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BEIJING YU SHENG TANG PHARMACEUTICAL GROUP LIMITED

北京御生堂藥業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2010

The Board of Directors (the "Board") of Beijing Yu Sheng Tang Pharmaceutical Group Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Revenue	4	**859,758**	350,146
Cost of sales		**(837,871)**	(335,976)
Gross profit		**21,887**	14,170
Net losses on investments at fair value through profit or loss	6	**(13,561)**	(1,441)
Other income and gains	4	**13,034**	4,154
Selling and distribution costs		**(900)**	(245)
Administrative expenses		**(23,310)**	(12,464)
Other expenses		**–**	(1,940)
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over costs	13(a)	**10,688**	–
Finance costs	5	**(3,851)**	(3,015)
Equity settled share-based payment expenses		**(20,958)**	(2,931)

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Loss before taxation	6	**(16,971)**	(3,712)
Taxation	7	**224**	(1,773)
Loss for the year		**(16,747)**	(5,485)
Other comprehensive expense			
Exchange difference on translating foreign operations		**–**	(116)
Other comprehensive expense for the year, net of tax		**–**	(116)
Total comprehensive expense for the year		**(16,747)**	(5,601)
Loss for the year attributable to:			
Owners of the Company		**(16,762)**	(4,907)
Minority interests		**15**	(578)
		(16,747)	(5,485)
Total comprehensive expense attributable to:			
Owners of the Company		**(16,762)**	(5,004)
Minority interests		**15**	(597)
		(16,747)	(5,601)
Loss per share attributable to owners of the Company	8		
Basic and diluted (HK cent(s) per share)		**(0.92)**	(0.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**36,705**	1,302
Prepaid lease payments		**32,310**	–
Other deposits		**842**	–
Intangible asset	9	**146,286**	–
Goodwill	13(b)	**9,935**	–
Total non-current assets		**226,078**	1,302
Current assets			
Inventories		**13,100**	–
Accounts and bills receivable	10	**94,564**	20,001
Prepayments, deposits and other receivables		**38,830**	4,392
Loans receivable		**13,000**	10,500
Investments at fair value through profit or loss		**176,990**	83,398
Pledged bank deposits		**131,099**	37,626
Cash and bank balances		**669,153**	118,050
Total current assets		**1,136,736**	273,967
Current liabilities			
Accounts and bills payable	11	**60,028**	12,967
Other payables and accruals	12	**149,872**	3,288
Tax payable		**199**	418
Bank loans	13(b)	**35,402**	–
Amount due to a director		**301**	–
Convertible notes		**–**	30,563
Total current liabilities		**245,802**	47,236
Net current assets		**890,934**	226,731
Total assets less current liabilities		**1,117,012**	228,033

	2010	2009
	HK$'000	*HK$'000*
Non-current liabilities		
Convertible notes	**147,882**	–
Deferred tax liabilities	**22,404**	–
Total non-current liabilities	**170,286**	–
Net assets	**946,726**	228,033
Capital and reserves		
Share capital	**25,555**	13,957
Reserves	**921,124**	214,065
Equity attributable to owners of the Company	**946,679**	228,022
Minority interests	**47**	11
Total equity	**946,726**	228,033

Notes:

1. **Significant accounting policies**

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. **Application of new and revised HKFRSs**

In the current year, the Group has applied, for the first time, the following amendments and interpretations (the "new and revised HKFRSs") issued by the HKICPA, which are effective for the financial year beginning 1 April 2009. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised) "Presentation of Financial Statements"

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 3), and has had no impact on the reported results or financial position of the Group.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 "Financial Instruments: Disclosures")

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not provided comparative information for the expanded disclosures in respect of fair value measurements of financial instruments in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Classification of Rights Issues[5]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendments)	Limited Exemption from comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[8]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009.

