2015 Annual Report

Preparing medicine with dedication
Growing strong with reputation

位元堂

Wai Yuen Tong Medicine Holdings Limited

(Stock Code: 897) Incorporated in Bermuda with limited liability


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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Ching Ho, *JP, Chairman*
Mr. Chan Chun Hong, Thomas, *Managing Director*
Ms. Tang Mui Fun

Independent Non-executive Directors

Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, Simon
Mr. Cho Wing Mou
Mr. Li Ka Fai, David

AUDIT COMMITTEE

Mr. Li Ka Fai, David, *Chairman*
Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, Simon
Mr. Cho Wing Mou

REMUNERATION COMMITTEE

Mr. Siu Man Ho, Simon, *Chairman*
Mr. Leung Wai Ho, *MH*
Mr. Cho Wing Mou
Mr. Tang Ching Ho, *JP*
Mr. Chan Chun Hong, Thomas

NOMINATION COMMITTEE

Mr. Cho Wing Mou, *Chairman*
Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, Simon
Mr. Tang Ching Ho, *JP*
Mr. Chan Chun Hong, Thomas

EXECUTIVE COMMITTEE

Mr. Tang Ching Ho, *JP*, *Chairman*
Mr. Chan Chun Hong, Thomas
Ms. Tang Mui Fun

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

LEGAL ADVISERS

DLA Piper Hong Kong
Gallant Y. T. Ho & Co.

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai
Banking Corporation Limited
United Overseas Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

BOARD LOT

20,000 shares

INVESTOR RELATIONS

Email: contact@waiyuentong.com

HOMEPAGE

http://www.wyth.net

STOCK CODE

897

AWARDS

Wai Yuen Tong stays committed to the highest standards for its herbs and products. At the same time as we focus on quality and brand reputation, we are constantly innovating to create a more diverse range of medicinal products. In promoting the millennia-old TCM and its products all over the world, we remain faithful to our founders original and receive various recognitions from the industry.

AWARDS (2014-2015)

Wai Yuen Tong

5 Years Plus Caring Company Logo 2014/15
– The Hong Kong Council of Social Service

Junior Frontline Level in the Service & Courtesy Award 2014
- Hong Kong Chinese Medicine Association

Top 10 eCommerce Website Awards
- GS1 and Hong Kong Retail Asia Expo

Business Excellence Award 2014
- The Professional Validation Centre of
Hong Kong Business Sector

Best Brand Award 2014 - Next Magazine

2014 Parents' Favourite Chinese Medicine Baby Products
- Baby Kingdom

AWARDS (2014-2015)

LUXEMBOURG

5 Years Plus Caring Company Logo 2014/15
– The Hong Kong Council of Social Service

2014 Health and Beauty Awards (Best brand of mosquito repellent)
– Mannings

Watsons Health Wellness and Beauty Awards (Bronze) Award 2014
– Watsons

Best New Comer Of The Year – Hong Kong Disney

CHAIRMAN'S STATEMENT

Remaining faithful to the philosophy of "Preparing medicine with dedication, growing strong with reputation". Wai Yuen Tong adheres to its traditional virtues.

CHAIRMAN'S STATEMENT

Dear Shareholders,

It has been 118 years since "Wai Yuen Tong", a hundred years venerable household brand was founded. 15 years ago, my colleagues and I were completely an outsider in the field of Chinese medicine. However, recognising the long history of the brand and the fact that its main products have been deeply rooted in the minds of consumers, we were optimistic about the prospects of its pharmaceutical and health care products in Hong Kong and Mainland China markets. We, therefore, acquired this century-old brand via Wang On Group in 2000 and consolidated it under Wai Yuen Tong Medicine Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") in 2002.

Associated with the diversified development of the Group, Luxembourg Medicine Company Limited ("**Luxembourg Medicine**"), together with its long-established German brand "Madame Pearl's", was incorporated into the Group in 2003. Since then, the Group began to develop Western pharmaceutical business. Following the acquisition of Luxembourg Medicine, the Group now provides pharmaceutical products under both brands of "Wai Yuen Tong" and "Madame Pearl's" to create synergistic value for the Group.

Prior to the acquisition, "Wai Yuen Tong" was operating a relatively simple pharmaceutical factory and its products are limited to a few well-known Chinese patent medicines such as "Young Yum Pill", etc. Today, most Chinese pharmaceutical products under the brand of "Wai Yuen Tong" are produced in our own modernised Chinese medicine factory, which is the largest of its kind in Hong Kong. Our product range has expanded from the original Chinese pharmaceutical products to a collection of over a hundred types of health food, child-care and personal care products. Also, "Young Yum Pill" was recognised as a cultural Heritage of Lingnan Traditional Chinese Medicine of Guangdong Province in 2009.

CHAIRMAN'S STATEMENT

Our first major move was to invest tens of millions Hong Kong dollars in the construction of modernised Chinese medicine production facilities, and acquired the certification of GMP (Good Manufacturing Practice) to ensure our Chinese patent medicines are produced with modernised technology and scientific management after we took over the management of "Wai Yuen Tong". In the past, the production of Chinese patent medicines relied mostly on generations of experience, while lacking sufficient scientific study and precise ingredient analysis. In order to accurately get hold of the efficacy of our products, we collaborate with the University of Hong Kong to obtain reliable scientific research data through clinical trials and product testing. We have also developed a number of Chinese patent medicines for the treatment of, among others, asthma for children and menopausal symptoms for women in collaboration with the School of Chinese Medicine of a number of well-known local universities.

As part of its distribution network expansion, "Wai Yuen Tong" opened its first retail shop in Causeway Bay in 2002 and adopted the franchising approach to increase the number of its retail shops with the aim to broaden service coverage and accelerate market penetration. During the year under review, "Wai Yuen Tong" has over 60 stores in Hong Kong and its retail network has already expanded to a number of provinces and cities in the People's Republic of China (the "**PRC**").

Residents in the PRC are more concerned with health care due to the increasing living standard and income level. Mainland China consumers are familiar with the usage and efficacy of Chinese medicines and health care products, and their demand for Chinese medicine consultation service is also growing. In light of this, we have been actively developing the Mainland China market in recent years. Since Mainland China consumers are confident in Hong Kong brands in general, therefore our Chinese medicine centres in the PRC are well recognised and the scale of business is expanding rapidly. Currently, "Wai Yuen Tong" has over 80 retail outlets in the PRC. We also opened our first Chinese medicine clinic in the PRC in 2012. In addition to services provided by well-known Chinese medicine practitioners and professional therapists, the clinic is equipped with a variety of advanced medical facilities. At the moment, "Wai Yuen Tong" has three Chinese medicine clinics in Guangdong Province and is planning to expand its network within the province, looking to explore its scope of business actively in the field of Chinese medicine treatment and raise the professional status of "Wai Yuen Tong".

"Madame Pearl's", another brand of the Group, has long been a household name with its products for the relief of upper respiratory infection symptoms in Hong Kong and the PRC. In recent years, we build on the brand value of "Madame Pearl's" to derive a new brand named "Pearl's" which focuses on daily personal care products and health food. To cater the needs of the young consumers, our product packaging, promotion and distribution channel have been evolving to keep abreast of the modern trend. In addition to expansion to e-commerce, different online platforms have also been applied for promotion purpose.

CHAIRMAN'S STATEMENT

Apart from its solid business foundation in Hong Kong, "Madame Pearl's" is also well-prepared for penetrating into the PRC market by setting up offices in Mainland China to reinforce its business development. Moreover, we co-operate with various retail platforms in a bid to enlarge the market coverage of our products, while a special sales team is keeping close contact with pharmacies to enhance the promotion effectiveness and publicity of our products. Over-the-counter (OTC) medicines and prescription-only medicines are sold online via chain pharmacies, which will boost the sales and circulation of products under the brand name of "Madame Pearl's" and are in line with the shopping habit of young consumers.

The pressure arising from the soaring rent is currently the largest challenge faced by retailers in Hong Kong. We have been investing in retail shops for years, and those located at prime sites are reserved for "Wai Yuen Tong" retail store, allowing us to effectively control rental costs as well as providing opportunities for capital appreciation. During the year under review, we acquired a property in To Kwa Wan, Kowloon, half of which is currently used as "Wai Yuen Tong" retail store, while the remaining portion is leased to an independent third party.

The economic slowdown in Mainland China and the central government's strengthened efforts in combating corruption directly affected consumers' intention to spend and the sales of expensive medicines in the past year. The sales of our retail stores in Hong Kong were also adversely affected by the mass movement that occupied various busy shopping districts for more than two months. On the other hand, the radical acts of some Hong Kong citizens against visitors from Mainland China further dampened the desire of tourists from Mainland China to visit Hong Kong, leading to a drop in consumption of visitors from Mainland China.

Despite the utmost efforts of the staff members of our retail department in reviving our business and the mild single-digit growth in same store sale during the year under review due to the continuous introduction of new products, our Chinese pharmaceutical and health food business was inevitably affected during the year under review.

The supply of our Western pharmaceutical and health food business are unstable because we remain dependent on outsourced processing manufacturers who produce "Madame Pearl's" cough syrup with raw materials and prescription provided by us. In addition, the Chinese government earlier implemented stringent control on cough syrups containing codeine in their composition, and the sales of such products suffered as a result. However, some of our signature products, such as "Pearl's Mosquitout", remain well sold and take up a major market share. During the year under review, we co-operated with Hong Kong Disney in launching a variety of anti-mosquito patches and anti-mosquito straps, which were well received by the market and we also obtained the "Best New Comer of The Year" award from Hong Kong Disney.

The Group views corporate social responsibilities as an integral part of its sustainable development while promoting its brands and leveraging its brand advantages. "Wai Yuen Tong" and "Madame Pearl's" have been actively participating in charitable activities. In particular, "Wai Yuen Tong" has collaborated with the S.K.H. St. Christopher's Home for several years in helping children under its care. The two brands were awarded the "5 Years Plus Caring Company Logo" by The Hong Kong Council of Social Service for five years in a row.

CHAIRMAN'S STATEMENT

FUTURE PROSPECT

Although our business faced a lot of challenges in 2014, I believe that the prospect of the pharmaceutical and health products industry is still promising. The phenomenon of population ageing in Hong Kong is obvious, while heightened awareness of health and regimen of consumers in Mainland China has maintained a steady growth in medical expenditure. According to figures from the National Food and Drug Supervision Administration, the growth in total domestic output of the pharmaceutical industry maintained at 15% to 17% in 2014, and is expected to grow steadily within this range in the future.

However, the continual escalation in labour cost, raw material price and rent in Hong Kong and Mainland China is definitely posing challenges to our business.

To enable the Group to respond effectively to market changes and maintain a competitive edge in the industry, we acquired a land use right at a site in Yuen Long Industrial Estate to build a new pharmaceutical production base, topping-up of which was completed at the end of 2014. Trial production is expected to commence in 2016, and the plant will formally commence production in 2017. After the new plant in Yuen Long commences production, we will transfer the production lines of Chinese medicines to the new plant and begin self-production of the "Madame Pearl's" series of Western pharmaceutical products.

The new plant will be equipped with advanced production equipment and a modern research and development centre, which will significantly enhance the capabilities of the Group in production as well as in research and development. The new plant will also have a sound quality management system that can effectively monitor the entire production process to ensure product quality. The planning of the new plant fully complies with the PIC/S EU standards, the most technically demanding international pharmaceutical requirements to date, which is favourable to the further expansion of our products into overseas markets and enables the business of "Wai Yuen Tong" to have a greater presence in the international market.

With a prime location at Percival Street, Causeway Bay, the first concept store of "Wai Yuen Tong" made its grand opening in April. To provide a brand new experience to customers, the Group invited an Italian designer to design the concept store. With a view to striving to create business in the emerging field of Chinese healthcare and regimen, diversified one-stop services are provided, including Chinese medicine consultation and customised services in VIP areas.

I truly believe that there is no success without sweat. We have a Chinese saying of "keeping is harder than winning". As a venerable brand established for over a century, "Wai Yuen Tong" has experienced historical changes and undergone the ups and downs of the economy. When we took up the "Wai Yuen Tong" brand from its founder, the Lai's family, we felt a hefty sense of responsibility and mission. I am well aware that what we acquired was not just a business, but the brainchild of a few generations of the founding family.

CHAIRMAN'S STATEMENT

We have operated and managed the business of the Group for over a decade, in which we have introduced numerous reforms to the brands by adding a lot of innovative insight in terms of product development and brand promotion. But the one thing that we persist in upholding is the principle of "preparing medicine with dedication and growing strong with reputation" in operating our business. The Group will, as in the past, adhere to the belief that products manufactured in Hong Kong have their unique value, and ensure the quality of its products, so as to consolidate consumer confidence in the products of the Group and enhance our brand value.

As the Chairman of the Group, I am deeply grateful to our colleagues for their concerted efforts in overcoming difficulties over the years, enabling the "Wai Yuen Tong" and "Madame Pearl's" brands to grow from strength to strength. I would like to extend my heartfelt appreciation to our staff at all levels for their dedication in rising to the challenges under the demanding business environment in the past year. I would also like to express my sincere gratitude to all business partners and shareholders for their continuous support to the Group.

Tang Ching Ho
Chairman

Hong Kong, 25 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Wai Yuen Tong Medicine Holdings Limited has become a modern integrated healthcare group today. The diversified business of the two principal subsidiaries "Wai Yuen Tong" & "Luxembourg" create synergistic value for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

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

DIVIDENDS

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

BUSINESS REVIEW

For the year ended 31 March 2015, the Group's results were beyond expectation and recorded a turnover of approximately HK$831.1 million (2014: approximately HK$865.3 million), representing a decrease of approximately 4.0% over last year. Besides, the Group recorded a decrease in profit attributable to owners of the parent for the year ended 31 March 2015, reaching approximately HK$121.0 million (2014: approximately HK$163.4 million). Such decrease in results was mainly attributable to, among other things, the decrease in gross profit resulting from the decrease in the Group's turnover and the loss on deemed partial disposal of equity interests in an associate, despite the gain from change in fair value of equity investments at fair value through profit or loss.

(1) Chinese Pharmaceutical and Health Food Products

Turnover for the year under review decreased by approximately 3.4% from HK$701.6 million for last year to approximately HK$677.4 million. It had been a challenging period, especially during the second half of 2014, when a series of political and social campaigns took place, such as the occupy central movement, anti-mainlander activities, and protest against cross-border traders of parallel goods, all of which had significantly slowed down local economic growth, particularly in the retail business segment. Against this backdrop, our retail stores still recorded growth of 4.0%, driven by product lines such as premium herbs and dried seafood. Continuous product range expansion and promotions proved to have certain impact on customers' preference. Wai Yuen Tong becomes one of the leading retailers selling these products.

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

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Western Pharmaceutical and Health Food Products

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

(3) Property Investment

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

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

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

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

PNG is a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which is principally engaged in the businesses of property development in the PRC and retailing of the fresh pork meat and related produce in Hong Kong.

On 12 September 2014, a vendor, PNG and a placing agent entered into a top-up placing and subscription agreement pursuant to which (i) the vendor has agreed to place, through the placing agent, a maximum of 150 million PNG top-up placing shares to not less than six independent investors at a top-up placing price of

HK$0.325 per PNG top-up placing share; and (ii) the vendor has agreed to subscribe for a maximum of 150 million PNG top-up subscription shares at a top-up subscription price of HK$0.325 per PNG top-up subscription share. Also on 12 September 2014, PNG entered into a new issue placing agreement with a placing agent. Pursuant to the new issue placing agreement, PNG has agreed to allot and issue, and the placing agent has agreed to place 34 million new issue placing shares to not less than six independent investors at a new issue placing price of HK$0.325 per new issue placing share. The top-up placing, the top-up subscription and the new issue placing were completed on 22 September 2014, 26 September 2014 and 29 September 2014, respectively. Accordingly, the Group's shareholding interest in PNG has been diluted from 28.86% to 24.07% and incurred a deemed disposal loss of approximately HK$32.9 million. Details of the transactions were set out in PNG's announcements dated 12 September 2014 and 29 September 2014.

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

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

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

The Group's share of profit of PNG amounted to approximately HK$41.0 million including gain on bargain purchase of HK$4.0 million for the year ended 31 March 2015 (2014: approximately HK$22.8 million). The improvement in results of PNG was mainly due to the increase in profit realised from PNG's sales of property in the PRC and the increase in fair value of the financial assets, despite the negative impact of loss on deemed disposal of an associate of PNG during the year under review.

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

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

The Group has maintained a portfolio of listed equity securities in Hong Kong which are held for trading purpose. The Group has recorded net gain on change in fair value of equity investments at fair value through profit or loss of approximately HK$79.8 million for the year under review (2014: approximately HK$46.4 million).

(6) Loan facilities granted to PNG

In October 2014, PNG fully repaid all of its outstanding loan principals indebted to the Group in an aggregate sum of HK$200.0 million, together with accrued interest prior to their respective maturity dates.

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

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

(8) Investments in CAP

(a) Subscription of CAP's Bonds

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

(b) Underwriting Rights Shares of CAP

As disclosed in the Company's announcement and circular dated 8 January 2015 and 13 March 2015, respectively, the Group participated in underwriting 660 million rights shares at HK$0.3 per CAP's rights share under the rights issue proposed by CAP in the proportion of eight adjusted rights shares for every one adjusted CAP share held on the record date (the "**CAP Rights Issue**"), in consideration of receiving commission of 2.5% of the aggregate subscription price for the underwritten rights shares, pursuant to the underwriting agreement entered into on 23 December 2014 among CAP, Jade Range Limited, the Company and Kingston Securities Limited. As a result of the over-subscription of the CAP Rights Issue, completion of which took place on 14 May 2015, the Group was not required to take up any underwritten shares, details of which were disclosed in the announcement of CAP dated 13 May 2015. Thus, as at the date of this annual report, the Group did not hold any equity interest in CAP.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Fund Raising

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

The top-up placing and the top-up subscription were completed on 25 August 2014 and 28 August 2014, respectively. The net proceeds of approximately HK$105.7 million were raised and fully utilised as to approximately HK$90.0 million for the construction of the new factory at Yuen Long Industrial Estate for pharmaceutical manufacturing and the remaining balance of approximately HK$15.7 million as general working capital for the settlement to suppliers of the Group.

