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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 2012

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 as the "Group") for the year ended 31 March 2012 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Revenue	4	**1,114,563**	1,878,475
Cost of sales		**(1,094,239)**	(1,827,874)
Gross profit		**20,324**	50,601
Net losses on investments at fair value through profit or loss	6	**(430,825)**	(121,378)
Other income and gains	4	**12,466**	2,623
Selling and distribution costs		**(10,167)**	(1,803)
Administrative expenses		**(37,003)**	(33,230)
Finance costs	5	**(11,856)**	(19,601)
Impairment loss recognised in respect of intangible asset	6	**(21,704)**	–
Loss before taxation	6	**(478,765)**	(122,788)
Taxation	7	**9,895**	1,618
Loss for the year		**(468,870)**	(121,170)

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Other comprehensive income			
Exchange difference on translating foreign operations		**3,488**	4,527
Other comprehensive income for the year, net of tax		**3,488**	4,527
Total comprehensive expense for the year		**(465,382)**	(116,643)
Loss for the year attributable to:			
Owners of the Company		**(467,851)**	(120,373)
Non-controlling interests		**(1,019)**	(797)
		(468,870)	(121,170)
Total comprehensive expense attributable to:			
Owners of the Company		**(464,323)**	(115,820)
Non-controlling interests		**(1,059)**	(823)
		(465,382)	(116,643)
Loss per share attributable to owners of the Company	9		(Restated)
Basic and diluted (HK cent(s) per share)		**(38.34)**	(15.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**41,322**	37,354
Prepaid lease payments		**33,175**	32,870
Other deposits		**190**	2,187
Intangible asset	10	**135,558**	152,320
Goodwill		**9,935**	9,935
Total non-current assets		**220,180**	234,666
Current assets			
Inventories		**6,704**	14,179
Accounts and bills receivable	11	**57,447**	300,542
Prepayments, deposits and other receivables		**53,902**	62,540
Loans receivable		**66,838**	20,000
Tax recoverable		**573**	–
Investments at fair value through profit or loss		**715,251**	487,676
Pledged bank deposits		**15,008**	248,028
Cash and bank balances		**314,614**	509,938
Total current assets		**1,230,337**	1,642,903
Current liabilities			
Accounts and bills payable	12	**22,590**	218,680
Other payables and accruals	13	**159,053**	143,950
Tax payable		**52**	447
Bank advances for discounted bills	11	**31,169**	–
Bank loans		**28,751**	35,672
Total current liabilities		**241,615**	398,749
Net current assets		**988,722**	1,244,154
Total assets less current liabilities		**1,208,902**	1,478,820

	Notes	**2012** **HK$'000**	2011 HK$'000
Non-current liabilities			
Convertible notes	14	**–**	161,347
Deferred tax liabilities		**10,953**	20,648
Total non-current liabilities		**10,953**	181,995
Net assets		**1,197,949**	1,296,825
Capital and reserves			
Share capital		**296,549**	41,185
Reserves		**903,193**	1,256,374
Equity attributable to owners of the Company		**1,199,742**	1,297,559
Non-controlling interests		**(1,793)**	(734)
Total equity		**1,197,949**	1,296,825

Notes:

1. **Significant accounting policies**

The consolidated financial statements have been prepared on 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 (the "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 new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2011.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirements
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above new and revised HKFRSs had no material effect on the results and the financial position of the Group for the current or prior accounting period. Accordingly, no prior period adjustment is required.

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

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (As revised in 2011)	Employee Benefits[4]
HKAS 27 (As revised in 2011)	Separate Financial Statements[4]
HKAS 28 (As revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans[4]
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

The Group is in the process of making an assessment of the impact upon initial application of the new and revised HKFRSs. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3. Segment information

In a manner consistent with the way in which information is reported internally to the chief operating decision maker 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 metal minerals and recycled 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, equity-linked notes and convertible bonds.