2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

4 Effective for annual periods beginning on or after 1 January 2010.

5 Effective for annual periods beginning on or after 1 February 2010.

6 Effective for annual periods beginning on or after 1 July 2010.

7 Effective for annual periods beginning on or after 1 January 2011.

8 Effective for annual periods beginning on or after 1 January 2013.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the Group's accounting treatment for changes in the parent's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 will affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification of the Group's leasehold land.

The Board anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), which is a group of executive directors of the Company, for the purpose of allocating resources to segments and to assessing their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segment.

In a manner consistent with the way in which information is reported internally to CODM for the purpose of resources allocation and performance assessment, the Group is currently organised into the following operating segments.

- the supply and procurement segment represents supply and procurement activities in office equipment and office supplies, machinery, machinery parts, lubricating oil and bunkerage for vessels, fuel, metal minerals and recyclable metal materials;

- the pharmaceutical segment represents production and sale of Chinese medicine;

- the provision of finance segment represents provision of short-term loan financing activities; and

- the securities investment segment represents investment activities in equity securities and equity-linked notes.

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 March 2010

	Supply and procurement *HK$'000*	Pharmaceutical *HK$'000*	Provision of finance *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
Segment revenue					
Sales to external customers	**853,816**	**267**	**1,920**	**3,755**	**859,758**
Segment results	**14,879**	**(1,652)**	**1,830**	**(9,811)**	**5,246**
Interest income and unallocated revenue and gains					**12,371**
Unallocated expenses					**(20,467)**
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over costs					**10,688**
Finance costs					**(3,851)**
Equity settled share-based payment expenses					**(20,958)**
Loss before taxation					**(16,971)**
Taxation					**224**
Loss for the year					**(16,747)**

For the year ended 31 March 2009

	Supply and procurement *HK$'000*	Provision of finance *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
Segment revenue				
Sales to external customers	348,127	1,681	338	350,146
Segment results	9,718	1,571	(1,103)	10,186
Interest income and unallocated revenue and gains				2,853
Unallocated expenses				(10,805)
Finance costs				(3,015)
Equity settled share-based payment expenses				(2,931)
Loss before taxation				(3,712)
Taxation				(1,773)
Loss for the year				(5,485)

Geographical information

The following table presents revenue information for the Group's geographical location for the years ended 31 March 2010 and 2009:

	Singapore		**The People's Republic of China (including Hong Kong and Mainland China)**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**–**	49,135	**859,758**	301,011	**859,758**	350,146

Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group are mainly derived from the supply and procurement segment in both years. For the year 2010, there are two major customers contributing over 10% of the total sales amounting to HK$399,347,000 and HK$151,947,000 respectively. For the year 2009, there were four major customers contributing over 10% of the total sales amounting to HK$114,629,000, HK$109,710,000, HK$55,460,000 and HK$42,087,000 respectively.

4. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

An analysis of revenue, other income and gains is as follows:

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**854,083**	348,127
Interest income from provision of finance	**1,920**	1,681
Dividend income on investment in listed equity securities	**1,310**	89
Interest income on investment in equity-linked notes	**2,445**	249
	859,758	350,146
Other income and gains		
Bank interest income	**365**	3,483
Other interest income	**115**	–
Rental income	**120**	154
Exchange gains	**181**	–
Reversal of impairment loss of other receivable	**2,040**	–
Net gain on voluntary winding up of a subsidiary	**1,420**	–
Reimbursement on legal and professional fees upon termination of acquisition of subsidiaries	**8,176**	–
Sundry income	**617**	517
	13,034	4,154

5. Finance costs

	2010	2009
	HK$'000	*HK$'000*
Interest on:		
Bank loans and other loan wholly repayable within five years	**574**	29
Convertible notes	**3,277**	2,986
	3,851	3,015