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

(c) The Company offered 2,108,571,484 shares (the "**Rights Shares**") of HK$0.01 each in the share capital of the Company for subscription by the qualifying shareholders of the Company by way of the rights issue on the basis of one (1) rights share for every two (2) existing shares held on the record date at the subscription price of HK$0.108 per rights share subject to fulfilment of the conditions precedent set out in the underwriting agreement dated 25 March 2015 entered into between Kingston Securities Limited and the Company (the "**Rights Issue**"). Net proceeds of approximately HK$220.6 million were raised and are intended to be utilised as to approximately HK$70.0 million for the payment of construction costs of the Group's new factory at Yuen Long Industrial Estate for pharmaceutical manufacturing business, approximately HK$60.0 million for potential property acquisition opportunities, approximately HK$50.0 million for the repayment of bank borrowings and interests of the Group and the remaining balance of approximately HK$40.6 million for general working capital of the Group. As at the date of this annual report, approximately HK$30.2 million were utilised for the payment of construction costs for the Group's new factory, approximately HK$10.4 million were utilised for repayment of bank borrowings and interests and approximately HK$0.8 million were utilised as the Group's general working capital for the settlement to suppliers, and the remaining net proceeds will be utilised as intended.

Liquidity and Gearing

As at 31 March 2015, the Group's total borrowings amounted to approximately HK$550.1 million (2014: approximately HK$391.2 million). The gearing ratio, being the ratio of total borrowings to equity attributable to owners of the parent, was approximately 27.0% (2014: approximately 21.3%).

Foreign Exchange

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

Capital Commitment

As at 31 March 2015, the Group had capital commitment of approximately HK$249.5 million (2014: approximately HK$26.0 million) in respect of the acquisition of property, plant and equipment, which were contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 31 March 2015, the Group had no material contingent liabilities (2014: Nil).

EMPLOYEES

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

PROSPECTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Cultivating personal growth is one of our top priorities, only when we have high quality employees, we can deliver the best products and professional services to our customers.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Ching Ho, *JP*, aged 53, was appointed as the Chairman of the Company in August 2001. He is also an authorised representative and a member of the remuneration committee, the nomination committee and the executive committee of the Company. He is responsible for the strategic planning, policy making and business development of the Group. He has extensive experience in corporate management. He is also the chairman of Wang On, a company listed on the Stock Exchange. Mr. Tang is the committee member of the 12th National Committee of the Chinese People's Political Consultative Conference ("**CPPCC**") and is also appointed as a standing committee member and convener of the tenth CPPCC Guangxi Zhuang Autonomous Region Committee and the president of Federation of Hong Kong Guangxi Community Organisations Limited and a standing committee member of the third CPPCC Guangxi Yulin City Committee. He is the brother of Ms. Tang Mui Fun, an executive Director.

Mr. Chan Chun Hong, Thomas, aged 51, was appointed as the Managing Director of the Company in August 2001. He is also an authorised representative and a member of the remuneration committee, the nomination committee and the executive committee of the Company. He is responsible for managing the corporate matters and overall management and supervision of the Group. He is also the managing director of Wang On, the chairman and managing director of PNG, the chairman and chief executive officer of CAP, all companies are listed on the main board of the Stock Exchange. Mr. Chan resigned as an independent non-executive director of Shanghai Prime Machinery Company Limited with effect from 27 June 2014. He graduated from the Hong Kong Polytechnic University (then known as the Hong Kong Polytechnic) with a degree in Accountancy and is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Tang Mui Fun, aged 44, joined the Group in 2000 and was appointed as the Executive Director in September 2007. Ms. Tang is a member of the executive committee of the Company and acts as directors of certain subsidiaries of the Group. She is responsible for the overall strategic planning and development and policy making for the core business of the Group. She graduated from the University of Hull (England) with a bachelor degree in accountancy. Prior to joining the Group, she had four years of experience in the accounting and auditing fields and five years of experience in general management. She is a sister of Mr. Tang Ching Ho, the Chairman of the Company.

Independent Non-Executive Directors

Mr. Leung Wai Ho, *MH*, aged 65, was re-designated as an Independent Non-executive Director in April 2006 from a non-executive Director and he joined the Group in 1994. Mr. Leung is a member of the audit committee, the remuneration committee and the nomination committee of the Company. He has more than 49 years and 19 years of experiences in the watch industry and financial industry respectively. He is a National Committee Member of the CPPCC, a Standing Committee Member of The Chinese General Chamber of Commerce, a Committee Member of The Chinese Manufacturers' Association of Hong Kong, the chairman of the Watches and Clocks Advisory Committee of the Hong Kong Trade Development Council, the Honorary President of the Hong Kong Chamber of Commerce in China – Guangdong and the Chartered President of the Dongguan City Association of Enterprises with Foreign Investment.

Mr. Siu Man Ho, Simon, aged 41, joined the Company as an Independent Non-executive Director in August 2001. He is a member of the audit committee and the nomination committee of the Company and the chairman of the remuneration committee of the Company. Mr. Siu is a practising solicitor of the High Court of Hong Kong. He obtained a bachelor of Laws degree from the University of Hong Kong in 1996 and is a partner of a law firm, namely Sit, Fung, Kwong & Shum, and a China-Appointed Attesting Officer. His areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu is also an independent non-executive director of Brilliant Circle Holdings International Limited, a company listed on the main board of the Stock Exchange. Mr. Siu has also been appointed as the independent non-executive director of Jiashili Group Limited with effect from 12 June 2015.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Cho Wing Mou, aged 74, joined the Company as an Independent Non-executive Director in September 2001. He is a member of the audit committee and the remuneration committee of the Company and the chairman of the nomination committee of the Company. Mr. Cho has over 42 years of experience in banking industry and was formerly as a director and deputy general manager of Hua Chiao Commercial Bank Limited and The China State Bank Limited. He is a committee member of the 8th Political Consultative Conference Guangxi, a committee member of the 1st to 3rd Political Consultative Conference of Yulin City, Guangxi Province and a committee member of Political Consultative Conference of Maoming City, Guangdong Province and also the Chairman of Supervisor Gee Tuck General Association Hong Kong Limited and the vice president of Gee Tuck World Association Limited.

Mr. Li Ka Fai, David, aged 60, joined the Company as an Independent Non-executive Director on 17 March 2015. He is the chairman of the audit committee of the Company. Mr. Li is currently the deputy managing partner of Li, Tang, Chen & Co. CPA (Practising). He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, U.K., The Institute of Chartered Secretaries and Administrators, U.K., as well as The Institute of Chartered Accountants in England and Wales. Mr. Li is an independent non-executive director and the chairman of the audit committee of each of China-Hongkong Photo Products Holdings Limited and Shanghai Industrial Urban Development Group Limited. Mr. Li is also an independent non-executive director, the chairman of the audit committee, member of the nomination committee and member of the remuneration committee of Cosmopolitan International Holdings Limited and Goldlion Holdings Limited, an independent non-executive director, member of the audit committee, member of the nomination committee and the chairman of the remuneration committee of China Merchants Holdings (International) Company Limited, and an independent non-executive director, member of the audit committee and member of the remuneration committee of AVIC International Holding (HK) Limited, all of such companies are being listed in Hong Kong.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chiu Kwok Ho, Benedict joined the Group in April 2005 and is currently the Director of Luxembourg Medicine Group ("**Luxembourg Group**"), a principal subsidiary of the Group. He is responsible for the Luxembourg Group's overall Western pharmaceutical business in both Hong Kong and the PRC. Mr. Chiu graduated from Bradford University with a bachelor's degree in pharmacy and is a registered pharmacist in Hong Kong and the United Kingdom. He has 29 years of experience in the pharmaceutical industry.

Mr. Lung Chi Ho, Markus is currently the Director (Technical) of both Wai Yuen Tong Medicine Company Limited ("**WYT Medicine**") and the Luxembourg Group, principal subsidiaries of the Group. He is responsible for technical operations of the Group including Quality Control, Quality Assurance, Production, Research and Development, Engineering, Warehouse and Logistic issues. Prior to joining the Group in August 2014, he has more than 18 years of experience in key management in local GMP pharmaceutical industries of Western medicine and Chinese medicine. He graduated from The Chinese University of Hong Kong with a bachelor degree in Pharmacy and also obtained a bachelor degree in Pharmacy in Chinese Medicines at the University of Hong Kong. He is a registered Pharmacist in Hong Kong. He is now being in-charge of supervising and management of construction of new pharmaceutical manufacturing plants of WYT Medicine & Luxembourg Group with PIC/S GMP standard.

Mr. Chong Siu Hong, Andrew joined the Group in November 2014 and is currently the Director (Traditional Chinese Medicine) of WYT Medicine. He is responsible for overall Chinese medicine business in both Hong Kong and the PRC of WYT Medicine. Mr. Chong graduated from University of Manitoba with a bachelor degree in commerce. Prior to joining the Group, he has more than 20 years of experience in key management in local and international renowned organisations.

Mr. Chan Kwok Ming, Kenny joined the Group in August 2014 and is currently holding the position as the General Manager of WYT Medicine and is responsible for the overall sales and marketing, channel sales and retail operation functions both in Hong Kong & Macau. Mr. Chan graduated from the Hong Kong Polytechnic University and further obtained the Master Degree in Business Administration from the University of Santa Barbara. Mr. Chan has broad experiences in retail management, business development and strategic planning in various industries and FMCG businesses for over 25 years. Prior to joining WYT Medicine, Mr. Chan has extensive marketing and retail initiatives in the Greater China region with illustrious achievements.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yuen Chung Ho, David joined the Group in March 2013 and is currently the Associate Director of the Luxembourg Group. He is responsible for the overall operation of Luxembourg Group in Hong Kong and business development. Mr. Yuen graduated from Manchester University with a bachelor's degree in pharmacy and is a registered pharmacist in Hong Kong. He has more than 12 years of working experience in several multi-international listed companies of pharmaceutical products and FMCG. Prior to joining the Luxembourg Group, Mr. Yuen has more than 20 years of experience in key management role including buying, sales and marketing, local and international business management.

Ms. Law Yin Man is currently the General Manager of WYT Medicine – the PRC. Ms. Law joined the Group in 2001 as the General Manager of Luxembourg Group. She was responsible for business development of Madame Pearl's products in the PRC and successfully established different sales channels. In 2006, Ms. Law was transferred to manage the overall operation of WYT Medicine – the PRC. As Ms. Law has extensive experience in sales and marketing in the PRC, the operation under her supervision has achieved rapid growth. She has managed sales points of our Group in the PRC of over 100.

CORPORATE GOVERNANCE REPORT

We continue to combine heritage with modern management methodologies in order to pursue diversification and internationalisation of its operations.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board recognises that good corporate governance practices serve as an effective risk management for the growth of the Company and will enhance the benefit of its shareholders. The Company is committed to maintaining a high standard of corporate governance with a strong emphasis on transparency, accountability, integrity and independence.

The Company continued to adopt the principles and comply with the code provision of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Board has reviewed periodically the compliance of the CG Code and is in the view that throughout the year ended 31 March 2015, the Company has complied with the applicable code provisions of the CG Code, save and except for the code provision A.2.7 of the CG Code as detailed in the section headed under "The Board – Roles and Responsibilities of the Board and the Senior Management".

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the "**Model Code**") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries by the Company, all of the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the year under review.

In accordance with code provision A.6.4 of the CG Code, the Company also adopted a code of conduct regarding securities transactions on no less exacting terms than the Model Code by the relevant employees of the Company or any of its subsidiaries who are considered likely to be in possession of unpublished inside information in relation to the Company or its securities. To the best knowledge and belief of the Directors, all relevant employees have complied with the required standard of such code.

CORPORATE GOVERNANCE REPORT

BUSINESS MODEL AND STRATEGY

The Group is principally engaged in the manufacturing, processing and retailing of traditional Chinese medicine, the processing and retailing of Western pharmaceutical, health food and personal care products and property investment. The Group continues its proactive expansion strategy for generating and preserving shareholder value over the longer term.

With respect to the core Chinese and Western pharmaceutical and health food products business, the Group will further leverage its edge in vertical integration. In order to achieve this objective, the Group is constructing a modernised factory in Yuen Long Industrial Estate to ensure its (western drug and traditional Chinese medicine) production capacity and is enhancing the effort on new products research, development and registration, especially focus on those Chinese and Western medicinal products which possess their own uniqueness and curative effect. The Group also extends its retail and medical service network aggressively to gain market share. Furthermore, the Group seeks to expand the Chinese herbal plantation base in Mainland China to assure quality source of raw materials.

With respect to the property investment business, the Group continues to look for and acquire sizeable and potential retail premises, both for long term capital appreciation purpose and for mitigating the effect of rising rental costs.

On the other hand, the Group will closely monitor the market for merger and acquisition opportunities if it can bring synergy to our existing business, as well as diversification of its investment portfolio for strengthening and broadening its income base. The Group also takes active and prompt measures from time to time, reviewing and adjusting its business strategy and adopting various controls over costs, if necessary, so as to maintain the Group's profitability. Besides, the Group strives to maintain a healthy financing structure and devotes effort to securing banking facilities which is regarded as an important element for supporting continuous business development of the Group.

THE BOARD

Composition

The Board currently comprises three executive Directors and four independent non-executive Directors (the "**INEDs**"). The Directors during the year and up to the date of this annual report were:

Executive Directors

Mr. Tang Ching Ho, *JP (Chairman)*
Mr. Chan Chun Hong, Thomas *(Managing Director)*
Ms. Tang Mui Fun

Independent non-executive Directors

Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, Simon
Mr. Cho Wing Mou
Mr. Li Ka Fai, David (appointed on 17 March 2015)
Mr. Yuen Chi Choi (passed away on 1 December 2014)

Ms. Tang Mui Fun is a sister of Mr. Tang Ching Ho and the biographical details of the Directors are set out on pages 022 to 024 of this annual report.

CORPORATE GOVERNANCE REPORT

During the period from 1 December 2014 to 16 March 2015, none of any INED nor any member of the audit committee of the Company had the appropriate professional qualification or accounting or related financial management expertise due to a vacancy arising as a result that Mr. Yuen Chi Choi passed away on 1 December 2014. In order to re-comply with Rules 3.10(2) and 3.21 of the Listing Rules, the Company had taken active steps and made best endeavours to identify a suitable candidate and Mr. Li Ka Fai, David was appointed as an INED and the chairman of the audit committee on 17 March 2015. Mr. Li is a qualified certified public accountant and has extensive experience in the field of finance, accounting and audit sectors.

Meanwhile, the Board possesses a mix and balance of skills and experience which are appropriate for the requirements of the business of the Company. The opinions raised by the INEDs in Board meetings facilitate the maintenance of good corporate governance practices. As at the date of this annual report, the Board has four INEDs, representing more than one-third of the Board, and at least one of the INEDs has the appropriate professional qualification and/or accounting and audit experience expertise as required by Rules 3.10(1) and (2) and 3.10A of the Listing Rules. A balanced composition of executive and non-executive Directors also generates a strong independent element on the Board, which allows for an independent and objective decision making process for the best interests of the Company and its shareholders. The Company has reviewed the composition of the Board and discussed from time to time to ensure that the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business and to enhance the shareholders' value. All Directors are aware of the required levels of fiduciary duties, care, skill and diligence under Rule 3.08 of the Listing Rules.

In compliance with code provision A.3.2 of the CG Code, an updated list of the Directors identifying their role and function are available on the websites of the Company (*http://www.wyth.net*) and the Stock Exchange (*www.hkexnews.hk*). The Company will review the composition of the Board from time to time to ensure that the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business and to enhance the shareholders' value.

Appointment and Re-election of the Directors

All INEDs are appointed with specific term set out in respective letters of appointment or service agreements and all of them are subject to retirement by rotation and, being eligible, offer themselves for re-election at annual general meetings in accordance with the bye-laws of the Company (the "**Bye-laws**"). All INEDs are appointed for a term of not more than three years. Pursuant to code provision A.4.2 and the Bye-law 87, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) are required to retire from office by rotation, provided that every Director, including those appointed for a specific term, is subject to retirement by rotation at least once every three years, and shall be eligible for re-election at each annual general meeting. In addition, any Director who is appointed by the Board to fill a casual vacancy or as an addition to the existing Board is subject to re-election at the first general meeting of the Company after his/her appointment.

Independence of INEDs

The INEDs are required to confirm their independence upon their appointment and on an annual basis. All INEDs are free from any business or other relationship with the Company, except that Mr. Siu Man Ho, Simon is the son of Mr. Siu Yim Kwan, Sidney, an independent non-executive director of Wang On, a substantial shareholder of the Company. Such relationship will not affect his independence in relation to his position as an INED.

The Company has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules for the year ended 31 March 2015. Save as disclosed herein, the Company continues to consider the four INEDs to be independent for the year ended 31 March 2015 and up to the date of this annual report.

Roles and Responsibilities of the Board and the Senior Management

The Board is accountable to stakeholders for the activities and performance of the Group and its primary functions cover, among other things, the formulation of overall strategy, the review corporate and financial policies and the oversight of the management of the Group's business and affairs. Apart from these, the Board reserved for its consideration and decision on major acquisitions and disposals, review of interim and annual financial results, appointments and removals of directors and auditors, evaluation on the performance and compensation of senior management, any material capital transactions and other significant operational and financial affairs. With a view to maintaining an appropriate balance between authority and responsibility, such functions are either carried out directly by the Board or indirectly through various committees established by the Board, with respective functions set out in their terms of reference.

The INEDs account for diverse industry expertise but are not involved in the day-to-day management of the Group. The general management and day-to-day management are delegated to the management, including but not limited to the preparation of regular financial information, execution of designated assignments and implementation of sustainability practices.

The Directors having material interest in the matter(s) shall abstain from voting at such Board meeting(s) and the INEDs with no conflict of interest shall attend at such meeting to deal with the matter(s).

All Directors ensure that they can give sufficient attention to discharge their responsibilities to the affairs of the Company and the Directors have disclosed to the Company the identity and nature of offices held in any public organisation and other significant commitments from time to time.

During the year under review, regular Board meetings of the Company were held four times to review, consider and approve, among others, annual and interim results and to review the business operations, corporate governance practices and the effectiveness of internal control systems of the Group. Apart from these regular meetings, Board meetings are also held, as and when necessary, to consider major transactions of the Group. At least 14-day notice for each regular meeting is given to all Directors. All such minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any Director. Apart from the regular Board meetings and pursuant to code provision A.2.7 of the CG Code, the chairman of the Board also met with the then INEDs, including Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Yuen Chi Choi and Mr. Cho Wing Mou, during the year without the presence of any executive Director, except for Mr. Li Ka Fai, David. Since after the appointment of Mr. Li as an INED on 17 March 2015, he and the chairman of the Board are busy in other business engagements.

Chairman and Chief Executive

The role of the chairman of the Company is being held by Mr. Tang Ching Ho and the role of the managing director of the Company is being held by Mr. Chan Chun Hong, Thomas. Their roles are separate to reinforce their respective independence and accountability. Their respective responsibilities are clearly segregated and defined in writing by the Board, the chairman of the Company is primarily responsible for the overall strategic planning, management and leadership of the Board and ensuring all Directors receive accurate and timely information, while the functions of a managing Director is responsible for the day-to-day business management and implementation of the business strategies adopted by the Board.

