HUA XIA HEALTHCARE HOLDINGS LIMITED
華夏醫療集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8143)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Hua Xia Healthcare Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

Summary of the results of the Group for the financial year ended 31 March 2013 is as follows:

- Total turnover was approximately HK$2,020.589 million (2012: approximately HK$1,835.776 million), representing approximately 10.07% of growth over 2012. The rise in the turnover was driven by the increase demand for the provision of general hospital services and the sales from the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses in the PRC.

- Gross profit was approximately HK$238.862 million (2012: approximately HK$235.213 million), which maintained at a similar level as 2012.

- Net profit attributable to owners of the Company was approximately HK$42.740 million (2012: approximately HK$49.666 million), representing approximately 14% decrease as compared to the previous year. The decrease was mainly contributed to (1) the loss on early redemption of promissory note, (2) the related expenses incurred for the Group's spin-off project of approximately HK$6.515 million and (3) there was no gain on disposal of subsidiary during current year. By excluding such effects, the Group recorded a slightly increase in profit attributable to the owners of the Company of approximately 3% compared to last year.

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

On behalf of the Company and its subsidiaries (collectively referred to as the "Group"), the board of directors (the "Board") are pleased to present the audited financial results for the year ended 31 March 2013 together with the audited comparative figures for the year ended 31 March 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Turnover	*5*	**2,020,589**	1,835,776
Cost of sales		**(1,781,727)**	(1,600,563)
Gross profit		**238,862**	235,213
Other revenue	*5*	**10,376**	8,689
Other income	*6*	**1,153**	3,666
Selling and distribution expenses		**(79,677)**	(78,500)
Administrative expenses		**(86,354)**	(74,049)
Loss on early redemption of promissory note		**(1,389)**	–
Gain on disposal of subsidiaries		**–**	611
Profit from operations	*6*	**82,971**	95,630
Finance costs	*7*	**(10,288)**	(11,223)
Profit before taxation		**72,683**	84,407
Taxation	*8*	**(22,141)**	(26,378)
Profit for the year		**50,542**	58,029
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations		**2,441**	10,726
Total comprehensive income for the year		**52,983**	68,755

	Note	**2013**	2012
	Note	***HK$'000***	*HK$'000*
Profit attributable to:			
Owners of the Company		**42,740**	49,666
Non-controlling interests		**7,802**	8,363
		50,542	58,029
Total comprehensive income attributable to:			
Owners of the Company		**44,898**	59,312
Non-controlling interests		**8,085**	9,443
		52,983	68,755
Earnings per share attributable to the owners of the Company			
– basic	*9*	**HK3.61 cents**	HK4.20 cents
– diluted	*9*	**HK3.56 cents**	HK4.19 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**36,421**	37,809
Prepaid lease payments		**32,036**	32,986
Investment properties		**8,157**	7,611
Goodwill		**788,420**	788,418
		865,034	866,824
Current assets			
Inventories		**124,038**	110,553
Trade and other receivables and deposits	*11*	**505,807**	379,595
Amount due from a non-controlling shareholder		**–**	1,841
Held-to-maturity investment		**–**	123
Derivative financial instruments		**69**	161
Pledged bank deposits		**3,609**	22,847
Cash and bank balances		**79,980**	109,212
		713,503	624,332
Total assets		**1,578,537**	1,491,156
EQUITY			
Capital and reserves			
Share capital		**11,824**	11,824
Reserves		**933,241**	887,059
Equity attributable to the owners of the Company		**945,065**	898,883
Non-controlling interests		**40,974**	41,161
Total equity		**986,039**	940,044

	Note	2013 HK$'000	2012 HK$'000
LIABILITIES			
Current liabilities			
Trade and other payables	*12*	**331,669**	302,450
Bank borrowings		**50,672**	36,582
Amounts due to non-controlling shareholders		**1,053**	551
Tax payable		**11,352**	8,965
		394,746	348,548
Non-current liabilities			
Convertible note		**4,627**	4,282
Promissory note		**192,635**	197,735
Deferred taxation		**490**	547
		197,752	202,564
Total liabilities		**592,498**	551,112
Total equity and liabilities		**1,578,537**	1,491,156
Net current assets		**318,757**	275,784
Total assets less current liabilities		**1,183,791**	1,142,608

