensive use of social media for brand recognition enhancement as well as better interaction with our customers.

In the beginning of the year 2017, the New Factory has been put into operation resulting in significantly enhanced production capacity and product research capability. The Group can develop high value-added new products, such as Angong Niuhuang Wan and Angong Jiangya Wan, and also health supplements on lowering the so-called "three highs" in response to the market demand with an aim to treat various urban diseases. We have also deepened our expansion into the mainland market through online selling platform, self-operated stores and Chinese medicine clinic.

The Group will continue to explore suitable merger and acquisition opportunities to diversify its current business portfolio, which not only would promote long term capital appreciation but also increase the Group's source of revenue. In addition, the Group will continue to optimise and adjust its retail stores network in Hong Kong and mainland China to further enhance the operational cost-effectiveness.

As “a century-old well-established brand and a Hong Kong brand”, “Wai Yuen Tong” will continue to develop its core business and take up the challenges with flexibility, innovative ideas and operational mechanisms, in order to provide our customers in both the mainland and Hong Kong, and even from all around the world, with quality products and services.

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, using recycled paper, 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.

CORPORATE SOCIAL RESPONSIBILITY

While the Group endeavour to promote business development and strive for greater rewards for our stakeholders, we acknowledge our corporate social responsibility to share some burden in building the society where our business has been established and thrived. The Group is conscious of its role as a socially responsible group of companies. The Group has made donations for community wellbeing from time to time, supports the communities and encourages its employees to participate in any charitable events and caring services. The Group also 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.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) throughout the financial year ended 31 March 2017.

Further details of the Company’s corporate governance practices are set out in the corporate governance report to be contained in the Company’s 2017 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 2016, 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 financial statements for the year ended 31 March 2017.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2017 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2017 annual general meeting of the shareholders of the Company will be held at The Palace Rooms, Basement 1, The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 29 August 2017 at 11:30 a.m. and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Thursday, 24 August 2017 to Tuesday, 29 August 2017 for determining eligibility to attend and vote at the 2017 annual general meeting. In order to be eligible to attend and vote at the 2017 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, 23 August 2017.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the websites of HKExnews (**www.hkexnews.hk**) and the Company (**www.wyth.net**). The 2017 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, 21 June 2017

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

* *For identification purpose only*