6. Loss before taxation

	2010	2009
	HK$'000	*HK$'000*
The Group's loss before taxation is arrived at after charging:		
Cost of inventories sold	**795,981**	305,411
Depreciation of property, plant and equipment	**880**	445
Amortisation of prepaid lease payments	**124**	–
Loss on disposal of property, plant and equipment	**–**	13
Net losses on investments at fair value through profit or loss:		
Proceeds on sales of listed equity securities investments	**(15,363)**	(3,843)
Less: cost of sales	**16,543**	5,478
Net realised loss on investment in listed equity securities	**1,180**	1,635
Unrealised loss on investment in listed equity securities	**12,381**	1,109
Unrealised gain on investment in equity-linked notes	**–**	(1,303)
Net losses on investments at fair value through profit or loss	**13,561**	1,441

7. Taxation

	2010	2009
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**339**	221
Over provision in prior years	**(48)**	–
Current – Elsewhere		
Charge for the year	**–**	–
(Over)/under provision	**(131)**	1,552
	160	1,773
Deferred tax		
Current year	**(384)**	–
	(224)	1,773

Hong Kong Profits Tax for the year ended 31 March 2010 was calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. Loss per share attributable to owners of the Company

	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purpose of basic loss per share	**16,762**	4,907

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	**1,826,341**	1,232,351

Basic and diluted loss per share for the years ended 31 March 2010 and 2009 have been presented as equal because conversion of convertible notes would decrease the loss per share, therefore, anti-dilutive.

9. Intangible asset

The intangible asset represents an intellectual property relating to production and sale of Jinhua Qinggan which is presently a prescription drug for clinic use. Jinhua Qinggan is a Chinese medicine aimed at treating patients who have been infected with Influenza A (H1N1) and other types of influenza.

10. Accounts and bills receivable

	2010	2009
	HK$'000	*HK$'000*
Accounts receivable	**36,067**	1,073
Bills receivable	**58,497**	18,928
	94,564	20,001

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three to six months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Accounts and bills receivable are non-interest bearing. The carrying amounts of the accounts and bills receivable approximate to their fair values.

An aged analysis of the accounts and bills receivable at the end of the reporting period, based on invoice date, and net of impairment, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**93,198**	19,632
31 to 60 days	**830**	–
61 to 90 days	**–**	231
91 to 180 days	**536**	–
Over 180 days	**–**	138
Total	**94,564**	20,001

The aged analysis of the accounts and bills receivable that are not considered to be impaired is as follows:

	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	**93,198**	19,632
Less than 1 month past due	**830**	–
1 to 3 months past due	**536**	231
More than 3 months past due	**–**	138
	94,564	20,001

Accounts and bills receivable that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Accounts and bills receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company 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 Group does not hold any collateral or other credit enhancements over these balances.

11. Accounts and bills payable

An aged analysis of the accounts and bills payable at the end of the reporting period, based on invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**57,475**	12,967
31 to 60 days	**1,020**	–
61 to 90 days	**887**	–
91 to 180 days	**339**	–
Over 180 days	**307**	–
	60,028	12,967

The accounts and bills payable are non-interest bearing and are normally settled on 60 day term. As at 31 March 2010, the Group had bills payable of approximately HK$24,875,000 (2009: HK$12,967,000), which were within 30 days.

12. Other payables and accruals

	2010	2009
	HK$'000	*HK$'000*
Other payables (note)	**144,952**	2,092
Accruals	**4,920**	1,196
	149,872	3,288

Note:

Included in other payables of approximately HK$107,714,000 (2009: nil) was the balance payment of the consideration for the transfer of the intangible asset. This other payable was arising from acquisition of subsidiaries. For details of the intangible asset, please refer to note 9.

13. Acquisitions of Subsidiaries

(a) Acquisition of Beijing Yu Sheng Tang Holdings Limited

On 29 January 2010, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Beijing Yu Sheng Tang Holdings Limited, which directly and indirectly holds 100% equity interest in Beijing Yu Sheng Tang Cultural Broadcasting Company Limited* (北京御生堂文化傳播有限公司) and Weikang Yigan (Beijing) Technology Development Company Limited* ("Weikang Yigan") (維康依感(北京)科技發展有限公司) respectively and 70% equity interest in Beijing Yu Sheng Tang Chinese Medicine Clinic Company Limited* (北京御生堂中醫門診部有限公司), (collectively referred to as the "Beijing Yu Sheng Tang Group"), and shareholder's loan at a total consideration of approximately HK$29,758,000. For details, please refer to the Company's announcement dated 29 January 2010.