On 18 June 2014, the Company entered into a new service agreement with Mr. Tang Ching Ho to increase his salary from the then HK$55,180 per month to HK$1 million per month with effect from 1 July 2014 and he is also entitled to a yearly performance bonus on the basis of 3% of the audited consolidated net profit after tax of the Group in token of his contribution to the Group. Mr. Tang's emoluments was recommended by the remuneration committee of the Company and approved by the Board in accordance with the Bye-laws with reference to his experience, personal networking, duties, responsibilities, performance, leadership and specific tactful insights.

Corporate Governance

The Board has undertaken the responsibility for performing the corporate governance duties pursuant to code provision D.3.1 of the CG Code and is committed to ensuring that an effective governance structure is in place to continuously review, monitor and improve the corporate governance practices within the Group with regard to the prevailing legal and regulatory requirements.

The Board has adopted a Board diversity policy (the "**Board Diversity Policy**") stipulating the composition of the Board, reviewing the policies and measures on the Group's corporate governance, reviewing a code of conduct applicable to the Directors and employees, monitoring the Company's legal and regulatory compliance, training and continuing professional development of Directors and reviewing the Company's compliance with the CG Code and the disclosure in this annual report.

This corporate governance report has been reviewed by the Board in discharge of its corporate governance function.

Board Diversity

The Company notes increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives, sustainable and balanced development. In June 2013, the Company adopted the Board Diversity Policy which sets out the approach to diversify the Board and was reviewed annually. The nomination committee of the Company reviews and assesses the Board composition on behalf of the Board and will recommend the appointment of new Director, when necessary, pursuant to the Board Diversity Policy.

In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The nomination committee of the Company will also consider factors based on the Company's business model, specific needs and meritocracy from time to time in determining the optimum composition of the Board.

At the end of the reporting period, the Board comprises seven Directors, including three executive Directors and four INEDs, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional experience, skills and knowledge.

Having reviewed the Board Diversity Policy and the Board's composition, the nomination committee is satisfied that the requirements set out in the Diversity Policy had been met.

Continuous Professional Development

All Directors are encouraged to participate in continuous professional development so as to develop and refresh Directors' knowledge and skills and to ensure that their contribution to the Board remains informed and relevant. The Company regularly circulates training materials or briefings to all Directors in respect of the updates on, among other things, the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") or other useful guidelines, the Companies Ordinance and financial or accounting standards which may be of the interest to the Directors and benefit for them to discharge their duties.

In addition, the Company provides and circulates the Directors with monthly and regular updates relating to the Group's business, financial position and business environment, in which the Group operates. During the year, all Directors have complied with the code provisions in relation to continuous professional development. Apart from reading materials relevant to the Company's business, director's duties and responsibilities, Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun, Mr. Siu Man Ho, Simon and Mr. Li Ka Fai, David also attended and/or gave presentation in seminars/forums.

The Company updates Directors constantly on the latest developments regarding the Group's business and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have provided to the Company with their training records on a regular basis, and such records have been maintained by the Company for accurate and comprehensive record keeping.

Liability Insurance for the Directors

The Company has arranged for appropriate directors and officers liability insurance to indemnify its Directors against liabilities arising out of legal action on corporate activities. Such insurance coverage is reviewed and renewed with consultant advice on an annual basis.

BOARD COMMITTEES

The Board has established various committees, including executive committee (the "**Executive Committee**"), audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**"), each of which has the specific written terms of reference that will be reviewed and updated, where necessary. Copies of minutes of all meetings and resolutions of the committee meetings are kept by the company secretary of the Company and open for inspection at any reasonable time on reasonable notice by any Director. Each committee is required to report to the Board on its decisions and recommendations, where appropriate.

Executive Committee

The Executive Committee has been established since 2005 with specific written terms of reference setting out authorities delegated by the Board and is responsible for general management, supervising the day-to-day management, performance and operations in accordance with the business strategy and keeping under review strategy and business development initiatives of the Group and monitoring their implementation. The Executive Committee comprises three members, namely Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas and Ms. Tang Mui Fun and Mr. Tang Ching Ho takes the chair of the Executive Committee.

Audit Committee

The Audit Committee has been established with specific written terms of reference stipulating its authorities and duties in compliance with Rule 3.21 of the Listing Rules, which are available on the websites of the Company and the Stock Exchange. During the period from 1 December 2014 to 16 March 2015, none of any member of the Audit Committee had the appropriate professional qualification or accounting or related financial management expertise due to the vacancy arising from the deceased of Mr. Yuen Chi Choi. Immediately after the appointment of Mr. Li Ka Fai, David, a certified public account, on 17 March 2015 as an independent non-executive Director and the chairman of the Audit Committee, the Company had been in compliance with Rules 3.10(2) and 3.21 of the Listing Rules. Currently, the Audit Committee comprises four INEDs, namely, Mr. Li Ka Fai, David, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon and Mr. Cho Wing Mou. Mr. Li Ka Fai, David was elected as the chairman of the Audit Committee.

The functions of the Audit Committee is, among other things, to assist the Board to review and monitor the integrity of the financial reporting, including interim and final results, to supervise over the Group's internal controls, risk management, to monitor the internal and external audit functions, and the appointment, reappointment and removal of auditors and to make relevant recommendations to the Board to ensure effective and efficient operation and reliable reporting. The functions of the Audit Committee will be reviewed regularly by the Board and amended from time to time, as and when appropriate, in order to be in compliance with the code provisions of the CG Code (as amended from time to time) so as to ensure that the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff to implement the Group's accounting and financial reporting function.

The Audit Committee is provided with sufficient resources to discharge its duties and may access to independent professional advice according to the Company's policy, if considered necessary.

During the year under review and up to the date of this annual report, the Audit Committee members met twice with the external auditors and the Group's senior management to discuss and review, among other things, the following matters:

(a) the interim results for the six-month ended 30 September 2014 and the annual results for the year ended 31 March 2015 to ensure the full, complete and accurate disclosure in the aforesaid financial statements pursuant to the accounting standards and other legal requirement for presenting the same to the Board for approval;

(b) the term and remuneration for the appointment of Ernst & Young as external auditors to perform the agreed-upon procedures on the interim results for the six months ended 30 September 2014 and the audit of final results for the year ended 31 March 2015;

(c) the term and remuneration for the appointment of external auditors to perform other audit and non-audit services, other special corporate projects and review the overall significant control system;

(d) the independence of the external auditors especially for those non-audit services;

(e) the continuing connected transactions of the Group;

(f) the overall effectiveness of internal controls; and

(g) the adequacy of resources, qualifications and experience of staff and the accounting and financial reporting matters and their training programmes and budget.

The Audit Committee is satisfied with, *inter alia*, the audit fees, effectiveness of the audit process, independence and objectivity of the external auditors and has recommended to the Board the re-appointment of Ernst & Young as the Company's external auditors for the ensuing year at the forthcoming annual general meeting of the Company.

Remuneration Committee

The Board has established the Remuneration Committee since September 2005 with specific written terms of reference, as revised from time to time, stipulating its authorities and duties, which are available on the websites of the Company and the Stock Exchange. It currently consists of five members, including Messrs. Siu Man Ho, Simon, Cho Wing Mou, Leung Wai Ho, Tang Ching Ho and Chan Chun Hong, Thomas, a majority of whom are INEDs. Mr. Siu Man Ho, Simon was elected as the chairman of the Remuneration Committee.

The Remuneration Committee is provided with sufficient resources to discharge its duties and may access to independent professional advice in accordance with the Company's policy and its terms of reference, if considered necessary.

The roles and functions of the Remuneration Committee are as follows:

(a) to make recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy on the basis of basic salary and allowances, discretionary bonus and share options;

(b) to review and approve the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including, but not limited to, benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the directors' fee of the INEDs with reference to the range of remuneration of other non-executive directors in the similar industry and allow any out-of-pocket expenses incurred in connection with the performance of their duties;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

(g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

During the year under review, the Remuneration Committee held three meetings, in which it reviewed the existing remuneration policies by reference with the market research, communicated with the chairman and managing Director, recommended amendments to the existing remuneration policies and performance-based bonus and approved the remuneration package and performance-based bonus paid the other Directors and senior management of the Company, including the considering and recommending the revised remuneration package to Mr. Tang Ching Ho and the remuneration package to the new INED, Mr. Li Ka Fai, David, for the Board's approval. No Director took part in any discussion about his own remuneration.

The Remuneration Committee has discharged or will continue to discharge its major roles to, among other things, approve the terms of the service agreements of the Directors and the senior management, make recommendations with respect to the remuneration and policies of the Directors and senior management of the Company and to review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and senior management.

Details of the Directors' remuneration are set out in note 8 to the financial statements. In addition, pursuant to the code provision B.1.5, the annual remuneration of other members of the senior management by bands for the year ended 31 March 2015 is set out below:

Remuneration to the senior management by bands	Number of individual
HK$500,000 to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	3

Nomination Committee

The Nomination Committee has been established since September 2005 with specific written terms of reference, as revised from time to time, stipulating its authorities and duties, which are available on the websites of the Company and the Stock Exchange. It currently consists of five members, including Messrs. Cho Wing Mou, Siu Man Ho, Simon, Leung Wai Ho, Tang Ching Ho and Chan Chun Hong, Thomas, a majority of whom are INEDs. Mr. Cho Wing Mou was elected as the chairman of the Nomination Committee.

The roles and functions of the Nomination Committee are as follows:

(a) to review and evaluate the structure, size and composition (including diversity, skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

(c) to assess the independence of INEDs;

(d) to monitor the continuous professional development of the Directors;

(e) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive;

(f) where the Board proposes a resolution to elect an individual as an INED at the general meeting, the Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent; and

(g) the chairman or another member of the Committee shall attend the Company's annual general meetings and be prepared to respond to questions raised by shareholders on the Committee's activities and responsibilities.

The Nomination Committee is provided with sufficient resources to discharge its duties and may access to independent professional advice according to the Board Diversity Policy and its terms of reference, if considered necessary.

During the year under review, the Nomination Committee held two meetings, in which it determined the criteria and procedures for retirement by rotation and recommended to the Board for re-appointment of Mr. Tang Ching Ho, Ms. Tang Mui Fun and Mr. Cho Wing Mou at the forthcoming annual general meeting as well as considering and recommending to the Board for the appointment of Mr. Li Ka Fai, David as the new INED to the Board. The Nomination Committee also reviewed the Board Diversity Policy and evaluated the Board performance and succession planning.

CORPORATE GOVERNANCE REPORT

ATTENDANCE OF DIRECTORS AT VARIOUS MEETINGS

Details of the attendance of individual Directors at Board meetings, committee meetings and shareholder meetings held during the year ended 31 March 2015 are as follows:

	Number of meetings held/attended					
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual general meeting**	**General meeting**
Mr. Tang Ching Ho	3/4	N/A	2/3	2/2	1/1	0/3
Mr. Chan Chun Hong, Thomas	3/4	N/A	3/3	2/2	1/1	3/3
Ms. Tang Mui Fun	4/4	N/A	N/A	N/A	1/1	0/3
Mr. Leung Wai Ho	3/4	2/2	3/3	2/2	0/1	1/3
Mr. Yuen Chi Choi	3/3	2/2	2/2	1/1	1/1	0/3
Mr. Siu Man Ho, Simon	4/4	2/2	3/3	2/2	1/1	1/3
Mr. Cho Wing Mou	4/4	2/2	3/3	2/2	1/1	0/3
Mr. Li Ka Fai, David	N/A	N/A	N/A	N/A	N/A	N/A

EXTERNAL AUDITORS' REMUNERATION

During the year and up to the date of this report, the remuneration paid/payable to the Company's external auditors, Ernst & Young, for the year ended 31 March 2015 which has been reviewed and approved by the Audit Committee, details of which are set out as follows:

Services rendered for the Group	**Fees paid/ payable to external auditors** HK$'000
Audit services	
– For annual financial statements	1,980.0
Non-audit services:	
– Taxation and other professional services	924.0
Total	2,904.0

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparation and publication of the timely financial statements and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. In preparing the accounts for the year ended 31 March 2015, the Directors have adopted suitable accounting policies which are pertinent to the Group's operations and relevant to the financial statements and have presented an understandable assessment of the Group's position and prospects.

CORPORATE GOVERNANCE REPORT

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the accounts is prepared on a going concern basis and they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Directors continue to explore any opportunities with potential investors to enhance its financial position and business development of the Group by way of refinancing, extension of borrowings and/or fund raising.

INTERNAL CONTROLS

The Board has undertaken the overall responsibility for maintaining sound and effective internal control systems to safeguard the Company's assets and shareholders' interests, as well as, with the Audit Committee, for reviewing the effectiveness of these systems. The Business Analysis Department is delegated to ensuring and maintaining sound internal control functions by monitoring such internal control systems and procedures constantly so as to ensure that they can provide reasonable assurance against misstatement or loss and to manage risks of failure in the Group's operational systems. In addition, the Company will engage independent consultants to conduct review of the internal control system and risk management of the Group as and when necessary. The Board is responsible for approving and overall reviewing internal control policy while the responsibility of day-to-day management of operational risks lies with the management.

The internal control system is designed to provide reasonable, but not absolute, assurance against material loss; and to manage rather than completely eliminate the risk of system failure. In addition, it should provide a basis for the maintenance of proper and fair accounting records and assist in the compliance with relevant rules and regulations. During the financial year ended 31 March 2015, the Board reviewed all material internal control, including financial, operational and compliance control and risk management functions. It also reviewed with Audit Committee and the reports from Business Analysis Department the effectiveness of the Group's internal control system, adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and satisfied that they were effective and in compliance with our policies.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company aims at promoting and maintaining effective communications with shareholders and investors (both individuals and institutions) (collectively the "**Stakeholders**") to ensure that the Group's information is disseminated to Stakeholders in a timely manner and enable them to have a clear assessment of the enterprise performance. A shareholders communication policy has been adopted by the Company and the same is available on the website of the Company. Other major means of communications includes:

Disclosures in Corporate Website

Extensive information on the Group's activities and financial position will be disclosed in the annual reports, interim reports, announcements, circulars and other corporate communications which will be sent to shareholders and/or published on the website of the Stock Exchange (*www.hkexnews.hk*) and the Company (*http://www.wyth.net*). Other inside information is released by way of formal public announcements as required by the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

CORPORATE GOVERNANCE REPORT

General Meeting with Shareholders

The Company also acknowledges that annual general meetings and various general meetings are valuable forums for the Board to communicate directly with the shareholders. Members of the Board and the members of various committees are encouraged to attend and answer questions at such general meetings.

In order to let shareholders to make an informed decision at the general meetings, sufficient notices with not less than 10 clear business days for every general meeting and 20 clear business days for every annual general meeting were given to the shareholders of the Company pursuant to E.1.3 of the CG Code, the Bye-laws and any other applicable laws. The chairman will explain the detailed procedures for conducting a poll vote during the proceedings of meetings and answered all questions raised by shareholders. All resolutions put to vote at general meetings are taken by poll and the poll results are posted on the website of the Company and the Stock Exchange immediately following the holding of the general meetings.

Investor Relations

The Group also has a proactive investor relations programme that keeps investors and shareholders abreast the Group's latest development and discloses relevant information to the public in a timely manner. During the year, we held various meetings with investors and participated in investor and press conferences.

Shareholders' Rights Convening a Special General Meeting

Pursuant to Section 74 of the Bermuda Companies Act 1981 (the "**Companies Act**") and Bye-law 58 of the Bye-laws, the Board whenever it thinks fit call special general meetings and shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary of the Company to require a special general meeting (the "**SGM**") to be called by the Board. The written requisition (i) must state the purposes of the SGM, and (ii) must be signed by the requisitionists and deposited at the principal place of business of the Company in Hong Kong at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong for attention of the Board or the company secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such meeting shall be held within two (2) months after the deposit of such requisition.

Such requisitions will be verified by the Company's branch share registrar and transfer office in Hong Kong and upon their confirmation that the requisition is proper and in order, the company secretary of the Company will inform the Board to convene a SGM by serving sufficient notice to all shareholders of the Company. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them may convene a SGM in accordance with the provisions of Section 74(3) of the Companies Act, but any SGM so convened shall not be held after expiration of three months from the said date of deposit of the requisition. A SGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any SGM to be convened by the Board.

Putting Forward Proposals at General Meetings

Pursuant to Sections 79 and 80 of the Companies Act, either any number of shareholders representing not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the requisitionists must be deposited at the principal place of business of the Company in Hong Kong at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong or the Company's 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 with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Proposing a Person for Election as a Director

The procedures for proposing candidate(s) for election as director(s) at a general meeting are set out in the "Corporate Governance" under section headed "Corporate Profile" on the website of the Company at *http://www.wyth.net*.

Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board in writing by email to contact@waiyuentong.com or by addressing their enquiries to the Board or the company secretary in the following manners:

In respect of the corporate affairs:
The Board/Company Secretary/PR Manager
Wai Yuen Tong Medicine Holdings Limited
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

In respect of the other shareholding/entitlement affairs:
Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WHISTLEBLOWING POLICY

The Company has adopted a whistleblowing policy to facilitate the achieving of high possible standards of openness, probity and accountability. Procedures are formulated to enable individual employees to disclose internally and at a high level, information which the individual believes that it shows malpractice or impropriety within the Group. During the year under review, no incident of fraud or misconduct was reported from employees that have material effect on the Group's financial statements and overall operations.

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita, who was appointed as a full-time employee company secretary of the Group, reports directly to the Board and is responsible for, *inter alia*, providing updated and timely information to all Directors from time to time.

During the year ended 31 March 2015, Ms. Mak has complied with Rule 3.29 of the Listing Rules and taken no less than 15 hours of relevant professional training.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, statutory requirements and other regulatory requirements. As at 31 March 2015, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

A statement by the auditors about their reporting responsibilities is set out on pages 055 to 056 of this annual report. There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. It 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.

CONSTITUTIONAL DOCUMENT

During the year ended 31 March 2015, there was no change in the constitutional document.

The Memorandum of Association and the amended and restated Bye-laws are available on the websites of the Stock Exchange and the Company at (*www.hkexnews.com.hk*) and (*http://www.wyth.net*), respectively.

CONCLUSION

Going ahead, the Board will continue to review regularly its corporate governance practices to maintain high level of transparency, to enhance the Company's competitiveness and operating efficiency and to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

REPORT OF THE DIRECTORS

By fulfilling our corporate mission of full brand implementation, we have succeeded in positioning the Group as a shining beacon and strong pillar of the industry. Apart from keeping its finest tradition, the Group also follows the trend to ensure shareholder's value are promoted and protected.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of the Company and of the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Principal activities of the principal subsidiaries and associates comprise the production and sales of traditional Chinese and Western pharmaceutical products, health food and personal care products and property investment. During the year under review, there were no significant changes in the nature of the Group's principal activities.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2015 and the Group's financial position at that date are set out in the consolidated financial statements on pages 057 to 154.