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

For the year ended 31 March 2012

	Supply and procurement *HK$'000*	Pharmaceutical *HK$'000*	Provision of finance *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
Segment revenue					
Sales to and income from external parties	1,059,617	34,490	4,418	16,038	1,114,563
Segment results	(15,165)	(8,053)	4,235	(414,792)	(433,775)
Unallocated other income and gains					3,727
Unallocated expenses					(15,157)
Finance costs					(11,856)
Impairment loss recognised in respect of intangible asset					(21,704)
Loss before taxation					(478,765)
Taxation					9,895
Loss for the year					(468,870)
Assets and liabilities					
Segment assets	101,175	306,954	73,289	715,251	1,196,669
Unallocated assets					253,848
Total assets					1,450,517
Segment liabilities	41,102	209,783	250	–	251,135
Unallocated liabilities					1,433
Total liabilities					252,568
Other segment information					
Depreciation of property, plant and and equipment and amortisation of prepaid lease payments					
– allocated	–	3,619	–	–	3,619
– unallocated					603
					4,222
Capital expenditure					
– allocated	–	2,618	–	–	2,618
– unallocated					1,869
					4,487
Impairment loss recognised in respect of intangible asset	–	21,704	–	–	21,704

For the year ended 31 March 2011

	Supply and procurement *HK$'000*	Pharmaceutical *HK$'000*	Provision of finance *HK$'000*	Securities investment *HK$'000*	Consolidated *HK$'000*
Segment revenue					
Sales to and income from external parties	1,857,066	15,791	3,289	2,329	1,878,475
Segment results	31,708	(3,404)	3,250	(119,053)	(87,499)
Unallocated other income and gains					1,582
Unallocated expenses					(17,270)
Finance costs					(19,601)
Loss before taxation					(122,788)
Taxation					1,618
Loss for the year					(121,170)
Assets and liabilities					
Segment assets	682,599	313,105	21,315	492,663	1,509,682
Unallocated assets					367,887
Total assets					1,877,569
Segment liabilities	219,780	191,109	226	–	411,115
Unallocated liabilities					169,629
Total liabilities					580,744
Other segment information					
Depreciation of property, plant and and equipment and amortisation of prepaid lease payments					
– allocated	–	2,722	–	–	2,722
– unallocated					763
					3,485
Capital expenditure					
– allocated	–	1,866	–	–	1,866
– unallocated					124
					1,990

Geographical information

The following table presents segment revenue and non-current assets for the Group's geographical segments for the years ended 31 March 2012 and 2011:

	Hong Kong		The People's Republic of China (excluding Hong Kong)		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to and income from external parties	**20,456**	5,618	**1,094,107**	1,872,857	**1,114,563**	1,878,475
Other segment information						
Non-current assets	**2,716**	1,784	**217,464**	232,882	**220,180**	234,666

Segment revenue reported above represents revenue generated from external parties. There were no inter-segment sales in the current year (2011: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the profit/loss earned by each segment which do not include intercompanies income and expenses, unallocated other income and gains, unallocated expenses, finance costs, impairment loss recognised in respect of intangible asset and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group is mainly derived from the supply and procurement segment in both years. For the year 2012, there were four major customers contributing over 10% of the total sales amounting to approximately HK$284,330,000, HK$200,309,000, HK$119,924,000 and HK$113,591,000 respectively. For the year 2011, there were two major customers contributing over 10% of the total sales amounting to approximately HK$343,394,000 and HK$189,528,000 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, and income from provision of finance and investments during the year.

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

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**1,094,107**	1,872,857
Interest income from provision of finance	**4,418**	3,289
Dividend income on investment in listed equity securities	**15,361**	1,423
Interest income on investment in convertible bonds	**609**	–
Interest income on investment in equity-linked notes	**68**	906
	1,114,563	1,878,475
Other income and gains		
Bank interest income	**1,254**	1,697
Other interest income	**13**	3
Rental income	**120**	180
Exchange gains	**–**	415
Gain on disposal of property, plant and equipment	**87**	–
Gain on repurchase of convertible notes	**2,159**	–
Compensation received	**8,473**	234
Sundry income	**360**	94
	12,466	2,623

5. Finance costs

	2012	2011
	HK$'000	*HK$'000*
Interest on:		
Bank loans and other loan wholly repayable within five years	**3,966**	4,245
Convertible notes *(note 14)*	**7,890**	15,356
	11,856	19,601

6. Loss before taxation

	2012	2011
	HK$'000	*HK$'000*
The Group's loss before taxation is arrived at after charging:		
Staff costs (excluding directors' remuneration):		
Wages and salaries	**6,809**	6,323
Pension scheme contributions	**655**	317
Total staff costs	**7,464**	6,640
Cost of inventories sold	**1,013,979**	1,767,444
Depreciation of property, plant and equipment	**3,429**	2,731
Amortisation of prepaid lease payments	**793**	754
Impairment loss recognised in respect of intangible asset *(note 10)*	**21,704**	–
Net losses on investments at fair value through profit or loss:		
Proceeds on sales of listed equity securities investments	**(230,820)**	(93,582)
Less: cost of sales	**251,399**	125,798
Net realised loss on investment in listed equity securities	**20,579**	32,216
Unrealised loss on investments at fair value through profit or loss	**410,246**	89,162
Net losses on investments at fair value through profit or loss	**430,825**	121,378