	Acquiree's carrying amount *HK$'000*	**Fair value adjustments** *HK$'000*	**Fair value** *HK$'000*
Net assets acquired:			
Property, plant and equipment	**1,136**	**–**	**1,136**
Intangible asset	**114,286**	**32,000**	**146,286**
Inventories	**421**	**–**	**421**
Prepayments, deposits and other receivables	**10,393**	**–**	**10,393**
Cash and bank balances	**3,681**	**–**	**3,681**
Other payables and accruals	**(110,771)**	**–**	**(110,771)**
Deferred tax liabilities	**–**	**(8,000)**	**(8,000)**
	19,146	**24,000**	**43,146**
Excess of acquirer's interest in fair value of acquiree's identifiable net assets over costs			**(10,688)**
Total consideration			**32,458**

	HK$'000
Total consideration satisfied by:	
Cash consideration	**29,758**
Direct attributable costs	**2,700**
	32,458

	HK$'000
Net cash outflow arising on acquisition:	
Cash and bank balances acquired	**3,681**
Cash consideration paid	**(32,458)**
	(28,777)

Notes:

(i) In the opinion of the directors of the Company, the excess of acquirer's interest in fair value of acquiree's identifiable net assets over cost arose in the business combination is mainly attributable to the increase in the fair value of the intellectual property in relation to Jinhua Qinggan, a Chinese medicine aimed at treating patients who have been infected with Influenza A (H1N1) and other types of influenza. The excess was recognised in the consolidated statement of comprehensive income immediately. The Company has reassessed the fair value of acquiree's identifiable net assets and considered the value of net assets are measured reliably.

(ii) The loss and the revenue contributed by Beijing Yu Sheng Tang Group from the date of acquisition to the end of the reporting period attributable to the Group was HK$1,408,000 and HK$6,000 respectively.

(b) Acquisition of Jinhua Qinggan (Beijing) Pharmaceutical Company Limited* ("Jinhua Qinggan (Beijing) Pharmaceutical") (金花清感(北京)藥業有限公司) (Formerly known as北京協和康友製藥有限公司)

On 10 February 2010, Weikang Yigan, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement ("Equity Transfer Agreement") to acquire from independent third parties ("Vendors") the entire equity interest of Jinhua Qinggan (Beijing) Pharmaceutical, at a total consideration of RMB15,000,000 (equivalent to approximately HK$17,145,000).

Pursuant the Equity Transfer Agreement, one of the Vendors, shall acquire the remaining 5% equity interests in Jinhua Qinggan (Beijing) Pharmaceutical then held by a third party and transfer such 5% equity interests in Jinhua Qinggan (Beijing) Pharmaceutical to the Group. At the end of the reporting period, Weikang Yigan had completed the acquisition of 95% equity interest in Jinhua Qinggan (Beijing) Pharmaceutical. Under the Equity Transfer Agreement, the parties have agreed on the total liabilities of Jinhua Qinggan (Beijing) Pharmaceutical as at 8 February 2010 as being RMB45,000,000 ("Agreed Liabilities"), to be assumed by Weikang Yigan, commencing from the date of execution of the Equity Transfer Agreement. If total liabilities of Jinhua Qinggan (Beijing) Pharmaceutical are subsequently discovered to be more or less than the Agreed Liabilities, Weikang Yigan shall have the right to adjust from the balance of consideration payable accordingly. For further details, please refer to the Company's announcement dated 10 February 2010.