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

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

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates as at 31 March 2015 are set out on notes 19 and 20 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of movements in share capital and share options of the Company during the year, together with the reasons therefor, are set out in notes 32 and 33 to the financial statements, respectively.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the Company's audited financial statements, is set out on page 156 of this annual report. This summary does not form part of this audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 15 and 16 to the financial statements, respectively.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2015.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2015, the Company's reserves available for distribution to equity holders of the parent, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to approximately HK$242.2 million (2014: approximately HK$289.4 million) which represented the net balance of general reserves of approximately HK$215.6 million (2014: approximately HK$215.6 million) and retained profits of approximately HK$26.6 million (2014: approximately HK$73.8 million).

PLEDGE OF ASSETS

As at 31 March 2015, the Group's total borrowings amounted to approximately HK$550.1 million (2014: approximately HK$391.2 million). As at 31 March 2015, the Group's investment properties and property, plant and equipment with carrying value of approximately HK$510.0 million and HK$178.4 million, respectively (2014: approximately HK$467.0 million and HK$155.7 million, respectively) were pledged to secure the Group's general banking facilities.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

Executive Directors:
Mr. Tang Ching Ho, *JP*
Mr. Chan Chun Hong, Thomas
Ms. Tang Mui Fun

Independent non-executive Directors:
Mr. Leung Wai Ho, *MH*
Mr. Siu Man Ho, Simon
Mr. Cho Wing Mou
Mr. Li Ka Fai, David (appointed on 17 March 2015)
Mr. Yuen Chi Choi (passed away on 1 December 2014)

In accordance with Bye-law 87 of the Bye-laws, Mr. Tang Ching Ho, Ms. Tang Mui Fun and Mr. Cho Wing Mou will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from all INEDs, namely Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, and as at the date of this annual report still considers them to be independent.

REPORT OF THE DIRECTORS

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 022 to 026 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in notes 8 and 41 to the financial statements, no Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors nor their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules during the year.

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

As at 31 March 2015, the interests and short positions of the Directors and chief executive of the Company and/or any of their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code under Listing Rules, were as follows:

Long positions in underlying shares of share options of the Company:

Name of Director	Date of grant	Exercise price per share	Number of share options outstanding	Exercisable period *(Note 1)*	Number of underlying shares	Approximate percentage of the Company's total issued share capital *(Note 2)*
		HK$				*%*
Ms. Tang Mui Fun	8.1.2009	1.2050	78,214	8.1.2010 – 7.1.2019	78,214	0.002

Notes:

(1) These shares represent such shares which may fall to be issued upon the exercise of the share options by Ms. Tang Mui Fun during the period from 8 January 2010 to 7 January 2019, which number and exercise prices thereof are subject to adjustment in accordance with the share option scheme adopted by the Company on 18 September 2003, and such share options were vested as follows:

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

(2) The percentage represented the number of shares over the total issued share capital of the Company as at 31 March 2015 of 4,217,142,969 shares.

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executive of the Company and/or any of their respective associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

SHARE OPTION SCHEME

On 18 September 2003, the Company adopted a share option scheme (the "**2003 Scheme**") for the primary purpose of providing incentives to eligible participants who contribute to the success of the Group. The 2003 Scheme was terminated immediately upon approval by the shareholders at the annual general meeting held on 22 August 2013, no further share options was granted under it since then but the share options granted prior to such termination will continue to be valid and exercisable during the prescribed exercisable period in accordance with the terms of the 2003 Scheme. During the year under review, no share options under the 2003 Scheme were exercised or cancelled and 194,936 share options lapsed during the year.

The Company adopted a new share option scheme (the "**2013 Scheme**") with the approval of the shareholders of the Company at the annual general meeting of the Company held on 22 August 2013 for the primary purpose of providing incentives or rewards for the eligible persons for their contribution or potential contribution to the development and the growth of the Group. During the year under review, no share options were granted, exercised, lapsed or cancelled under the 2013 Scheme.

Pursuant to the 2013 Scheme, share options may be granted to any Director or proposed Director (whether executive or non-executive, including INEDs), employee or proposed employee (whether full-time or part-time), secondee, any holder of securities issued by any member of the Group, any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants (the "**Participants**").

The 2013 Scheme became effective on 22 August 2013 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date. Under the 2013 Scheme, the Board may grant share options to the Participants to subscribe for shares of the Company for a consideration of HK$1.00 for each lot of share options granted which must be accepted within 30 days from the date offer. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Pursuant to the 2013 Scheme, the maximum number of share options that may be granted under the 2013 Scheme and any other share option schemes of the Company is an amount, upon their exercise, not in aggregate exceeding 30% of the issued share capital of the Company from time to time, excluding any shares issued on the exercise of share options. The total number of shares which may be issued upon exercise of all options to be granted under the 2013 Scheme and any other schemes shall not in aggregate exceed 10% of the number of shares in issue, as at the date of approval of the 2013 Scheme limit.

The maximum number of shares issuable under share options to each Participant (except for a substantial shareholder or an INED or any of their respective associates) under the 2013 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of such limit must be separately approved by shareholders with such Participant and his associates abstaining from voting.

Share options granted to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the INEDs (excluding any INED who is the grantee of the option). Where any grant of share options to a substantial shareholder or an INED (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of share options already granted and to be granted to such person under the 2013 Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue, and having an aggregate value, based on the closing price of the Company's shares at each date of grant, in excess of HK$5 million, such further grant of share options is required to be approved by shareholders in a general meeting in accordance with the Listing Rules. Any change in the terms of a share option granted to a substantial shareholder or an INED (or any of their respective associates) is also required to be approved by shareholders.

The exercise price must be at least the higher of (i) the official closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange on the offer date which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

Details of the movements of the share options under the 2003 Scheme during the year ended 31 March 2015 were as follows:

Name or category of Participant	Number of share options: Outstanding as at 1 April 2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2015	Date of grant	Exercise price per share HK$	Exercisable period*
Executive Director								
Ms. Tang Mui Fun	78,214	–	–	–	78,214	8.1.2009	1.2050	8.1.2010 – 7.1.2019
	78,214	–	–	–	78,214			
Other employees								
In aggregate	451,239	–	–	(62,572)	388,667	8.1.2009	1.2050	8.1.2010 – 7.1.2019
	723,185	–	–	(132,364)	590,821	12.5.2010	0.4321	12.5.2011 – 11.5.2020
	1,174,424	–	–	(194,936)	979,488			
	1,252,638	**–**	**–**	**(194,936)**	**1,057,702**			

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

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

At the end of the reporting period, the Company had 1,057,702 share options outstanding under the 2003 Scheme. The exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 1,057,702 additional ordinary shares of the Company and additional share capital of HK$10,577.02 and share premium of HK$807,308.30 (before issue expenses).

As at the date of this annual report, the total number of shares available for issue under the 2013 Scheme is 293,114,296 shares, representing 4.6% of the Company's total issued share capital.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other particulars of the 2003 Scheme and the 2013 Scheme are set out in note 33 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Directors' interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations" and "Share option scheme" above and in the share option scheme disclosures in note 33 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares, or underlying shares in, or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights, exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2015, to the best knowledge of the Directors, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders had notified the Company and the Stock Exchange of relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the ordinary shares of the Company:

Name of shareholders	Nature of interest/capacity	Number of shares	Approximate percentage of the Company's total issued share capital *(Note 1)* %
Rich Time Strategy Limited ("**Rich Time**") *(Note 2)*	Beneficial owner	1,826,813,051	43.32
Wang On Enterprises (BVI) Limited ("**WOE**") *(Note 2)*	Interest of a controlled corporation	1,826,813,051	43.32
Wang On *(Note 2)*	Interest of a controlled corporation	1,826,813,051	43.32
Caister Limited ("**Caister**") *(Note 3)*	Interest of a controlled corporation	1,826,813,051	43.32
Mr. Tang Ching Ho *(Note 3)*	Interest of a controlled corporation	1,826,813,051	43.32
Ms. Yau Yuk Yin *(Note 3)*	Interest of a controlled corporation	1,826,813,051	43.32
Chu Yuet Wah	Interest of a controlled corporation	1,146,829,319	18.12
Active Dynamic Limited	Interest of a controlled corporation	1,146,829,319	18.12
Galaxy Sky Investments Limited	Interest of a controlled corporation	1,146,829,319	18.12
Kingston Capital Asia Limited	Interest of a controlled corporation	1,146,829,319	18.12
Kingston Financial Group Limited	Interest of a controlled corporation	1,146,829,319	18.12
Kingston Securities Limited	Others	1,146,829,319	18.12
Wei Andy	Beneficial owner	298,520,000	8.48

Notes:

1. These represented the percentages of the Company's share capital as stated in the relevant forms of disclosure of interests as at 31 March 2015.
2. Rich Time, a wholly-owned subsidiary of WOE, which is a wholly-owned subsidiary of Wang On, beneficially owned 1,826,813,051 shares of the Company, including 864,542,034 shares actually held and 962,271,017 Rights Shares which were assumed to be fully allotted under the irrevocable undertaking executed by Rich Time in favour of the Company (details of the Rights Issue were disclosed in the Company's announcement and prospectus dated 26 March 2015 and 24 April 2015, respectively). WOE and Wang On are taken to be interested in 1,826,813,051 shares of the Company held or to be held by Rich Time.
3. Caister, a company wholly-owned by Mr. Tang Ching Ho (a director of the Company and Wang On), beneficially owned 2,336,125,102 shares in Wang On, representing 35.8% in the issued share capital of Wang On. Caister, Mr. Tang Ching Ho and Ms. Yau Yuk Yin (the spouse of Mr. Tang Ching Ho) are deemed to be interested in the 1,826,813,051 shares of the Company indirectly held by Wang On through WOE and Rich Time, respectively.

Save as disclosed above, as at 31 March 2015, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS

The Company is an associate of Wang On since end November 2011. During the year under review, the following transactions continued to constitute continuing connected transactions for the Company under Rules 14A.55 and 14A.56 of the Listing Rules:

(a) on 14 November 2013, Wai Yuen Tong (Retail) Limited ("**WYTR**"), an indirect 99.79%-owned subsidiary of the Company, as a tenant, and Good Excellent Limited ("**Good Excellent**"), a wholly-owned subsidiary of Wang On, as a landlord, entered into a tenancy agreement for leasing a shop located at Shop on Ground Floor with the Cockloft, 60A Yen Chow Street, Kowloon, Hong Kong for a term of two years commencing from 4 October 2013 and expiring on 3 October 2015 at a monthly rental of HK$68,750. During the financial year, total annual rental paid by WYTR to Good Excellent under the abovementioned tenancy was HK$825,000;

(b) on 18 February 2015, WYTR, as a tenant, and Oriental Sino Investments Limited, a wholly-owned subsidiary of Wang On, as a landlord, entered into a tenancy agreement to rent a shop located at Shop AB on Ground Floor, Po Wing Building, Nos. 61, 63, 65, 67, 71 & 73 Lee Garden Road, Nos. 108, 110, 112, 116, 118, & 120 Percival Street, Hong Kong for a term of three years commencing from 16 February 2015 and expiring on 15 February 2018 at a monthly rental of HK$900,000 (with rent free period commencing from 16 February 2015 to 15 April 2015), with an option exercisable by WYTR to renew the tenancy for further three years at the monthly rental of HK$1,020,000, details of which were set out in the announcement of the Company dated 18 February 2015. During the financial year, the tenancy was under the rent-free period and no rental was paid by WYTR;

(c) on 30 June 2012, the Company entered into a sub-lease agreement with Wang On Management Limited ("**WOM**"), a wholly-owned subsidiary of Wang On, to lease portions of the premises located at 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong for office purpose for a term of three years commencing from 1 July 2012 and expiring on 30 June 2015 at a monthly license fee of HK$154,000. During the financial year, total annual rental received by the Company in respect of leasing of the Office was HK$1,848,000; and

(d) on 14 January 2013, WYT Medicine, an indirect 99.79%-owned subsidiary of the Company, as the supplier, and WOM, as the purchaser, entered into the master sales agreement for supplying Chinese and western pharmaceutical products, health food and personal care products, bottled bird's nest drinks and herbal essence products by the Group's to WOM (for itself and on behalf of other members of Wang On) for the three financial years ended 31 March 2015 at annual caps of HK$5.8 million, HK$7.2 million and HK$9.0 million, respectively. During the financial year, total sale proceeds paid by WOM to the Group was HK$3,964,254.

The Directors (including all of the INEDs) and the auditors have reviewed and confirmed that the abovementioned continuing connected transactions were entered into (i) in the ordinary and usual course of the Group's business; (ii) in accordance with the terms of the respective agreements governing such transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole; (iii) either on normal commercial terms or on terms no less favorable to the Group than those available to or from independent third parties; and (iv) have not exceeded the respective caps.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged its auditors, Ernst & Young, to perform certain review procedures in order to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange as stipulated in the Listing Rules.

Further details of other related party transactions undertaken by the Group in the ordinary course of business, which fell under Rule 14A.73 of the Listing Rules, during the year are set out in note 41 to the financial statements.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules and save as disclosed above, there were no other transactions which need to be disclosed as continuing connected transactions in accordance with the requirements of the Listing Rules.

EMOLUMENT POLICY

The Group's emolument policy for its employees is set up and approved by the Remuneration Committee and the Board on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee and the Board, as authorised by the shareholders at the annual general meeting, having regarded to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted the 2013 Share Option Scheme at the annual general meeting held on 22 August 2013, as an incentives to Directors and eligible employees, details of the 2013 Scheme are set out in note 33 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 May 2015, the five largest customers of the Group accounted for less than 14.0% (2014: less than 15.0%) of the Group's total sales and the sales to the Group's largest customer included therein accounted to approximately 4.7% (2014: approximately 5.6%).

During the year, the largest supplier accounted for approximately 19.1% (2014: approximately 17.0%) of the Group's purchases and the five largest suppliers of the Group accounted for approximately 41.7% (2014: approximately 43.0%) of the Group's purchases.

At no time during the year did a Director or any of their associates or a shareholder of the Company, which to the best knowledge of the Directors, owns more than 5.0% of the Company's issued share, had any beneficial interest in any of the Group's five largest customers or the largest suppliers.

DISCLOSURES PURSUANT TO RULE 13.20 OF THE LISTING RULES

During the year under review, the Group, through its wholly-owned subsidiary Winning Rich Investments Limited ("**Winning Rich**"), had advanced the following financial assistance to CAP:

(a) by way of subscription of up to an aggregate maximum principal amount of HK$720.0 million five-year 10.0% coupon bonds (the "**2019 Bonds**") issued by CAP pursuant to the subscription agreement dated 4 October 2014 (as supplemented on 28 November 2014) in consideration of (i) receiving a subscription fee of 2.5% of the aggregate principal amount of the 2019 Bonds actually subscribed; and (ii) the intended use of the net proceeds from the bonds issue to repay the outstanding maturing loans indebted to the Group on or around 28 November 2014. Therefore, at the end of the reporting period, CAP was indebted to the Group an aggregate outstanding principal amount of HK$720.0 million; and

(b) a loan facility dated 28 November 2014 to CAP, under which Winning Rich agreed to extend the accrued interest in a sum of approximately HK$19.0 million on the repayment of the previous loan facilities, which was due to be repaid and had actually repaid by 31 May 2015.

DONATIONS

During the year, the Group made charitable and other donations totaling approximately HK$0.4 million (2014: approximately HK$0.5 million).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices in the interests of the Company and its shareholders as a whole.

In the opinion of the Directors, the Company has complied with the code provisions under the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the financial year under review, except for the deviation of code provision A.2.7. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 027 to 042 of this annual report.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient amount of public float as required under the Listing Rules throughout the financial year under review and up to the date of this annual report.

AUDIT COMMITTEE

The Company has established its Audit Committee with specific written terms of reference pursuant to Rule 3.21 of the Listing Rules. 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 INEDs, 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 and the external auditors to review and consider, among other things, the accounting principles and practices adopted by the Group, the financial report matters (including the review of consolidated interim results for the six-month ended 30 September 2014), the statutory compliance, internal controls, continuing connected transactions and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget. The Audit Committee has also reviewed the consolidated financial statements for the year ended 31 March 2015 with the external auditors and the management of the Company.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period of the Group are set out in note 43 to the financial statements.

AUDITORS

Ernst & Young were appointed as auditors of the Company at the special general meeting of the Company held on 7 March 2013 pursuant to Bye-law 157 of the then Bye-laws to fill the casual vacancy arising from the resignation of Deloitte Touche Tohmatsu on 28 January 2013.