7. Taxation

	2012	2011
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**215**	778
Over provision in prior years	**(54)**	(1)
	161	777
Deferred tax		
Current year	**(10,056)**	(2,395)
	(9,895)	(1,618)

Hong Kong Profits Tax for the year ended 31 March 2012 was calculated at 16.5% (2011: 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. Dividends

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2012 (2011: nil).

9. Loss per share attributable to owners of the Company

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purpose of basic loss per share	**467,851**	120,373

	2012	2011
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	**1,220,356**	801,262

The weighted average number of ordinary shares for the years ended 31 March 2012 and 2011 for the purpose of calculating the basic loss per share has been adjusted and restated respectively resulting from the share consolidation and rights issues of the Company during the year.

Basic and diluted loss per share for the years ended 31 March 2012 and 2011 were the same because conversion of convertible notes, exercise of share options and warrants (2011: no warrants) would decrease the loss per share for both years, therefore, anti-dilutive.

10. Intangible asset

The intangible asset represents an intellectual property relating to the 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.

During the year ended 31 March 2012, the recoverable amount of intellectual property is determined based on value-in-use calculations. The impairment review of the intellectual property is based on the expected future cash flows and based on the financial budgets approved by management covering its estimated useful life. Discount rate of 14.01% is applied on the value-in-use calculations.

The value-in-use at 31 March 2012 is calculated to be lower than the carrying amount of the intellectual property and accordingly an impairment loss of approximately HK$21,704,000 was recognised in 2012. The impairment loss is included in the consolidated statement of comprehensive income.

The fair value of the intangible asset was approximately HK$135,558,000 at 31 March 2012 and is based on the valuation report issued by an independent qualified professional valuer which valued the intangible asset on discounted cash flow method.

11. Accounts and bills receivable

	2012	2011
	HK$'000	*HK$'000*
Accounts receivable	**21,260**	10,822
Bills receivable	**36,187**	289,720
	57,447	300,542

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:

	2012	2011
	HK$'000	*HK$'000*
Within 30 days	**6,443**	141,675
31 to 60 days	**37,443**	23,784
61 to 90 days	**2,744**	130,025
91 to 180 days	**3,627**	4,125
Over 180 days	**7,190**	933
Total	**57,447**	300,542

A subsidiary of the Group discounted bills receivable amounting to approximately HK$31,169,000 (2011: nil) to banks in exchange for cash as at 31 March 2012.

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

	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**6,443**	141,675
Less than 1 month past due	**37,443**	23,784
1 to 3 months past due	**6,371**	134,150
More than 3 months past due	**7,190**	933
	57,447	300,542

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.

12. 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:

	2012	2011
	HK$'000	*HK$'000*
Within 30 days	**2,422**	84,101
31 to 60 days	**3,802**	867
61 to 90 days	**2,118**	126,543
91 to 180 days	**3,767**	2,579
Over 180 days	**10,481**	4,590
	22,590	218,680

The accounts and bills payable are non-interest bearing and are normally settled on 60 days term. As at 31 March 2012, the Group had bills payable of approximately HK$5,482,000 (2011: HK$216,284,000), which were ranged from within 30 days to over 180 days.

13. Other payables and accruals

	2012	2011
	HK$'000	*HK$'000*
Other payables *(note)*	**156,904**	139,401
Accruals	**2,149**	4,549
	159,053	143,950

Note: Included in other payables of the Group of approximately HK$114,698,000 (2011: HK$112,159,000) was the balance payment of the consideration for the transfer of intangible asset. For details of the intangible asset, please refer to note 10.

14. Convertible notes

	2012	2011
	HK$'000	*HK$'000*
Convertible Notes 2010 (as defined below)		
– classified as non-current liabilities	**–**	161,347
	–	161,347

Notes:

On 8 January 2010, the Company entered into a placing agreement with Kingston Securities Limited ("Kingston"), pursuant to which Kingston agreed, amongst other things, to procure, on a best effort basis, placees to subscribe in cash of the Company's convertible notes (the "Convertible Notes 2010") with principal amount up to HK$244,900,000 at an initial conversion price of HK$0.62 per share. The Convertible Notes 2010 will be due on 27 January 2013 and is interest-bearing at 1% per annum. On 28 January 2010, the Convertible Notes 2010 in the aggregate principal amount of HK$244,900,000 were issued to not less than six placees.