	Acquiree's carrying amount *HK$'000*	Fair value adjustments *HK$'000*	Fair value *HK$'000*
Net assets acquired:			
Property, plant and equipment	**33,449**	**–**	**33,449**
Prepaid lease payments	**2,649**	**30,528**	**33,177**
Cash and bank balances	**60**	**–**	**60**
Other payables and accruals	**(22,109)**	**–**	**(22,109)**
Bank loans	**(35,402)**	**–**	**(35,402)**
Deferred tax liabilities	**–**	**(7,632)**	**(7,632)**
	(21,353)	**22,896**	**1,543**
Minority interests			**(77)**
Goodwill			**9,935**
Total consideration			**11,401**

	HK$'000
Total consideration satisfied by:	
Cash consideration	**16,286**
Consideration adjustment *(note iii)*	**(6,082)**
Direct attributable costs	**1,197**
	11,401

	HK$'000
Net cash outflow arising on acquisition:	
Cash and bank balances acquired	**60**
Cash consideration paid	**(11,484)**
	(11,424)

Notes:

(i) Goodwill arose in business combination because the cost of the business combination includes a control premium paid to acquire the equity interest in Jinhua Qinggan (Beijing) Pharmaceutical. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

(ii) The loss and the revenue contributed by Jinhua Qinggan (Beijing) Pharmaceutical from the date of acquisition to the end of the reporting period attributable to the Group was HK$813,000 and HK$261,000 respectively.

(iii) The amount represented the excess of the Agreed Liabilities discovered subsequently, according to the Equity Transfer Agreement, Weikang Yigan would deduct such amount from the balance of consideration payable.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: nil).

BUSINESS REVIEW

The Board is pleased to report that the Group's results for the year demonstrated the management's continuous efforts in developing the businesses of the Group. The Group's revenue for the year ended 31 March 2010 amounted to HK$859,758,000, representing a 146% growth from last year (2009: HK$350,146,000) whereas gross profit of the Group was HK$21,887,000, which also shows an increase of 54% over the previous year (2009: HK$14,170,000). The sharp increases in the Group's revenue and gross profit were mainly attributed to the strong business growth of the Group's supply and procurement division.

During the year, the supply and procurement division has significantly expanded its network of suppliers and customers for trading of metal minerals with the results that the trade volume of the division has increased substantially. The revenue and operating profit of this division were HK$853,816,000 (2009: HK$348,127,000) and HK$14,879,000 (2009: HK$9,718,000) respectively, jumped by 145% and 53% over last year. On the Group level, the surge in the division's trade volume was also the main cause that led to the 3.7 times increase in accounts and bills receivable to HK$94,564,000 (2009: HK$ 20,001,000) and the 3.6 times increase in accounts and bills payable to HK$60,028,000 (2009: HK$12,967,000) from last year. As most of the customers of this division are in Mainland China and it is common consensus that economic growth of China will sustain, the management expects that this division will continue to perform well in the coming years. The financing division of the Group continued to contribute a stable income to the Group's results for the year. The operating profit of the division was HK$1,830,000, increased by 16% (2009: HK$1,571,000) which was mainly due to the comparatively higher average amount of loans advanced to customers when compared to last year. The management is progressively expanding the operation scale of the financing division. The Group's securities division incurred an overall operating loss of HK$9,811,000 for the year (2009: HK$1,103,000). The Group mainly invested in listed equity securities in Hong Kong and loss incurred comprised mainly unrealised loss of HK$12,381,000 from securities holding at the financial year end.