The consolidated financial statements for the year ended 31 March 2015 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Tang Ching Ho
Chairman

Hong Kong, 25 June 2015

INDEPENDENT AUDITORS' REPORT

EY 安永

To the shareholders of Wai Yuen Tong Medicine Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wai Yuen Tong Medicine Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 057 to 154, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the shareholders of Wai Yuen Tong Medicine Holdings Limited (Continued)
(Incorporated in Bermuda with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 March 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

25 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	**831,088**	865,258
Cost of sales		**(480,061)**	(475,768)
Gross profit		**351,027**	389,490
Other income	5	**73,150**	61,404
Selling and distribution expenses		**(272,684)**	(259,493)
Administrative expenses		**(135,219)**	(108,022)
Finance costs	7	**(10,362)**	(7,748)
Changes in fair value of equity investments at fair value through profit or loss, net		**79,773**	46,397
Fair value gains on investment properties, net	16	**26,868**	25,663
Gain/(loss) on deemed partial disposal of equity interests in an associate		**(32,928)**	1,436
Share of profits and losses of associates		**41,153**	22,747
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	**120,778**	171,874
Income tax expense	10	**(17)**	(3,676)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**120,761**	168,198
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation	12	**90**	(5,096)
PROFIT FOR THE YEAR		**120,851**	163,102
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Change in fair value of an available-for-sale investment		**(88,874)**	–
Exchange differences on translation of foreign operations		**(897)**	562
Release of translation reserve upon deemed partial disposal of equity interests in an associate		**(3,926)**	(6,017)
Share of other comprehensive income of an associate		**(9,539)**	7,123
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(103,236)**	1,668
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,615**	164,770

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

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Profit attributable to:			
Owners of the parent	11	**120,979**	163,374
Non-controlling interests		**(128)**	(272)
		120,851	163,102
Total comprehensive income attributable to:			
Owners of the parent	11	**17,743**	165,052
Non-controlling interests		**(128)**	(282)
		17,615	164,770
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		(Restated)
Basic and diluted			
– For profit for the year		**HK3.09 cents**	HK4.99 cents
– For profit from continuing operations		**HK3.09 cents**	HK5.13 cents

Details of dividends for the year are disclosed in note 13 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**516,741**	247,333
Investment properties	16	**510,000**	467,000
Goodwill	17	**15,335**	15,335
Other intangible assets	18	**408**	435
Investments in associates	20	**294,945**	301,644
Available-for-sale investment	21	**613,615**	–
Loans and interest receivables	26	**–**	450,000
Deferred tax assets	31	**6,929**	5,249
		1,957,973	1,486,996
CURRENT ASSETS			
Inventories	22	**151,385**	147,254
Trade and other receivables	23	**237,907**	199,126
Amounts due from associates	24	**10,640**	6,146
Equity investments at fair value through profit or loss	25	**193,222**	103,528
Loans and interest receivables	26	**18,951**	105,446
Tax recoverable		**2,874**	7,941
Bank balances and cash	27	**250,951**	292,511
		865,930	861,952
CURRENT LIABILITIES			
Trade and other payables	28	**225,717**	111,321
Bank borrowings	29	**199,223**	201,803
Deferred franchise income	30	**18**	18
Tax payable		**587**	2,864
		425,545	316,006
NET CURRENT ASSETS		**440,385**	545,946
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,398,358**	2,032,942

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT LIABILITIES			
Bank borrowings	29	**350,873**	189,412
Deferred tax liabilities	31	**1,530**	2,629
		352,403	192,041
NET ASSETS		**2,045,955**	1,840,901
EQUITY			
Issued capital	32	**42,171**	29,311
Reserves	34(a)	**1,996,558**	1,804,236
Equity attributable to owners of the parent		**2,038,729**	1,833,547
Non-controlling interests		**7,226**	7,354
TOTAL EQUITY		**2,045,955**	1,840,901

Tang Ching Ho
Director

Chan Chun Hong, Thomas
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

Group	Note	Issued capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (note 34 (a)(i))	General reserve HK$'000 (note 34 (a)(ii))	Share option reserve HK$'000	Translation reserve HK$'000	Other reserve HK$'000 (note 34 (a)(iii))	Asset revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
		Attributable to owners of the parent											
At 1 April 2013		29,311	1,340,510	(27,150)	215,599	639	32,385	(1,471)	28,014	59,447	1,677,284	7,665	1,684,949
Profit/(loss) for the year		–	–	–	–	–	–	–	–	163,374	163,374	(272)	163,102
Exchange differences on translation of foreign operations		–	–	–	–	–	572	–	–	–	572	(10)	562
Release upon deemed partial disposal of equity interests in an associate		–	–	–	–	–	(6,017)	–	–	–	(6,017)	–	(6,017)
Share of other comprehensive income of an associate		–	–	–	–	–	7,123	–	–	–	7,123	–	7,123
Total comprehensive income/(loss) for the year		–	–	–	–	–	1,678	–	–	163,374	165,052	(282)	164,770
Recognition of share-based payment	33	–	–	–	–	4	–	–	–	–	4	–	4
Forfeiture of share options		–	–	–	–	(61)	–	–	–	61	–	–	–
Dividends paid to non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	–	(29)	(29)
Final 2013 dividend declared		–	–	–	–	–	–	–	–	(8,793)	(8,793)	–	(8,793)
Release upon deemed partial disposal of equity interests in an associate		–	–	–	–	–	–	245	–	(245)	–	–	–
At 31 March 2014		29,311	1,340,510*	(27,150)*	215,599*	582*	34,063*	(1,226)*	28,014*	213,844*	1,833,547	7,354	1,840,901

Group	Issued capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (note 34 (a)(i))	General reserve HK$'000 (note 34 (a)(ii))	Share option reserve HK$'000	Translation reserve HK$'000	Other reserve HK$'000 (note 34 (a)(iii))	Asset revaluation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
	Attributable to owners of the parent												
At 1 April 2014	29,311	1,340,510	(27,150)	215,599	582	34,063	(1,226)	28,014	–	213,844	1,833,547	7,354	1,840,901
Profit/(loss) for the year	–	–	–	–	–	–	–	–	–	120,979	120,979	(128)	120,851
Change in fair value of an available-for-sale investment	–	–	–	–	–	–	–	–	(88,874)	–	(88,874)	–	(88,874)
Exchange differences on translation of foreign operations	–	–	–	–	–	(897)	–	–	–	–	(897)	–	(897)
Release upon deemed partial disposal of equity interests in an associate	–	–	–	–	–	(3,926)	–	–	–	–	(3,926)	–	(3,926)
Share of other comprehensive income of an associate	–	–	–	–	–	(5,014)	–	–	(4,525)	–	(9,539)	–	(9,539)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(9,837)	–	–	(93,399)	120,979	17,743	(128)	17,615
Forfeiture of share options	–	–	–	–	(83)	–	–	–	–	83	–	–	–
Issue of shares	12,860	189,236	–	–	–	–	–	–	–	–	202,096	–	202,096
Share issue expenses	–	(5,864)	–	–	–	–	–	–	–	–	(5,864)	–	(5,864)
Final 2014 dividend declared	–	–	–	–	–	–	–	–	–	(8,793)	(8,793)	–	(8,793)
Release upon deemed partial disposal of equity interests in an associate	–	–	–	–	–	–	204	–	–	(204)	–	–	–
At 31 March 2015	42,171	1,523,882*	(27,150)*	215,599*	499*	24,226*	(1,022)*	28,014*	(93,399)*	325,909*	2,038,729	7,226	2,045,955

* These reserve accounts comprise the consolidated reserves of approximately HK$1,996,558,000 (2014: approximately HK$1,804,236,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax:			
From continuing operations		**120,778**	171,874
From a discontinued operation	12	**(319)**	(5,146)
Adjustments for:			
Finance costs	7	**10,362**	7,748
Changes in fair value of equity investments at fair value through profit or loss, net		**(79,773)**	(46,397)
Fair value gains on investment properties, net	16	**(26,868)**	(25,663)
Share of profits and losses of associates		**(41,153)**	(22,747)
Recognition of share-based payment	6	**–**	4
Loss/(gain) on deemed partial disposal of equity interests in an associate		**32,928**	(1,436)
Loss on disposal of items of property, plant and equipment	6	**9**	143
Dividends from equity investments at fair value through profit or loss		**(704)**	–
Effective interest income on loans receivable	5	**(34,399)**	(50,136)
Interest income on an available-for-sale investment	5	**(24,447)**	–
Imputed interest income on an available-for-sale investment	5	**(489)**	–
Interest income on bank deposits	5	**(4,428)**	(3,163)
Recognition of deferred franchise income	5	**(90)**	(90)
Allowance for obsolete inventories	6	**4,241**	5,783
Depreciation	15	**15,243**	18,902
Amortisation of other intangible assets	6	**213**	213
Impairment of trade receivables		**7,345**	383
		(21,551)	50,272
Increase in inventories		**(8,437)**	(733)
Increase in trade and other receivables		**(22,231)**	(44,590)
Increase in amounts due from associates		**(4,494)**	(2,215)
Increase in equity investments at fair value through profit or loss		**(9,921)**	–
Increase in trade and other payables		**114,497**	9,927
Increase in deferred franchise income		**90**	90
Cash generated from operations		**47,953**	12,751
Interest received		**4,428**	3,163
Hong Kong profits tax refunded		**880**	30
Overseas taxes paid		**(474)**	(650)
Net cash flows from operating activities		**52,787**	15,294

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	15	**(285,077)**	(55,503)
Purchases of an investment property		**(16,132)**	(37,810)
Additions of cost of trademarks	18	**(186)**	(101)
Interest received		**45,894**	34,319
Dividends received from associates		**2,663**	2,839
Repayments of loans receivable		**200,000**	15,000
New advances of loans receivable		**–**	(150,000)
Investment in an available-for-sale investment		**(377,000)**	–
Investment in an associate		**(500)**	–
Proceeds from disposal of items of property, plant and equipment		**404**	50
Net cash flows used in investing activities		**(429,934)**	(191,206)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	32	**202,096**	–
Share issue expenses	32	**(5,864)**	–
New bank borrowings		**235,255**	166,191
Repayments of bank borrowings		**(76,374)**	(37,755)
Dividends paid		**(8,793)**	(8,793)
Interest paid		**(10,362)**	(7,748)
Dividends paid to non-controlling shareholders of subsidiaries		**–**	(29)
Net cash flows from financing activities		**335,958**	111,866
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(41,189)**	(64,046)
Cash and cash equivalents at beginning of year		**292,511**	356,145
Effect of foreign exchange rate changes, net		**(371)**	412
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Bank balances and cash		**250,951**	292,511

STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSET			
Investment in subsidiaries	19	**–**	–
		–	–
CURRENT ASSETS			
Due from subsidiaries	19	**1,899,610**	1,755,856
Other receivables	23	**8,078**	7,866
Equity investments at fair value through profit or loss	25	**10,856**	9,622
Bank balances and cash	27	**189,833**	213,621
Tax recoverable		**1,818**	–
		2,110,195	1,986,965
CURRENT LIABILITIES			
Due to subsidiaries	19	**322,419**	352,165
Other payables	28	**6,159**	2,113
		328,578	354,278
NET CURRENT ASSETS		**1,781,617**	1,632,687
Net assets		**1,781,617**	1,632,687
EQUITY			
Issued capital	32	**42,171**	29,311
Reserves	34(b)	**1,739,446**	1,603,376
Total equity		**1,781,617**	1,632,687

Tang Ching Ho
Director

Chan Chun Hong, Thomas
Director

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Wai Yuen Tong Medicine Holdings Limited (the "**Company**") is incorporated in Bermuda as an exempted company with limited liability. The address of the head office and principal place of business of the Company is 5th Floor, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- production and sale of Chinese pharmaceutical and health food products
- production and sale of Western pharmaceutical and health food products
- production and sale of bottled birds' nest drinks and herbal essence products (discontinued during the year ended 31 March 2014 (note 12))
- property investment

2.1 BASIS OF PREPARATION

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

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

Basis of consolidation

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

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

1 Effective from 1 July 2014

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

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

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

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

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

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

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

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

2.3 NEW AND REVISED HKFRSs AND REVISED DISCLOSURE REQUIREMENTS UNDER THE REVISED LISTING RULES NOT YET ADOPTED (continued)

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

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

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

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

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

2.3 NEW AND REVISED HKFRSs AND REVISED DISCLOSURE REQUIREMENTS UNDER THE REVISED LISTING RULES NOT YET ADOPTED (continued)

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

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

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

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

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2 to the financial statements, the Group expects to adopt the amendments from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments most applicable to the Group are as follows:

2.3 NEW AND REVISED HKFRSs AND REVISED DISCLOSURE REQUIREMENTS UNDER THE REVISED LISTING RULES NOT YET ADOPTED (continued)

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in consolidated profit or loss and other comprehensive income of the Group, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties and equity investments at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	2% or over the terms of the relevant leases, whichever is shorter
Leasehold improvements	$20 – 33^1/_3\%$
Plant and machinery	10 – 20%
Furniture and equipment	$20 – 33^1/_3\%$
Motor vehicles	20%
Computer system	$20 – 33^1/_3\%$

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademarks

Purchased trademarks with finite lives are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives ranging from five to ten years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss and loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include bank balances and cash, trade and other receivables, amounts due from associates, equity investments at fair value through profit or loss and loans and interest receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss include equity investments at fair value through profit or loss and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in profit or loss. The loss arising from impairment is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, bank balances and cash comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) processing fee income when services are provided;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(c) franchise fee income, on a straight-line basis over the franchise period;

(d) management and promotion fee income when services are provided;

(e) rental income, on a time proportion basis over the lease terms;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(g) dividend income, when the shareholders' right to receive payment has been established.

Share-based payments

The Company operates a share option scheme and a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 33 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the People's Republic of China (the "**PRC**") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute to a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their profit or loss and other comprehensive income are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location or subject to different leases or other contracts, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 16 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment of all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and interest receivables

When there is objective evidence of an impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. Further details of loans and interest receivables are included in note 26 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of deferred tax assets are included in note 31 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Allowance on trade and other receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and the aged analysis of the outstanding receivables and on management's estimation.

A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of the reporting period and makes provision against obsolete and slow-moving items. Management reassesses the estimation at the end of the reporting period.

The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss and other comprehensive income. At 31 March 2015, no impairment loss has been recognised for available-for-sale assets (2014: Nil). Further details of the available-for sale investment are included in note 21 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

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

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

(c) production and sale of bottled birds' nest drinks and herbal essence products – processing and sale of bottled birds' nest drinks, dried birds' nest, herbal essence, health tonics and other health products ("**Birds' Nest Sub-group**") (discontinued during the year ended 31 March 2014 (note 12)); and

(d) property investment – investment in commercial premises for rental income.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that other income, unallocated expenses, finance costs, net changes in fair values of equity investments at fair value through profit or loss, gain/(loss) on deemed partial disposal of equity interests in an associate and share of profits and losses of associates are excluded from such measurement.

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

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

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

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results

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

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

4. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities

	Continuing operations								Discontinued operation			
	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Property investment		Total continuing operations		Production and sale of bottled birds' nest drinks and herbal essence products		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS												
Assets excluding goodwill	**279,906**	257,976	**77,198**	103,826	**688,628**	622,939	**1,045,732**	984,741	**-**	2,739	**1,045,732**	987,480
Goodwill	**7,700**	7,700	**7,635**	7,635	**-**	–	**15,335**	15,335	**-**	–	**15,335**	15,335
Segment assets	**287,606**	265,676	**84,833**	111,461	**688,628**	622,939	**1,061,067**	1,000,076	**-**	2,739	**1,061,067**	1,002,815
Investments in associates							**294,945**	301,644	**-**	–	**294,945**	301,644
Loans and interest receivables							**18,951**	555,446	**-**	–	**18,951**	555,446
Equity investments at fair value through profit or loss							**193,222**	103,528	**-**	–	**193,222**	103,528
Available-for-sale investment							**613,615**	–	**-**	–	**613,615**	–
Tax recoverable							**2,874**	7,941	**-**	–	**2,874**	7,941
Deferred tax assets							**6,929**	5,249	**-**	–	**6,929**	5,249
Bank balances and cash							**247,841**	283,103	**3,110**	9,408	**250,951**	292,511
Unallocated assets							**381,349**	79,814	**-**	–	**381,349**	79,814
Consolidated total assets							**2,820,793**	2,336,801	**3,110**	12,147	**2,823,903**	2,348,948

4. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

	Continuing operations								Discontinued operation			
	Production and sale of Chinese pharmaceutical and health food products		Production and sale of Western pharmaceutical and health food products		Property investment		Total continuing operations		Production and sale of bottled birds' nest drinks and herbal essence products		Total	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
LIABILITIES												
Segment liabilities	121,195	83,437	11,974	13,357	3,295	3,621	136,464	100,415	186	654	136,650	101,069
Bank borrowings							550,096	391,215	-	–	550,096	391,215
Tax payable							587	2,714	-	150	587	2,864
Deferred tax liabilities							1,530	2,367	-	262	1,530	2,629
Unallocated liabilities							89,085	10,270	-	–	89,085	10,270
Consolidated total liabilities							777,762	506,981	186	1,066	777,948	508,047

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

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

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

4. OPERATING SEGMENT INFORMATION (continued)

Other segment information

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

Notes:

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

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

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

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

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

Information about major customers

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

5. REVENUE AND OTHER INCOME

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

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

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

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Notes	**2015 HK$'000**	2014 HK$'000
Cost of inventories recognised as an expense (including allowance for obsolete inventories of approximately HK$4,241,000 (2014: approximately HK$4,033,000))		**480,061**	475,768
Depreciation		**15,243**	17,111
Amortisation of other intangible assets	18	**213**	213
Research and development costs		**2,633**	692
Minimum lease payments under operating leases in respect of office properties and retail shops		**98,016**	97,743
Auditors' remuneration		**1,980**	1,900
Employee benefit expense (excluding directors' remuneration (note 8)):			
Wages and salaries and other benefits		**143,828**	124,523
Share-based payment		**–**	4
Pension scheme contributions		**9,929**	9,391
		153,757	133,918
Exchange losses, net		**649**	92
Impairment of trade receivables*		**7,412**	188
Gross rental income	5	**(12,434)**	(11,596)
Less: direct outgoing expenses		**282**	244
		(12,152)	(11,352)
Loss on disposal of items of property, plant and equipment		**9**	143
Gain on bargain purchase of additional interest in an associate**		**4,024**	–

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

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

7. FINANCE COSTS

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

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

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group 2015 HK$'000	2014 HK$'000
Fees	**535**	560
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	**11,585**	2,952
Performance-related bonuses*	**5,124**	757
Pension scheme contributions	**71**	66
	16,780	3,775
	17,315	4,335

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Group's operating results, individual performance of the directors and comparable market statistics during the year.

8. DIRECTORS' REMUNERATION (continued)

The remuneration paid to executive directors and independent non-executive directors during the year was as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2015					
Executive directors:					
Mr. Tang Ching Ho	**–**	**9,165**	**4,677**	**18**	**13,860**
Mr. Chan Chun Hong, Thomas	**–**	**661**	**55**	**18**	**734**
Ms. Tang Mui Fun	**–**	**1,759**	**392**	**35**	**2,186**
	–	**11,585**	**5,124**	**71**	**16,780**
Independent non-executive directors:					
Mr. Leung Wai Ho	**140**	**–**	**–**	**–**	**140**
Mr. Yuen Chi Choi *	**100**	**–**	**–**	**–**	**100**
Mr. Siu Man Ho, Simon	**140**	**–**	**–**	**–**	**140**
Mr. Cho Wing Mou	**140**	**–**	**–**	**–**	**140**
Mr. Li Ka Fai, David **	**15**	**–**	**–**	**–**	**15**
	535	**–**	**–**	**–**	**535**
2014					
Executive directors:					
Mr. Tang Ching Ho	–	649	54	15	718
Mr. Chan Chun Hong, Thomas	–	649	54	15	718
Ms. Tang Mui Fun	–	1,654	649	36	2,339
	–	2,952	757	66	3,775
Independent non-executive directors:					
Mr. Leung Wai Ho	140	–	–	–	140
Mr. Yuen Chi Choi *	140	–	–	–	140
Mr. Siu Man Ho, Simon	140	–	–	–	140
Mr. Cho Wing Mou	140	–	–	–	140
	560	–	–	–	560

* Passed away on 1 December 2014

** Appointed on 17 March 2015

8. DIRECTORS' REMUNERATION (continued)

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 March 2015 and 2014.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2014: one) directors, details of whose remuneration are disclosed in note 8 above. Details of the remuneration for the year of the remaining three (2014: four) non-director, highest paid employees are as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**3,254**	4,154
Discretionary performance related bonuses	**420**	699
Share-based payment	**–**	1
Pension scheme contributions	**47**	59
	3,721	4,913

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
HK$1,000,001 to HK$1,500,000	**3**	4

In prior years, share options were granted to these non-director, highest paid employees, in respect of their services to the Group, further details of which are set out in note 33 to the financial statements. The fair value of these options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

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

	2015 HK$'000	2014 HK$'000
Group:		
Current – Hong Kong		
Charge for the year	**1,417**	3,128
Underprovision in prior years	**1,032**	117
Current – other jurisdiction		
Charge for the year	**85**	480
Overprovision in prior years	**–**	(189)
Deferred taxation (note 31)	**(2,517)**	140
Total tax charge for the year	**17**	3,676

A reconciliation of the tax expense applicable to profit before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2015 HK$'000	2014 HK$'000
Profit before tax from continuing operations	**120,778**	171,874
Tax at the domestic income tax rate of 16.5% (2014:16.5%)	**19,928**	28,359
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(236)**	(249)
Underprovision/(overprovision) in prior years	**1,032**	(72)
Profits and losses attributable to associates	**(6,790)**	(3,753)
Income not subject to tax	**(29,498)**	(18,032)
Expenses not deductible for tax	**10,065**	3,228
Tax losses utilised from previous periods	**(1,446)**	(10,426)
Tax losses not recognised	**8,019**	4,854
Utilisation of deductible temporary differences previously not recognised	**(2,547)**	(750)
Deductible temporary differences not recognised	**1,630**	617
Effect of tax concession	**(140)**	(100)
Tax charge at the Group's effective rate	**17**	3,676

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

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 March 2015 includes a loss of approximately HK$16,765,000 (2014: approximately HK$9,110,000) which has been dealt with in the financial statements of the Company, which is included in note 34(b) to the financial statements.