On 29 January 2010, three placees converted the Convertible Notes 2010 of an aggregate principal amount of HK$55,800,000, which resulted in a total number of 90,000,000 shares of HK$0.01 each being issued by the Company.

During the year ended 31 March 2011, there were neither conversion nor redemption of the Convertible Notes 2010 and the outstanding principal amount of the Convertible Notes 2010 was remained at HK$189,100,000 as at 31 March 2011.

The fair value of the liability component of the Convertible Notes 2010 was estimated at their respective issuance dates using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The effective interest rate of the liability component is 10.43%.

During the year ended 31 March 2012, there was no conversion of the Convertible Notes 2010 and the Group repurchased all of the outstanding Convertible Notes 2010 in the aggregate principal amount of HK$189,100,000 (the "Repurchased Notes") at a consideration of HK$187,209,000 on 23 September 2011, which represented a discount of 1% on the aggregate principal amount of the Repurchased Notes. The holders of the Repurchased Notes also agreed that the accrued interests of the Repurchased Notes in the amount of approximately HK$1,233,000 calculated up to the date of repurchase of the Repurchased Notes be waived. The consideration paid was first allocated to the liability component with the residual of approximately HK$19,809,000 being assigned to the repurchase of the equity component. A gain on repurchase of convertible notes of approximately HK$2,159,000 was recognised in the profit or loss. There were no outstanding Convertible Notes 2010 as at 31 March 2012.

The movement of the liability component of the convertible notes for the year is set out below:

	2012	2011
	HK$'000	*HK$'000*
Liability component at beginning of the year	**161,347**	147,882
Interest expenses for the year *(note 5)*	**7,890**	15,356
Interest paid	**(912)**	(1,891)
Repurchase of convertible notes	**(168,325)**	–
Liability component at end of the year	**–**	161,347

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: nil).

BUSINESS REVIEW

For the year ended 31 March 2012, the Group reported revenue of HK$1,114,563,000, decreased by 41% from last year (2011: HK$1,878,475,000), and a gross profit of HK$20,324,000, dropped by 60% from the previous year (2011: HK$50,601,000). The decreases in the Group's revenue and gross profit were largely due to the decline in volume of metal minerals traded by the Group's supply and procurement division during the year.

During the year under review, the Group's supply and procurement division continued to focus on the sourcing, transporting and supplying of metal minerals. The division posted revenue of HK$1,059,617,000 (2011: HK$1,857,066,000), declined by 43% from last year, and incurred operating loss of HK$15,165,000, in contrast to the operating profit of HK$31,708,000 in the previous year. During the last quarter of 2011, the building materials market in the Mainland showed a rapid slowdown and a drop in demand for metal minerals, which in turn, was caused by the financial tightening measures imposed by the Chinese government on the property sector. The noticeable drop in demand of metal minerals drove down the division's revenue and consequently its profitability, in addition, the very volatile metal minerals market appeared in the fourth quarter of 2011 also posed problems on the division in fixing prices for its commodities, which ultimately resulted in a shipment of goods being completed at a considerable loss. The division's results were further adversely affected by the loss of approximately HK$8 million incurred due to the deviation of minerals content of a shipment of iron ore transacted. The Group had initiated an arbitration claim against the supplier of that shipment and the case was finally settled through mediation. The Group was awarded a compensation of approximately HK$4.5 million and out of which approximately HK$2.6 million was received, this amount, together with compensations for two other claims of similar nature totaling approximately HK$8.5 million was included as other income and partly offset the loss incurred by the division. Overall speaking, the year under review was a difficult year for the division. Looking forward, there are signs that the metal minerals market in the Mainland is stabilized and management expects that, given the current economic situation in the Mainland, the demand and price for metal minerals will tend to be steady in 2012.