For the year ended 31 March 2010, the Group recorded loss attributed to owners of the Company of HK$16,762,000 (2009: HK$4,907,000) and basic loss per share of HK0.92 cent (2009: HK0.40 cent). Such loss was mainly attributable to the loss incurred by the Group's securities investment division and the non-cash equity settled share-based payment expenses of HK$20,958,000 (2009: HK$ 2,931,000). The equity settled share-based payment expenses represented expenses recognised for fair value of share options granted to directors and employees of the Company which involved no cash outlays. If the effect of such expenses were excluded from the Group's results, the Group would have, for reference purposes, reported a profit attributable to owners of the Company of HK$4,196,000 for the year and a comparable loss of HK$1,976,000 in the previous year. The Group's other income and gains for the year included an amount of HK$8,176,000, being the reimbursement from counterparties for legal and other professional fees incurred (which have been included and mainly accounted for the increase of administrative expenses for the year) due to termination of an investment project and an amount of HK$2,040,000 being the reversal of impairment loss recognised in respect of an other receivable which has been subsequently recovered by the Group.

In January 2010, the Group acquired a group of companies whose major asset is the intellectual property rights to Jinhua Qinggan - a Chinese medicine aiming at treating patients who have been infected with Influenza A (H1N1) and other types of influenza. Jinhua Qinggan is currently used as a prescription drug in designated medical institutions in Beijing, upon obtaining of the new drug certificate from the relevant authorities in Mainland China, the Group will be able to market Jinhua Qinggan as a non-prescription drug to the general public. In February 2010, the Group further acquired a company whose major asset is a Good Manufacturing Practices (GMP) compliant medicine production plant in Beijing. The acquisitions reflected the Group's plan to diversify into the Chinese medicine field with an aim to enhance the Group's revenue and profit base. The revenue of the pharmaceutical division of HK$267,000 mainly represented sales income of Jinhua Qinggan selling as a prescription drug to designated medical institutions in Beijing since February 2010 and the operating loss of the division of HK$1,652,000 was primarily attributed to the set up and administrative costs of the division. An excess of acquirer's interest in fair value of acquiree's identifiable net assets over costs of HK$10,688,000 was recorded upon the Group's acquisition of the group of companies which holds the intellectual property rights to Jinhua Qinggan. Such excess was primarily related to upward adjustment of fair value of the intellectual property rights to Jinhua Qinggan at the date of acquisition. The fair value of such intellectual property rights, classified as intangible asset, amounted to HK$146,286,000 at the year end. The intellectual property rights were acquired from the Institute of Clinical Pharmacy of Beijing Municipal Health Bureau* (北京市衛生局臨床藥學研究所), the consideration for the acquisition would be settled by stages, at the year end, the balance payment of the consideration included as other payables amounted to HK$107,714,000.

PROSPECTS

There are signs that global major economies are gradually recover from the financial tsunami and data released by the Chinese government also give support to the common expectation that the growth momentum of China economy will continue. In light of these positive indicators, the management is optimistic about the future prospects of the Group's businesses. In May 2010, the Group entered into a memorandum of understanding with Corporation PURE in respect of the possible acquisition of the 70% equity interest in Nihon Seiyaku Kogyo Co., Ltd. ("NSK"). NSK has over 60 years of experience in and is a leading producer of Kampo Medicine in Japan. NSK produces over 150 types of drugs, herbal medicines and health care products which are distributed to nationwide pharmacies and drug stores in Japan. The proposed transaction is subject to signing of formal agreement and further announcements relating to progress of the proposed transaction will be made in due course.

CORPORATE GOVERNANCE

The Company has adopted the principles and complied with all the applicable provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2010, except for a deviation relating to code provision A.4.1 with considered reason as explained below:

Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Deviation

The Independent Non-executive Directors of the Company are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in the bye-law 87 of the Company's Bye-laws which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2010 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.beijingyst.com). The annual report of the Company for the year ended 31 March 2010 will be despatched to shareholders of the Company and will be published on the same websites in due course.

By Order of the Board
Suen Cho Hung, Paul
Chairman

Hong Kong, 20 July 2010

As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Bai Jianjiang and Mr. Chau Chung Tak as Executive Directors and Mr. Wong Kwok Tai, Mr. Weng Yixiang, Mr. Lu Xinsheng and Mr. Xiong Wei as Independent Non-executive Directors.

* *For identification purpose only*