12. DISCONTINUED OPERATION

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

The results of the discontinued operation for the year are presented below:

	2015	2014
	HK$'000	HK$'000
Revenue	**–**	16,847
Cost of sales	**–**	(17,308)
Gross loss	**–**	(461)
Other income	**–**	1,495
Selling and distribution expenses	**–**	(1,670)
Administrative expenses	**(319)**	(4,510)
Loss before tax from the discontinued operation	**(319)**	(5,146)
Income tax credit	**409**	50
Profit/(loss) for the year from the discontinued operation	**90**	(5,096)
Attributable to:		
Owners of the parent	**84**	(4,831)
Non-controlling interests	**6**	(265)
	90	(5,096)

12. DISCONTINUED OPERATION (continued)

The net cash flows incurred by the discontinued operation are as follows:

	2015 HK$'000	2014 HK$'000
Operating activities	**1,544**	(1,443)
Investing activities	**404**	188
Financing activities	**(8,246)**	–
Net cash outflow	**(6,298)**	(1,255)

	2015	2014 (Restated)
Basic and diluted profit/(loss) per share from the discontinued operation	**–**	HK(0.15) cents

The calculations of basic and diluted profit/(loss) per share (note 14) from the discontinued operation are based on:

	2015	2014 (Restated)
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation	**HK$84,000**	HK$(4,831,000)
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**3,917,462,323***	3,276,796,621*

* Restated by taking into account the retrospective adjustment to reflect the impact of the Rights Issue (as defined in note 32 to the financial statements) completed on 20 May 2015.

13. DIVIDENDS

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

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

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

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

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for both years has been adjusted retrospectively to reflect the impact of Rights Issue (as defined in note 32 to the financial statements) completed on 20 May 2015.

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

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

	2015 **HK$'000**	2014 HK$'000
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculations:		
From continuing operations	**120,895**	168,205
From a discontinued operation (note 12)	**84**	(4,831)
	120,979	163,374

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

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Computer system HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:								
At 1 April 2013	177,310	52,928	37,376	38,929	1,759	11,346	23,734	343,382
Additions	–	2,565	1,966	1,501	1,712	4,235	43,524	55,503
Disposals	–	(4,232)	(40)	(1,717)	(433)	(280)	–	(6,702)
Exchange realignment	–	(36)	(80)	(14)	(6)	12	–	(124)
At 31 March 2014 and 1 April 2014	177,310	51,225	39,222	38,699	3,032	15,313	67,258	392,059
Additions	27,795	3,733	694	2,074	–	2,349	248,432	285,077
Disposals	–	(1,969)	(4,836)	(1,031)	(836)	(67)	–	(8,739)
Exchange realignment	–	–	–	(2)	(13)	(14)	–	(29)
At 31 March 2015	205,105	52,989	35,080	39,740	2,183	17,581	315,690	668,368
Depreciation:								
At 1 April 2013	11,930	42,894	31,099	34,741	1,387	10,398	–	132,449
Provided for the year	4,812	6,261	3,356	2,559	794	1,120	–	18,902
Disposals	–	(4,160)	–	(1,655)	(433)	(261)	–	(6,509)
Exchange realignment	–	(33)	(68)	(13)	(9)	7	–	(116)
At 31 March 2014 and 1 April 2014	16,742	44,962	34,387	35,632	1,739	11,264	–	144,726
Provided for the year	5,303	4,149	1,915	2,086	399	1,391	–	15,243
Disposals	–	(1,969)	(4,423)	(1,031)	(836)	(67)	–	(8,326)
Exchange realignment	–	–	–	(2)	(4)	(10)	–	(16)
At 31 March 2015	22,045	47,142	31,879	36,685	1,298	12,578	–	151,627
Carrying amount:								
At 31 March 2015	183,060	5,847	3,201	3,055	885	5,003	315,690	516,741
At 31 March 2014	160,568	6,263	4,835	3,067	1,293	4,049	67,258	247,333

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's land and buildings as at 31 March 2015 and 2014 are situated in Hong Kong and are held under the following lease terms:

	Group	
	2015	2014
	HK$'000	HK$'000
Long term leases	**79,085**	72,783
Medium term leases	**103,975**	87,785
	183,060	160,568

At 31 March 2015, certain of the Group's land and buildings with a net carrying amount of approximately HK$178,385,000 (2014: approximately HK$155,733,000) were pledged to secure general banking facilities granted to the Group (note 29).

16. INVESTMENT PROPERTIES

	Group	
	2015	2014
	HK$'000	HK$'000
Carrying amount at 1 April	**467,000**	356,000
Additions (from acquisition)	**16,132**	85,337
Net gains from fair value adjustments recognised in profit or loss	**26,868**	25,663
Carrying amount at 31 March	**510,000**	467,000

The Group's investment properties as at 31 March 2015 and 2014 are situated in Hong Kong and are held under the following lease terms:

	Group	
	2015	2014
	HK$'000	HK$'000
Long term leases	**15,000**	22,000
Medium term leases	**495,000**	445,000
	510,000	467,000

16. INVESTMENT PROPERTIES (continued)

All of the Group's investment properties are commercial properties in Hong Kong. The Group's investment properties were revalued on 31 March 2015 based on valuations performed by Vigers Appraisal and Consulting Limited, an independent professionally qualified valuer, at HK$510,000,000 (2014: HK$467,000,000).

The investment properties are leased to third parties under operating leases, further details of which are included in note 39(a) to the financial statements.

At 31 March 2015, the Group's investment properties with an aggregate carrying value of HK$510,000,000 (2014: HK$467,000,000) and certain rental income generated from there were pledged to secure the general banking facilities granted to the Group (note 29).

Further particulars of the Group's investment properties are included on page 155.

Fair value hierarchy

The recurring fair value measurement for all the commercial properties of the Group uses significant unobservable inputs (Level 3).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Total HK$'000
Carrying amount at 1 April 2013	356,000
Additions (from acquisition)	85,337
Net gains from fair value adjustments recognised in profit or loss	25,663
Carrying amount at 31 March 2014 and 1 April 2014	467,000
Additions (from acquisition)	16,132
Net gains from fair value adjustments recognised in profit or loss	26,868
Carrying amount at 31 March 2015	510,000

16. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range 2015	Range 2014
Commercial properties	Investment method	Estimated rental value per square feet and per month (HK$)	**135 to 380**	120 to 370
		Capitalisation rate	**2.3% to 2.8%**	2.4% to 2.9%

As at 31 March 2015 and 2014, the valuations of investment properties were based on the investment method which capitalises the rent receivable from the existing tenancies and the potential reversionary market rent of the properties.

Significant increases/(decreases) in the estimated rental value per square feet in isolation would result in a significantly higher/(lower) fair value of the investment properties. Significant increases/(decreases) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated rental value per square feet is accompanied by a directionally opposite change in the capitalisation rate.

17. GOODWILL

Group

	HK$'000
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015:	
Cost	298,964
Accumulated impairment	(283,629)
Net carrying amount	15,335

17. GOODWILL (continued)

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units ("**CGU**") for impairment testing:

- One subsidiary in the production and sale of Chinese pharmaceutical and health food products segment ("**Subsidiary A**"); and
- One subsidiary in the production and sale of Western pharmaceutical and health food products segment ("**Subsidiary B**").

The recoverable amounts of both cash-generating units were determined based on value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rates applied to the cash flow projections for the CGUs of Subsidiary A and Subsidiary B were 13% (2014: 13%) and 13% (2014: 13%), respectively. The cash flows beyond the five-year period were extrapolated using a steady growth rate of 3% (2014: 3%).

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	Total HK$'000
At 31 March 2015 and 2014:	
Subsidiary A	7,700
Subsidiary B	7,635
	15,335

Assumptions were used in the value in use calculation of the CGUs for the years ended 31 March 2015 and 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Forecasted growth rates – The forecasted growth rates are based on industry forecasts.

Expected changes in selling prices and direct costs – The expected amounts are based on historical operating records and expectation of future changes in the market.

Discount rates – The discount rates are based on estimates of the required rate of returns that reflect the current market assessment of the time value of money, general market risks and the risks specific to the CGUs.

During the years ended 31 March 2015 and 2014, management of the Group determines that there was no impairment of goodwill on any of its CGUs.

18. OTHER INTANGIBLE ASSETS

Group

	Trademarks HK$'000
31 March 2015	
Cost at 1 April 2014, net of accumulated amortisation	**435**
Additions	**186**
Amortisation provided during the year	**(213)**
At 31 March 2015	**408**
At 31 March 2015:	
Cost	**2,354**
Accumulated amortisation	**(1,946)**
Net carrying amount	**408**
31 March 2014	
Cost at 1 April 2013, net of accumulated amortisation	547
Additions	101
Amortisation provided during the year	(213)
At 31 March 2014	435
At 31 March 2014 and at 1 April 2014:	
Cost	2,168
Accumulated amortisation	(1,733)
Net carrying amount	435

The trademarks have finite useful lives and are amortised on a straight-line basis over 5 to 10 years.

19. INVESTMENTS IN SUBSIDIARIES

		Company	
		2015	2014
	Notes	**HK$'000**	HK$'000
Unlisted shares, at cost		**–**	–
Due from subsidiaries	(i)	**2,244,881**	2,057,915
Due to subsidiaries	(i)	**(322,419)**	(352,165)
		1,922,462	1,705,750
Less: accumulated impairment	(ii)	**(345,271)**	(302,059)
		1,577,191	1,403,691

Notes:

(i) The amounts are unsecured, interest-free and have no fixed terms of repayment, except for amounts due from subsidiaries of approximately HK$370,055,000 (2014: approximately HK$158,121,000), which bear interest at 5% (2014: 5%) per annum. The carrying amounts of these amounts approximate to their fair values.

(ii) The impairment relates primarily to amounts due from subsidiaries that had suffered from losses for years or ceased operations.

19. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Company				Principal activity
			Directly		Indirectly		
			2015	2014	**2015**	2014	
Asia Brighter Investment Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment
Billion Good Investment Limited	Hong Kong	Ordinary share HK$2	**–**	–	**99.79%**	99.79%	Property holding
Full Gainer Investment Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment
Grand Quality Development Limited	Hong Kong	Ordinary share HK$2	**–**	–	**100.00%**	100.00%	Property investment
Guidepost Investments Limited	British Virgin Islands	Ordinary share United States dollar ("**USD**") 1	**–**	–	**100.00%**	100.00%	Investment holding
Info World Investment Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment
Luxembourg Medicine Company Limited	Hong Kong	Ordinary share HK$933,313	**–**	–	**99.79%**	99.79%	Production and sale of Western pharmaceutical and health food products
New Supreme Investment Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Construction project of a factory in Yuen Long Industrial Estate
Richest Ever Limited	Hong Kong	Ordinary share HK$2	**–**	–	**99.79%**	99.79%	Trading of Chinese pharmaceutical and health food products
Sky Success Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment
Sino Fame Investments Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment

19. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows: (continued)

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity attributable to the Company				Principal activity
			Directly		Indirectly		
			2015	2014	**2015**	2014	
Smart First Investment Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment
Smart Star Investments Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment
Star Sense Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment
Union Target Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment
Topmate Investment Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property investment
Total Smart Investments Limited	British Virgin Islands	Ordinary share USD1	**100.00%**	100.00%	**–**	–	Investment holding
Wai Yuen Tong Company Limited	Hong Kong	Ordinary share HK$1	**–**	–	**100.00%**	100.00%	Property holding
Wai Yuen Tong (Macao) Limited	Macau	Ordinary share Macau Pataca 25,000	**–**	–	**99.79%**	99.79%	Retail and sale of Chinese pharmaceutical and health food products
Wai Yuen Tong (Retail) Limited	Hong Kong	Ordinary share HK$2	**–**	–	**99.79%**	99.79%	Retail and sale of Chinese pharmaceutical and health food products
Wai Yuen Tong Medicine Company Limited ("**WYT Medicine Company**")	Hong Kong	Ordinary share HK$13,417,374 Non-voting deferred shares* HK$17,373,750	**–**	–	**99.79%**	99.79%	Production and sale of Chinese pharmaceutical and health food products
深圳市延養堂醫藥有限公司 #	PRC	Registered capital Renminbi ("**RMB**") 34,001,588	**–**	–	**99.79%**	99.79%	Retail and sale of Chinese pharmaceutical and health food products

19. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows: (continued)

* The non-voting deferred shares carry no voting rights or rights to dividends. On the winding-up of WYT Medicine Company, the non-voting deferred shares have a right to repayment in proportion to the amounts paid up on all ordinary and deferred shares after the first HK$1,000,000,000,000 thereof has been distributed among the holders of the ordinary shares.

A wholly-owned foreign enterprise under PRC law.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

20. INVESTMENTS IN ASSOCIATES

		Group	
		2015	2014
	Notes	**HK$'000**	HK$'000
Cost of investments in associates:	(a)		
Shares listed in Hong Kong, at cost	(b),(c)	**474,528**	473,824
Unlisted shares, at cost	(d)	**4,331**	3,831
Less: impairment losses recognised		**(214,815)**	(214,815)
		264,044	262,840
Share of post-acquisition profits and other comprehensive income, net of dividends received		**31,923**	40,030
Share of other reserve		**(1,022)**	(1,226)
		294,945	301,644
Market value of listed investments		**59,619**	181,141

The Group's trade receivable balances with the associates are disclosed in note 24 to the financial statements.

20. INVESTMENTS IN ASSOCIATES (continued)

Particulars of all the associates are as follows:

Name	Place of incorporation/ registration and business	Particulars value of issued shares held	Percentage of ownership interest attributable to the Group		Principal activity
			2015	2014	
Creation Sino Limited	Hong Kong	Ordinary HK$2,500,000	**49.90%**	49.90%	Retail of Chinese pharmaceutical products
Fortune Way Trading Limited	Hong Kong	Ordinary HK$1,000,000	**49.90%**	49.90%	Retail of Chinese pharmaceutical products
PNG Resources Holdings Limited ("**PNG**")*	Cayman Islands/ Hong Kong	Ordinary HK$11,069,500	**24.37% (Note (b))**	28.86%	Investment holding
Winning Forever Limited	Hong Kong	Ordinary HK$2,500,000	**49.90%**	49.90%	Retail of Chinese pharmaceutical products
Win Brave Limited	Hong Kong	Ordinary HK$1,000,000	**49.90%**	–	Retail of Chinese pharmaceutical products

The above associates are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

* Listed on the Main Board of the Stock Exchange. The principal activities of its subsidiaries are the sale of fresh pork meat and related products and property development in the PRC.

Notes:

(a) Included in the cost of investments in associates is goodwill arising on acquisition of PNG and on unlisted associates. The movement of the cost of investment attributable to goodwill is set out below.

	Group 2015 HK$'000	2014 HK$'000
At 1 April	**39,996**	48,071
Deemed disposal of partial interests in PNG	**(6,638)**	(8,075)
At 31 March	**33,358**	39,996

20. INVESTMENTS IN ASSOCIATES (continued)

Notes: (continued)

(b) **Year ended 31 March 2014**

On 20 November 2013, the Group, PNG and Kingston Securities Limited ("**Kingston**"), the placing agent, entered into a placing and subscription agreement, pursuant to which (i) the Group agreed to place, through Kingston, 1,538,000,000 PNG shares to certain placees at a price of HK$0.1 per share; and (ii) PNG agreed to issue to the Group and the Group agreed to subscribe for an aggregate of 1,538,000,000 PNG shares at a price of HK$0.1 per share (the "**2014 PNG Top-Up Placing and Subscription**"). The 2014 PNG Top-Up Placing and Subscription was completed on 27 November 2013.

Consequently, the Group's equity interests in PNG were diluted from 34.63% to 28.86% and an aggregate gain on deemed partial disposal of equity interests in PNG of approximately HK$1,436,000 was recognised for the year ended 31 March 2014 and included in "Gain/(loss) on deemed partial disposal of equity interests in an associate" in the consolidated statement of profit or loss and other comprehensive income.

Year ended 31 March 2015

(i) On 12 September 2014, PNG, Ever Task Limited ("**Ever Task**"), an indirect wholly-owned subsidiary of Wang On Group Limited ("**Wang On**"), a major shareholder of the Company, and Kingston, the placing agent, entered into a placing and subscription agreement, pursuant to which (i) Ever Task agreed to place, through Kingston, 150,000,000 PNG shares to certain placees at a price of HK$0.325 per share; and (ii) PNG agreed to issue to Ever Task and Ever Task agreed to subscribe for an aggregate of 150,000,000 PNG shares at a price of HK$0.325 per share (the "**2015 PNG Top-Up Placing and Subscription**"). The 2015 PNG Top-Up Placing and Subscription was completed on 26 September 2014.

On 12 September 2014, PNG and Kingston entered into another placing agreement, pursuant to which PNG agreed to issue an aggregate of 34,000,000 PNG shares to certain placees at a price of HK$0.325 per share (the "**PNG Placing**"). The PNG Placing was completed on 29 September 2014.