For the year under review, the revenue of the Group's pharmaceutical division increased by 118% to HK$34,490,000 (2011: HK$15,791,000) which mainly represented the sales income of Jinhua Qinggan, a Chinese medicine for treating patients infected with Influenza A (H1N1) and other types of influenza. Currently, Jinhua Qinggan is selling as a prescription drug to designated medical institutions in Beijing, and the division will be able to market the medicine as a non-prescription drug to public subject to the issuance of a new drug certificate from the relevant authorities in Mainland China. The division has submitted medicine tests results in connection with the application of such certificate and is still awaiting for feedback and results of its application. Despite the increase of its revenue, the division recorded operating loss of HK$8,053,000 (2011: HK$3,404,000) primarily for the reasons that substantial promotional expenses were incurred in marketing Jinhua Qinggan and that sales volume of the medicine had not yet reached a scale that could cover the division's operating costs, in particular, the high start-up costs in its early stage of operation. The management performed an annual review of the value of the intellectual property relating to production and sale of Jinhua Qinggan in light of, amongst others, the future cash flows of the medicine (after having considered its historical performance) and the financial budgets for the medicine. It was concluded that an impairment loss of HK$21,704,000 (2011: nil) should be recognised in view of the revised prospect of the medicine.

The financing division continued to contribute a stable income to the Group's results for the year. The division reported revenue and operating profit of HK$4,418,000 (2011: HK$3,289,000) and HK$4,235,000 (2011: HK$3,250,000) respectively, increased by 34% and 30% over their comparables in last year. The increases were mainly due to the comparatively higher average amount of loans advanced to customers over the previous year.

The Group's securities division incurred an overall operating loss of HK$414,792,000 (2011: HK$119,053,000) for the year. The Group invested in Hong Kong listed equity securities, convertible bonds and equity-linked notes and loss incurred comprised mainly unrealised loss of HK$410,246,000 (2011: HK$89,162,000) from holdings of listed equity securities and convertible bonds at the financial year end.

For the year ended 31 March 2012, the Group recorded loss attributable to owners of the Company of HK$467,851,000 (2011: HK$120,373,000) and basic loss per share of HK38.34 cents (2011: HK15.02 cents (restated)). Such loss was mainly attributed to the loss incurred by the Group's securities investment division. Throughout the financial year, the Hong Kong stock market had been continually under the negative influences of the sovereign debts crises in Europe, the slow recovery of the United States economy, the financial tightening measures imposed by the Chinese government on its banking and property sector, and the slowdown of GDP growth of the Mainland economy. From April 2011 to March 2012, Hang Seng Index, Hang Seng Chinese Enterprises Index and Hang Seng Composite Mid Cap Index dropped by approximately 14%, 21% and 23% respectively. Investor confidence and market sentiments were weak for a large part of the year and prices of listed securities invested by the Group fell. The Group's securities portfolio at the year end comprised mainly listed equity securities in conglomerate company, infrastructure company, property company, mining and resources company, industrial materials company, consumer electronics company, healthcare services company, agricultural machinery company, automobile retailing company and financial services company. At the year end, the Group's securities and convertible bonds portfolio was valued at HK$715,251,000 (2011: HK$487,676,000). Looking ahead, it is expected that the global financial and investment markets will continue to be volatile in view of the issues including the European sovereign debt crises, the state of recovery of the US economy and the slower GDP growth of the Mainland economy. The management will review and reformulate its investment strategy from time to time in order to cope with these market volatilities.

PROSPECTS

During the year, most of the businesses of the Group had been negatively affected by the global financial issues by varying degrees and recorded losses. Looking forward, in view of the uncertainties and challenges embedded in the business environments the Group is operating in, the management will manage the Group's businesses in a cautious and prudent manner and will review its business strategy regularly aiming to ensure a stable prospect to shareholders.

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 2012, except for following deviations with considered reasons as explained:

Code Provision A.4.1

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. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

Code Provision E.1.2

Code provision E.1.2 of the Code stipulates that the Chairman of the Board should attend the annual general meeting of the Company.

Deviation

The Chairman of the Board, Mr. Suen Cho Hung, Paul, was unable to attend the annual general meeting of the Company held on 26 August 2011 as he had other important business engagement. However, Mr. Sue Ka Lok, an Executive Director and the Chief Executive Officer of the Company, had chaired the meeting in accordance with bye-law 63 of the Company's Bye-laws.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2012 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 2012 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, 27 June 2012

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 Ms. Lee Chun Yeung, Catherine as Executive Directors and Mr. Wong Kwok Tai, Mr. Weng Yixiang and Mr. Lu Xinsheng as Independent Non-executive Directors.

* *For identification purpose only*