Upon completion of the 2015 PNG Top-Up Placing and Subscription and the PNG Placing, the Group's equity interests in PNG were diluted from 28.86% to 24.07% and an aggregate loss on deemed partial disposal of equity interests in PNG of approximately HK$32,928,000 was recognised for the year ended 31 March 2015 and included in "Gain/(loss) on deemed partial disposal of equity interests in an associate" in the consolidated statement of profit or loss and other comprehensive income.

(ii) On 19 November 2014, a special interim dividend was declared by Wang On and which was satisfied by way of a distribution in specie of the PNG shares held by Wang On. Since the Group held 141,000,000 Wang On shares on 11 December 2014 (the ex-dividend date), 3,384,000 PNG shares at a cost of HK$704,000 were distributed to the Group by Wang On on 23 December 2014 (the distribution date).

Consequently, the Group's equity interests in PNG increased from 24.07% to 24.37% and an aggregate gain on bargain purchase of equity interests in PNG of approximately HK$4,024,000 was recognised for the year ended 31 March 2015 and included in "Share of profits and losses of associates" in the consolidated statement of profit or loss and other comprehensive income.

20. INVESTMENTS IN ASSOCIATES (continued)

Notes: (continued)

(c) The following table illustrates the summarised financial information in respect of PNG and reconciled to the carrying amount in the consolidated financial statements:

	2015 **HK$'000**	2014 HK$'000
Current assets	**1,735,364**	1,610,828
Non-current assets	**503,131**	824,282
Current liabilities	**(934,655)**	(1,186,181)
Non-current liabilities	**(202,294)**	(309,891)
Net assets (including non-controlling interests)	**1,101,546**	939,038
Net assets attributable to the Group	**1,060,130**	897,557
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**24.37%**	28.86%
Group's share of net assets of the associate, excluding goodwill	**258,354**	259,035
Goodwill on acquisition (less cumulative impairment)	**33,358**	39,996
Carrying amount of the investment	**291,712**	299,031

	2015 **HK$'000**	2014 HK$'000
Revenue	**1,188,134**	1,034,155
Profit/(loss) for the year	**144,554**	(24,954)
Post-tax loss from a discontinued operation	**(275)**	(208,070)
Other comprehensive income/(loss)	**(35,703)**	18,554
Total comprehensive income/(loss) for the year	**108,851**	(6,400)

(d) The following table illustrates the aggregate summarised financial information of the Group's associates that are not individually material:

	2015 **HK$'000**	2014 HK$'000
Share of the associates' profits/(losses) for the year	**120**	(16)
Aggregate carrying amount of the Group's investments in the associates	**3,233**	2,613

21. AVAILABLE-FOR-SALE INVESTMENT

	Group 2015 HK$'000	Group 2014 HK$'000
Unlisted debt investment, at fair value	**613,615**	–

The above investment consists of an investment in a debt security which was designated as available-for-sale financial asset and issued by China Agri-Products Exchange Limited ("**CAP**"), an associate of PNG and is listed on the Stock Exchange, with a principal amount of HK$720,000,000 and fixed interest rate at 10% per annum, which will mature in 2019. During the year, the gross loss in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to approximately HK$88,874,000 (2014: Nil).

22. INVENTORIES

	Group 2015 HK$'000	Group 2014 HK$'000
Raw materials and consumables	**34,257**	35,980
Work in progress	**3,134**	3,354
Finished goods	**113,994**	107,920
	151,385	147,254

23. TRADE AND OTHER RECEIVABLES

	Group 2015 HK$'000	Group 2014 HK$'000	Company 2015 HK$'000	Company 2014 HK$'000
Trade receivables	**126,256**	139,509	**–**	–
Less: accumulated impairment	**(11,135)**	(3,790)	**–**	–
	115,121	135,719	**–**	–
Rental and other deposits	**26,832**	25,703	**4,387**	4,387
Prepayments	**55,925**	22,056	**2,579**	2,410
Other receivables	**40,029**	15,648	**1,112**	1,069
	122,786	63,407	**8,078**	7,866
Total trade and other receivables	**237,907**	199,126	**8,078**	7,866

23. TRADE AND OTHER RECEIVABLES (continued)

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 60 to 120 days. Each customer has a maximum credit limit and the credit limit is reviewed regularly. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

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

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

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

23. TRADE AND OTHER RECEIVABLES (continued)

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

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

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

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

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

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

24. AMOUNTS DUE FROM ASSOCIATES

	Group	
	2015	2014
	HK$'000	HK$'000
Trade receivables due from associates	**10,640**	6,146

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

As at 31 March 2015 and 2014, substantially all of the trade receivables are neither past due nor impaired. The directors of the Company are of the opinion that no provision for impairment is necessary as the directors assessed that the balances will be fully recoverable based on their settlement records. The Group does not hold any collateral over these balances.

25. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity investments in Hong Kong, at market value	**191,547**	101,933	**10,856**	9,622
Unlisted mutual funds outside Hong Kong, at fair value	**1,675**	1,595	**–**	–
	193,222	103,528	**10,856**	9,622

The above financial instruments at 31 March 2015 and 2014 were classified as held for trading or were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

The fair value of unlisted mutual funds is determined based on the quoted market prices provided by fund administrators with reference to prices derived from the over-the-counter market.

At the end of the reporting period, the equity investments at fair value through profit or loss that are denominated in USD, other than the functional currencies of the respective group entities, amounted to approximately HK$1,675,000 (2014: approximately HK$1,595,000).

26. LOANS AND INTEREST RECEIVABLES

Details of the loans and interest receivables are as follows:

Loan	Name of borrower	Maturity date	Effective interest rate per annum	Group 2015 HK$'000	Group 2014 HK$'000
10% unsecured HK$190 million loan (Note (i))	PNG	12 November 2016 (Note (i))	9.14%	**–**	197,236
8% unsecured HK$10 million loan (Note (i))	PNG	8 July 2017 (Note (i))	7.43%	**–**	12,179
				–	209,415
10% unsecured HK$60 million loan (Note (ii))	CAP	30 September 2014 (Note (ii))	9.54%	**953**	63,008
10% unsecured HK$15 million loan (Note (ii))	CAP	30 September 2014 (Note (ii))	9.54%	**238**	15,752
10% unsecured HK$100 million loan	CAP	27 December 2015	9.15%	**9,178**	102,575
12% unsecured HK$100 million loan	CAP	27 May 2016	11.34%	**6,017**	110,093
12% unsecured HK$50 million loan	CAP	27 May 2016	11.40%	**2,565**	54,603
				18,951	346,031
				18,951	555,446
Less: Loans and interest receivables classified as non-current assets				**–**	(450,000)
				18,951	105,446

26. LOANS AND INTEREST RECEIVABLES (continued)

Details of the loans and interest receivables are as follows: (continued)

Note (i): The loans with principal amounts of HK$190,000,000 and HK$10,000,000 granted to PNG were unsecured, bore interest at 8% per annum and were repayable on 12 November 2013 and 8 July 2014 (the "**Original Maturity Dates of loan to PNG**"), respectively. On 22 August 2013, the Group and PNG entered into two supplemental agreements, pursuant to which the Group agreed to extend the repayment dates of these loans for another three years from the respective Original Maturity Dates of loan to PNG (the "**New Repayment Dates of loan to PNG**") and the interest rates were increased from 8% to 10% per annum which were applicable for the period from the Original Maturity Dates of loan to PNG to the New Repayment Dates of loan to PNG. These two loans were classified as non-current assets as at 31 March 2014.

Note (ii): The loans with principal amounts of HK$60,000,000 and HK$15,000,000 granted to CAP were unsecured, bore interest at 10% per annum and were repayable on 30 September 2014 (the "**Original Maturity Date of Loan to CAP**"). On 22 August 2013, the Group and CAP entered into two supplemental agreements, pursuant to which the Group agreed to extend the repayment dates of these loans for another two months from the respective Original Maturity Date of Loan to CAP.

On 28 November 2014, the Group subscribed for a debt security issued by CAP with a principal amount of HK$720,000,000 and part of the consideration of HK$325,000,000 was settled by the loans receivable from CAP with the same principal amount.

Loans and interest receivables were neither past due nor impaired. The credit quality of these loans is considered good as the directors assessed that PNG and CAP could generate sufficient funds from their normal course of business for repayment of the loans upon maturity. There was no significant change in the credit quality during the year. The aggregate fair value of the loans and interest receivables was approximately HK$18,951,000 as at 31 March 2015 (2014: approximately HK$468,611,000). The fair values have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

27. BANK BALANCES AND CASH

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank balances and cash	**96,467**	90,909	**35,349**	22,019
Time deposits	**154,484**	201,602	**154,484**	191,602
	250,951	292,511	**189,833**	213,621

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of six months or less depending on the immediate cash requirements of the Group, and earn interest at the effective short term time deposit rates ranging from 0.0001% to 4.05% (2014: 0.01% to 3.15%) per annum. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the bank balances and cash approximate to their fair values.

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

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**34**	51	**–**	17
Euro ("**EUR**")	**141**	141	**–**	–
Singapore dollar ("**SGD**")	**50**	5,083	**–**	4,465
RMB*	**103,914**	102,159	**103,593**	101,938
HK$	**1,839**	–	**–**	–
New Taiwan Dollar ("**NTD**")	**8**	–	**–**	–
Australian Dollar	**4**	–	**–**	–

* The RMB is not freely convertible into other currencies, however, under Mainland China Foreign Exchange Control Regulations and Administration of Settlement Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**81,517**	64,937	**–**	–
Accrual of salaries and commission	**22,365**	14,789	**3,881**	155
Accrual of advertising and promotion	**10,170**	2,651	**–**	–
Rental deposits received	**2,799**	2,627	**154**	154
Other payables and accruals	**108,866**	26,317	**2,124**	1,804
	225,717	111,321	**6,159**	2,113

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

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

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

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

	Group	
	2015	2014
	HK$'000	HK$'000
RMB	**7,132**	16,074
NTD	**440**	844
USD	**1,274**	233
EUR	**38**	–
SGD	**4**	–

29. BANK BORROWINGS

Group

	2015			2014		
	Contractual interest rate (%)	Maturity	HK$'000	Contractual interest rate (%)	Maturity	HK$'000
Current:						
Bank loans – secured	Prime rate – (2.50 – 2.90)/ HIBOR + (1.28 – 2.00)	2017 – 2028	44,556	Prime rate – 2.90/ HIBOR + 1.95	2023 – 2028	14,392
Long term bank loans repayable on demand – secured	HIBOR + (1.70 – 2.50)	On demand	90,843	Prime rate – 2.50/ HIBOR + (1.28 – 2.50)	On demand	182,744
Long term bank loan repayable on demand – unsecured	HIBOR + (1.28 – 2.00)	On demand	63,824	HIBOR + 1.28	On demand	4,667
			199,223			201,803
Non-current:						
Bank loans – secured	Prime rate – (2.50 – 2.90)/ HIBOR + (1.28 – 2.00)	2017 – 2028	350,873	Prime rate – 2.90/ HIBOR + 1.95	2023 – 2028	189,412
			550,096			391,215

29. BANK BORROWINGS (continued)

	2015 HK$'000	2014 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand (Note)	**199,223**	201,803
In the second year	**47,216**	14,392
In the third to fifth years, inclusive	**164,308**	43,176
Beyond five years	**139,349**	131,844
	550,096	391,215

Note: As further explained in note 42(b) to the financial statements, the Group's term loans with an aggregate amount of approximately HK$154,667,000 (2014: approximately HK$187,411,000) containing a repayment on demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank loans and analysed into bank loans repayable within one year or on demand.

At the end of the reporting period, the maturity profile of interest-bearing loans based on the scheduled repayment dates set out in the loan agreements is as follows:

	2015 HK$'000	2014 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	**85,035**	38,812
In the second year	**86,489**	40,623
In the third to fifth years, inclusive	**221,972**	124,840
Beyond five years	**156,600**	186,940
	550,096	391,215

Notes:

(a) Certain bank loans of the Group are secured by the Group's land and buildings (note 15) and investment properties (note 16) and certain rental income generated from there amounted to approximately HK$178,385,000 (2014: approximately HK$155,733,000) and HK$510,000,000 (2014: HK$467,000,000), respectively.

In addition, the Company has guaranteed the Group's bank loans up to approximately HK$550,096,000 (2014: approximately HK$391,215,000) as at the end of the reporting period.

(b) All bank loans of the Group bear interest at floating interest rates.

(c) The carrying amounts of the bank loans of the Group approximate to their fair values.

30. DEFERRED FRANCHISE INCOME

	Group 2015 HK$'000	Group 2014 HK$'000
Carrying amount at 1 April	**18**	18
Additions during the year	**90**	90
Recognised during the year	**(90)**	(90)
Carrying amount at 31 March	**18**	18

31. DEFERRED TAX

The following are the major deferred tax assets recognised and movements thereon during the current and prior years:

Group

	Loss available for offsetting against future taxable profits HK$'000	Accelerated tax depreciation HK$'000	Allowance for bad and doubtful debts HK$'000	Total HK$'000
At 1 April 2013	–	2,241	515	2,756
Deferred tax credited/(charged) to profit or loss during the year (note 10)	–	(156)	16	(140)
Exchange realignment	–	4	–	4
At 31 March 2014 and 1 April 2014	–	2,089	531	2,620
Deferred tax credited/(charged) to profit or loss during the year				
– continuing operations (note 10)	2,322	711	(516)	2,517
– discontinued operation	–	262	–	262
At 31 March 2015	2,322	3,062	15	5,399

31. DEFERRED TAX (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015	2014
	HK$'000	HK$'000
Deferred tax assets	**6,929**	5,249
Deferred tax liabilities	**(1,530)**	(2,629)
	5,399	2,620

At the end of the reporting period, the Group has unused tax losses arising in Hong Kong of approximately HK$124,140,000 (2014: approximately HK$85,283,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has unused tax loss arising in the PRC of approximately HK$1,872,000 (2014: approximately HK$1,229,000) that will expire in one to five years for offsetting against future taxable profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

At 31 March 2015 and 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised totalled approximately HK$6,132,000 at 31 March 2015 (2014: approximately HK$8,263,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

32. SHARE CAPITAL

Shares

	2015 HK$'000	2014 HK$'000
Authorised:		
60,000,000,000 (2014: 60,000,000,000) ordinary shares of HK$0.01 (2014: HK$0.01) each	**600,000**	600,000
Issued and fully paid:		
4,217,142,969 (2014: 2,931,142,969) ordinary shares of HK$0.01 (2014: HK$0.01) each	**42,171**	29,311

There was no movement in share capital during the prior year. During the year, the movements in share capital of the Company were as follows:

	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2013, 31 March 2014 and 1 April 2014	2,931,142,969	29,311	1,340,510	1,369,821
Issue of shares (Note)	1,286,000,000	12,860	189,236	202,096
Share issue expenses (Note)	–	–	(5,864)	(5,864)
At 31 March 2015	4,217,142,969	42,171	1,523,882	1,566,053

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

In addition, on 20 November 2014, the Company and Kingston entered into a placing agreement, pursuant to which the Company agreed to allot and issue through Kingston, 700,000,000 shares of the Company to certain independent parties at a price of HK$0.133 per share. The transaction was completed on 4 December 2014.

32. SHARE CAPITAL (continued)

On 20 May 2015, the Company completed a rights issue of one rights share for every two existing shares held by qualifying shareholders at an issue price of HK$0.108 per rights share (the "**Rights Issue**") and a total of 2,109,100,355 rights shares were issued at a total cash consideration, before expenses, of approximately HK$227,783,000.

As a result of the Rights Issue, the issued share capital of the Company increased from 4,217,142,969 shares of HK$0.01 each to 6,325,714,453 shares of HK$0.01 each. Details of the Rights Issue were disclosed in the Company's announcements dated 26 March 2015 and 18 May 2015 and prospectus dated 24 April 2015.

Share options

Details of the Company's share option scheme are set out in note 33 to the financial statements.

33. SHARE OPTION SCHEME

The share option scheme adopted by the Company on 18 September 2003 (the "**2003 Scheme**") was terminated with the approval by the shareholders of the Company at the annual general meeting held on 22 August 2013 and a new share option scheme (the "**2013 Scheme**") was approved to be adopted by the shareholders of the Company on 22 August 2013. The 2013 Scheme will remain in force for a period of 10 years from that day, unless otherwise terminated earlier by shareholders in a general meeting. As a result, the Company can no longer grant any further options under the 2003 Scheme.

Upon the termination of the 2003 Scheme, no share options were granted thereunder but the subsisting share options granted prior to the termination will continue to be valid and exercisable during the prescribed exercise period in accordance with the terms of the 2003 Scheme.

The 2013 Scheme is for the primary purpose of providing incentives to selected eligible persons as incentives or rewards for their contribution or potential contribution to the Company and its subsidiaries.

Pursuant to the 2013 Scheme, the board of directors may grant options to directors and eligible employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing price of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options.

Options granted must be taken up within 30 days from the date of grant, upon payment of HK$1. Options may be exercised at any time from the date of grant of the share options up to the tenth anniversary of the date of grant as determined by the directors at their discretion.

33. SHARE OPTION SCHEME (continued)

The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option scheme of the Company, shall not exceed 30% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of options granted pursuant to the 2013 Scheme. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Scheme shall not exceed 10% of the shares in issue as at the date of approval of the 2013 Scheme.

The total number of shares in respect of which options may be granted to an eligible person under the 2013 Scheme is not permitted to exceed 1% of the aggregate number of shares for the time being issued and issuable under the 2013 Scheme.

The following share options were outstanding under the 2003 Scheme during the year:

	2015		2014	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 April	**0.759**	**1,253**	0.756	1,390
Forfeited during the year	**0.680**	**(195)**	0.730	(137)
At 31 March	**0.773**	**1,058**	0.759	1,253

There were no share options granted or exercised for the years ended 31 March 2015 and 2014.

There was no share-based payment recognised during the year ended 31 March 2015 and the Group recognised a share-based payment of approximately HK$4,000 during the year ended 31 March 2014.

33. SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2015

Number of options '000	Exercise price* HK$ per share	Exercise period*
467**	**1.2050****	**8.1.2010 to 7.1.2019**
591***	**0.4321*****	**12.5.2011 to 11.5.2020**
1,058		

2014

Number of options '000	Exercise price* HK$ per share	Exercise period*
530	1.2050	8.1.2010 to 7.1.2019
723	0.4321	12.5.2011 to 11.5.2020
1,253		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** Upon completion of the Rights Issue, the number and exercise price of the share options outstanding are 487,000 and HK$1.1560, respectively. Further details of the Rights Issue are set out in note 32 to the financial statements.

*** Upon completion of the Rights Issue, the number and exercise price of the share options outstanding are 591,000 and HK$0.4145, respectively. Further details of the Rights Issue are set out in note 32 to the financial statements.

33. SHARE OPTION SCHEME (continued)

The options granted vested as follows:

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

At the end of the reporting period, the Company had 1,057,702 (2014: 1,252,638) share options outstanding under the 2003 Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 1,057,702 additional ordinary shares of the Company and additional share capital of approximately HK$11,000 (2014: approximately HK$13,000) and share premium of approximately HK$807,000 (2014: approximately HK$938,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 1,077,434 share options outstanding under the 2003 Scheme, which represented approximately 0.017% of the Company's shares in issue at that date.

34. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 061 and 062 of the consolidated financial statements.

(i) Special reserve

The special reserve of the Group represents the difference between the nominal value of ordinary shares issued by the Company and the aggregate nominal value of the issued ordinary share capital of the subsidiaries acquired pursuant to a group reorganisation in 1995.

(ii) General reserve

The general reserve represents the credits arising from the capital reduction effected by the Company less the amount utilised for the purpose of the bonus issue of shares by the Company.

(iii) Other reserve

The other reserve represents the Group's share of other reserve of its associate which in turn shares the other reserve of its another associate arising from the changes in that associate's ownership interests in its subsidiaries that do not result in the loss of control.

34. RESERVES (continued)

(b) Company

	Share premium HK$'000	Special reserve HK$'000	General reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2013	1,340,510	(27,150)	215,599	639	51,023	1,580,621
Profit and total comprehensive income for the year	–	–	–	–	31,544	31,544
Recognition of share-based payment	–	–	–	4	–	4
Forfeiture of share options	–	–	–	(61)	61	–
Final 2013 dividend declared	–	–	–	–	(8,793)	(8,793)
At 31 March 2014 and 1 April 2014	**1,340,510**	**(27,150)**	**215,599**	**582**	**73,835**	**1,603,376**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(38,509)**	**(38,509)**
Issue of shares	**189,236**	**–**	**–**	**–**	**–**	**189,236**
Share issue expenses	**(5,864)**	**–**	**–**	**–**	**–**	**(5,864)**
Forfeiture of share options	**–**	**–**	**–**	**(83)**	**83**	**–**
Final 2014 dividend declared	**–**	**–**	**–**	**–**	**(8,793)**	**(8,793)**
At 31 March 2015	**1,523,882**	**(27,150)**	**215,599**	**499**	**26,616**	**1,739,446**

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited after the vesting period.

35. RETIREMENT BENEFIT PLANS

The Group participates in a MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the Occupational Retirement Schemes Ordinance Scheme prior to the establishment of the MPF Scheme were switched to the MPF Scheme, whereas all new employees joining the Group on or after December 2000 are required to join the MPF Scheme.

35. RETIREMENT BENEFIT PLANS (continued)

For members of the MPF Scheme, the Group contributes the lower of HK$1,500 and 5% of the relevant monthly payroll costs to the MPF Scheme (save for a director of the Company to whom the Group contributes HK$3,000 per month), which contribution is matched by the employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the government. The subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement benefit schemes. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total cost of approximately HK$10,000,000 (2014: approximately HK$9,457,000) charged to profit or loss represents contributions paid and payable to these schemes of continuing operations of the Group in respect of the current accounting year. As at 31 March 2015, contributions of approximately HK$381,000 (2014: approximately HK$341,000) due in respect of the reporting period had not been paid over to the schemes.

36. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

The Group purchased an unlisted debt security issued by CAP at a consideration of HK$702,000,000 in the current year, which was partially offset by the loan and interest receivables due from CAP of HK$325,000,000.

37. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	Group		**Company**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees given to banks in connection with banking facilities granted to subsidiaries	**–**	–	**777,043**	459,043

As at 31 March 2015, the banking facilities granted to subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of approximately HK$550,096,000 (2014: approximately HK$391,215,000).

38. PLEDGE OF ASSETS

Details of the Group's bank borrowings which are secured by the assets of the Group are included in notes 15, 16 and 29 to the financial statements.

39. OPERATING LEASE ARRANGEMENTS

(a) *As lessor*

The Group leases and sub-leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Property rental income and sub-lease income earned during the year were approximately HK$12,434,000 (2014: approximately HK$11,596,000) and approximately HK$2,527,000 (2014: approximately HK$2,780,000), respectively. The properties are expected to generate rental yield of 2.2% (2014: 2.1%) on an ongoing basis.

At 31 March 2015, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**11,905**	13,225	**1,273**	2,598
In the second to fifth years, inclusive	**3,781**	11,767	**811**	462
	15,686	24,992	**2,084**	3,060

(b) *As lessee*

The Group leases certain of its office properties and retail shops under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

Certain leases have contingent rental payable which is based on the turnover of the relevant retail shops. The contingent rent paid for the year was approximately HK$18,555,000 (2014: approximately HK$19,948,000).

The Group made minimum lease payments of approximately HK$98,119,000 (2014: approximately HK$100,078,000) under operating leases during the year in respect of its office properties and retail shops.

39. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee (continued)

At 31 March 2015, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**93,676**	70,509	**13,160**	13,160
In the second to fifth years, inclusive	**110,513**	74,083	**13,160**	26,320
After five years	**1,512**	–	**–**	–
	205,701	144,592	**26,320**	39,480

40. COMMITMENTS

In addition to the operating lease commitments detailed in note 39(b) above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2015	2014
	HK$'000	HK$'000
Contracted, but not provided for:		
– Property, plant and equipment	**249,545**	25,974

At the end of the reporting period, the Company did not have any significant commitments.

41. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	**2015 HK$'000**	2014 HK$'000
Wang On and its subsidiaries			
– Rental received by the Group	(i)	**1,992**	1,992
– Rental paid by the Group	(i)	**2,084**	1,507
– Management fee paid by the Group	(i)	**960**	960
– Sales of Chinese pharmaceutical products by the Group	(ii)	**3,964**	431
Associates			
– Sales of Chinese pharmaceutical products by the Group	(ii)	**24,782**	22,127
– Rental received by the Group	(i)	**1,487**	1,385
– Effective interest income on loans received by the Group	(iii)	**10,959**	17,940
– Management and promotion fees received by the Group	(i)	**939**	904

Notes:

(i) The transactions were based on terms mutually agreed between the Group and the related parties.

(ii) The sales to the related parties were made according to the published prices and conditions that the Group offered to its customers.

(iii) Interest was charged by the Group on loans advanced to PNG. Details of the terms of the relevant loans are set out in note 26 to the financial statements.

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

Details of compensation of key management personnel of the Group are set out in note 8 to the financial statements.

Except for the transactions with associates, all related party transactions in respect of item (a) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 29 to the financial statements, net of cash and cash equivalents and equity attributable to owners of the parent, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

a. *Categories of financial instruments*

	Group		**Company**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale investment	**613,615**	–	**–**	–
Equity investments at fair value through profit or loss	**193,222**	103,528	**10,856**	9,622
Loans, trade and other receivables (including cash and cash equivalents)	**462,524**	1,031,173	**2,094,941**	1,974,933
Financial liabilities				
At amortised cost	**736,414**	472,823	**326,329**	352,342

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. *Financial risk management objectives and policies*

The Group's major financial instruments include trade and other receivables, amounts due from associates, loans and interest receivables, available-for-sale investment, equity investments at fair value through profit or loss, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), liquidity risk and credit risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Market risk

(i) Currency risk

The Company and several subsidiaries of the Company have foreign currency sales and purchases and foreign currency bank deposits, which expose the Group to foreign currency risk. Approximately 42.2% (2014: 36.7%) of the Group's bank deposits are denominated in currencies other than the functional currencies of the group entities. Substantially all of the Group's sales are denominated in the relevant group entities' functional currencies, whilst almost 71.6% (2014: 68.0%) of the purchase costs are denominated in the relevant group entities' functional currencies.

The Group currently does not implement hedging activities to hedge against foreign currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**7,132**	16,074	**103,914**	102,159
USD	**1,274**	233	**1,712**	1,658
SGD	**4**	–	**157**	5,299
EUR	**38**	–	**141**	141
HK$	**–**	–	**1,839**	–
NTD	**440**	844	**8**	–
AUD	**–**	–	**4**	–

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. *Financial risk management objectives and policies (continued)*

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the foreign exchange rate fluctuation of the foreign currencies stated above against the functional currencies of the respective group entities.

If the RMB exchange rate had been increased/decreased by 5% and other variables were held constant, the Group's profit for the year ended 31 March 2015 would increase/decrease by approximately HK$4,041,000 (2014: profit increase/decrease by approximately HK$3,594,000).

The Group's exposures to currency risk of other currencies are considered insignificant by the directors and therefore no sensitivity analysis has been prepared.

(ii) Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings (see note 29 to the financial statements) and bank deposits (see note 27 to the financial statements) at prevailing market interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk and will consider hedging significant interest rate risk should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of one to three months Hong Kong Interbank Offered Rate. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings and bank deposits at the end of the reporting period. The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been increased/decreased by 50 basis points and all other variables were held constant, the Group's profit for the year ended 31 March 2015 would decrease/increase by approximately HK$1,652,000 (2014: profit would decrease/increase by approximately HK$792,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. *Financial risk management objectives and policies (continued)*

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis (continued)

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable-rate bank borrowings.

The Group's exposures to interest rate risk on bank balances are considered insignificant by the directors and therefore no sensitivity analysis has been prepared.

(iii) Price risk

The Group is exposed to price risk because the fair value of equity investments at fair value through profit or loss is measured by reference to the prevailing market price. Details of equity investments at fair value through profit or loss are set out in note 25 to the financial statements.

The Group currently does not have a policy to hedge the price risk. However, the management closely monitors such risk by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity investments at fair value through profit or loss at the end of the reporting period. The analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 10% (2014: 10%) increase or decrease is used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in the prevailing market price.

If the market price of equity investments at fair value through profit or loss had been increased/decreased by 10% (2014: 10%) and all other variables were held constant, the Group's profit for the year ended 31 March 2015 would increase/decrease by approximately HK$16,134,000 (2014: profit would increase/decrease by approximately HK$8,645,000).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. *Financial risk management objectives and policies (continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest cash flows are at floating rates, the undiscounted amount is derived from the interest rate at the end of the reporting period.

Group

	Weighted average interest rate	On demand or less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2015								
Trade and other payables	**–**	**129,290**	**38,885**	**18,143**	**–**	**–**	**186,318**	**186,318**
Bank borrowings – variable rate	**2.23**	**168,401**	**13,701**	**27,288**	**239,452**	**143,732**	**592,574**	**550,096**
		297,691	**52,586**	**45,431**	**239,452**	**143,732**	**778,892**	**736,414**
As at 31 March 2014								
Trade and other payables	–	78,981	154	2,473	–	–	81,608	81,608
Bank borrowings – variable rate	2.18	192,517	5,084	10,099	77,538	138,187	423,425	391,215
		271,498	5,238	12,572	77,538	138,187	505,033	472,823

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. *Financial risk management objectives and policies (continued)*

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

Company

	On demand or less than 3 months HK$'000	3 to 6 months HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2015				
Due to subsidiaries (note 19)	**322,419**	**–**	**322,419**	**322,419**
Other payables	**3,910**	**–**	**3,910**	**3,910**
	326,329	**–**	**326,329**	**326,329**
As at 31 March 2014				
Due to subsidiaries (note 19)	352,165	–	352,165	352,165
Other payables	23	154	177	177
	352,188	154	352,342	352,342

All of the Company's financial liabilities at the end of the reporting period are repayable within one year or on demand. In addition, as disclosed in note 37 to the financial statements, the Company has given financial guarantees to banks in respect of banking facilities granted to subsidiaries of the Company, of which approximately HK$550,096,000 (2014: approximately HK$391,215,000) was utilised at the reporting date. In the event of the failure of those subsidiaries to fulfil their obligations under these banking facilities, the Company may be required to pay up to the guaranteed amounts to the banks upon demand. Management considers it is not probable that the Company will be required to pay for any claim under these financial guarantees.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

Bank loans with a repayment on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 March 2015, the aggregate undiscounted principal amount of these bank loans amounted to approximately HK$154,667,000 (2014: approximately HK$187,411,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in three months to over five years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows are repayable as follows:

	2015	2014
	HK$'000	HK$'000
Less than 3 months	**11,031**	6,737
3 to 6 months	**11,021**	7,083
Over 6 months to 1 year	**21,353**	14,466
Over 1 to 5 years	**101,272**	117,068
Over 5 years	**18,239**	57,767
Total undiscounted cash flows	**162,916**	203,121

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Credit risk

As at 31 March 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge obligations by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group has concentration of credit risk in an unlisted debt investment issued by CAP of HK$613,615,000 (2014: Nil) as detailed in note 21 to the financial statements. As CAP is a listed entity, management of the Group reviews its published financial information regularly to ensure that the principal and interest are recoverable at the respective maturity dates.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b. *Financial risk management objectives and policies (continued)*

Credit risk (continued)

As at 31 March 2014, the Group had concentration of credit risk in loans to PNG of approximately HK$209,415,000 as detailed in note 26 to the financial statements. As PNG was a listed entity, management of the Group reviewed its published financial information regularly to ensure that such loans were recoverable at the respective maturity dates.

In order to minimise the credit risk on trade and other receivables, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

c. *Fair value*

Management has assessed that the fair values of bank balances and cash, trade receivables, trade payables, financial assets included in prepayments, rental and other deposits, other receivables, amounts due from associates, the current portion of loans and interest receivables, financial liabilities included in other payables, and the current portion of bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the financial controller and the audit committee. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c. Fair value (continued)

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities at amortised cost are determined in accordance with generally accepted pricing models based on the discounted cash flow analysis; and

- the fair value of the equity investments at fair value through profit or loss in note 25 to the financial statements is determined based on quoted market bid prices in the active market.

The fair values of the non-current portion of loans and interest receivables and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2015 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of loans and interest receivables and interest-bearing bank borrowings approximate to their carrying amounts.

The fair value of the unlisted available-for-sale debt investment has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about the expected future cash flows. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable input to the valuation of the unlisted available-for-sale debt investment together with a quantitative sensitivity analysis as at 31 March 2015:

	Valuation technique	Significant unobservable input	Weighted average	Sensitivity of fair value to the input
Unlisted available-for-sale debt investment	Discounted cash flow value	Discount for credit risk	14.1%	1% increase/(decrease) in discount for credit risk would result in decrease/(increase) in fair value by approximately HK$20,004,000

The discount for credit risk represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c. *Fair value (continued)*

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

As at 31 March 2015	**Fair value measurement using**			
	Group			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets at FVTPL				
Available-for-sale investment	**–**	**–**	**613,615**	**613,615**
Equity investments at fair value through profit or loss	**191,547**	**1,675**	**–**	**193,222**

As at 31 March 2014	Fair value measurement using			
	Group			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at FVTPL				
Equity investments at fair value through profit or loss	101,933	1,595	–	103,528

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c. *Fair value (continued)*

Fair value measurements recognised in the consolidated statement of financial position (continued)

As at 31 March 2015

	Fair value measurement using — Company			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets at FVTPL				
Equity investments at fair value through profit or loss	**10,856**	**–**	**–**	**10,856**

As at 31 March 2014

	Fair value measurement using — Company			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at FVTPL				
Equity investments at fair value through profit or loss	9,622	–	–	9,622

The Group and Company did not have any financial liabilities measured at fair value as at 31 March 2015 and 2014.

During the year, there were no transfers of fair value measurements between Level 1 and 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: Nil).

43. EVENTS AFTER THE REPORTING PERIOD

(i) On 20 May 2015, the Company completed the Rights Issue and a total of 2,109,100,355 rights shares were issued at a total cash consideration, before expenses, of approximately HK$227,783,000. Further details of the Rights Issue are set out in note 32 to the financial statements.

(ii) On 24 April 2015, Guidepost Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement with an independent third party to dispose of Smart Star Investments Limited, an indirect wholly-owned subsidiary of the Company, which is principally engaged in property holding, at a consideration of HK$45,000,000. Details of the transaction were set out in the Company's announcement dated 27 April 2015. The transaction is expected to be completed on or before 23 July 2015.

(iii) On 28 May 2015, PNG announced a rights issue of five rights shares for every two existing shares held by qualifying shareholders at an issue price of HK$0.168 per rights share. Hearty Limited and Suntech Investments Limited, which both are the indirect wholly-owned subsidiaries of the Company, have jointly and severally and irrevocably granted an undertaking in favour of PNG under which they agreed (i) to subscribe for 665,958,750 rights shares and 8,460,000 rights shares, respectively (in aggregate 674,418,750 rights shares) and (ii) that Hearty would apply, by way of excess application, for 380,000,000 rights shares. The expected completion date of the rights issue is 18 August 2015.

Details of the rights issue of PNG were disclosed in the joint announcement of PNG and the Company dated 4 June 2015.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 June 2015.

PARTICULARS OF PROPERTIES

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Shop B, G/F, Nos. 23-33 Shui Wo Street, Kwun Tong, Kowloon	Commercial premises for rental	Medium term lease	100%
Shop G, 103 Hip Wo Street, Kwun Tong, Kowloon	Commercial premises for rental	Medium term lease	100%
G/F, 581 Nathan Road, Mongkok, Kowloon	Commercial premises for rental	Medium term lease	100%
Shop B, G/F, 296 Electric Road, North Point, Hong Kong	Commercial premises for rental	Medium term lease	100%
G/F, Bowring Building, No. 14 Bowring Street, Kowloon	Commercial premises for rental	Medium term lease	100%
Shop A, G/F, No. 76B To Kwa Wan Road, Kowloon	Commercial premises for rental	Long term lease	100%

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified/re-presented as appropriate, is set out below.

RESULTS

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONTINUING OPERATIONS					
Revenue	**831,088**	865,258	785,581	720,716	605,136
Profit/(loss) before tax from continuing operations	**120,778**	171,874	148,687	(214,065)	124,228
Income tax expense	**(17)**	(3,676)	(291)	(6,867)	(12,211)
Profit/(loss) for the year from continuing operations	**120,761**	168,198	148,396	(220,932)	112,017
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**90**	(5,096)	(77)	173	1,386
PROFIT/(LOSS) FOR THE YEAR	**120,851**	163,102	148,319	(220,759)	113,403
Attributable to:					
Owners of the parent	**120,979**	163,374	148,433	(220,838)	107,641
Non-controlling interests	**(128)**	(272)	(114)	79	5,762
	120,851	163,102	148,319	(220,759)	113,403

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**2,823,903**	2,348,948	2,052,287	1,628,625	1,801,236
Total liabilities	**(777,948)**	(508,047)	(367,338)	(238,718)	(199,117)
	2,045,955	1,840,901	1,684,949	1,389,907	1,602,119
Equity attributable to owners of the parent	**2,038,729**	1,833,547	1,677,284	1,382,097	1,594,383
Non-controlling interests	**7,226**	7,354	7,665	7,810	7,736
	2,045,955	1,840,901	1,684,949	1,389,907	1,602,119