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to the owners of the Company											
	Share capital	**Share premium**	**Capital reserve**	**Special reserve**	**Translation reserve**	**Share-based payment reserve**	**Convertible note reserve**	**Statutory reserve**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Note (c))	*(Note (a))*	*(Note (d))*	*(Note (e))*	*(Note (f))*	*(Note (b))*				
At 1 April 2011	591,219	190,250	–	(6,735)	15,111	11,801	2,537	7,158	25,651	836,992	39,706	876,698
Other comprehensive income for the year, net of tax												
Exchange difference on translating foreign operations	–	–	–	–	9,646	–	–	–	–	9,646	1,080	10,726
Profit for the year	–	–	–	–	–	–	–	–	49,666	49,666	8,363	58,029
Total comprehensive income for the year	–	–	–	–	9,646	–	–	–	49,666	59,312	9,443	68,755
Release upon disposal of subsidiaries	–	–	–	–	(611)	–	–	–	–	(611)	(1,432)	(2,043)
Capital reorganisation	(579,395)	–	579,395	–	–	–	–	–	–	–	–	–
Issue of share options	–	–	–	–	–	3,190	–	–	–	3,190	–	3,190
Share options cancelled	–	–	–	–	–	(129)	–	–	129	–	–	–
Transfer to statutory reserve	–	–	–	–	–	–	–	10,307	(10,307)	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(6,556)	(6,556)
At 31 March 2012 and 1 April 2012	11,824	190,250	579,395	(6,735)	24,146	14,862	2,537	17,465	65,139	898,883	41,161	940,044
Other comprehensive income for the year, net of tax												
Exchange difference on translating foreign operations	–	–	–	–	2,158	–	–	–	–	2,158	283	2,441
Profit for the year	–	–	–	–	–	–	–	–	42,740	42,740	7,802	50,542
Total comprehensive income for the year	–	–	–	–	2,158	–	–	–	42,740	44,898	8,085	52,983
Issue of share options	–	–	–	–	–	1,284	–	–	–	1,284	–	1,284
Transfer to statutory reserve	–	–	–	–	–	–	–	7,989	(7,989)	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(8,272)	(8,272)
At 31 March 2013	**11,824**	**190,250**	**579,395**	**(6,735)**	**26,304**	**16,146**	**2,537**	**25,454**	**99,890**	**945,065**	**40,974**	**986,039**

Notes:

(a) Included in the special reserve amounting to approximately HK$2,935,000 of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the share capital of a subsidiary acquired pursuant to a group reorganisation in 2001.

The decrease in special reserve amounting to approximately HK$41,580,000 of the Group represents the difference between the fair value and the contracted value of consideration shares paid for acquisition of subsidiaries during the year ended 31 March 2007.

The increase in special reserve amounting to approximately HK$31,910,000 of the Group represents the difference between the fair value and the contracted value of consideration shares paid for acquisition of subsidiaries during the year ended 31 March 2008.

(b) As stipulated by the relevant PRC laws and regulations, the subsidiaries of the Company established in the PRC shall set aside 10% of its net profit after taxation for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the subsidiaries' paid-up capital). The reserve fund can only be used, upon approval by the board of directors and by the relevant authority, to offset accumulated losses or increase capital.

(c) The increase in capital reserve amounting to approximately HK$579,395,000 of the Group as the result of capital reduction taken by the Company during the year ended 31 March 2012.

(d) The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

(e) The share-based payment reserve represents the fair value of services estimated to be received in exchange the grant of the relevant options over the relevant vesting periods, the total of which is based on the fair value of the options at grant date. The amount is recognised as staff costs and related expenses with a corresponding increase in the share-based payment reserve.

The share-based payment reserve which is expired would be released directly to retained profits.

(f) The convertible note reserve represents the equity components of the convertible note issued. Convertible note issued are split into their liability and equity components at initial recognition at the fair values of the convertible note, which is determined by independent qualified professional valuers.

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 28 May 2001 as an exempted company with limited liability. The shares of the Company are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681 GT George Town, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is located at 19/F., New Wing, 101 King's Road, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The Company acts as an investment holding company while its subsidiaries are principally engaged in the provision of general hospital services and pharmaceutical wholesale and distribution and pharmaceutical retail chain business in the People's Republic of China (the "PRC").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountant (the "HKICPA").

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Amendments to HKAS 12 Income Taxed – Deferred Tax: Recovery of Underlying Assets

The application of the new and revised HKFRSs has had no material effect on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

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

HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statement[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 – 2011 Cycle[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011) and HKAS 28 (2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013.

Amendments to HKFRSs include:

- amendments to HKAS 1 Presentation of Financial Statements;
- amendments to HKAS 16 Property, Plant and Equipment; and
- amendments to HKAS 32 Financial Instruments: Presentation.

Amendments to HKAS 1

HKAS 1 Presentation of Financial Statements clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented. The directors do not anticipate that the amendments will have a significant financial impact on the Group.

Amendments to HKAS 16

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to HKAS 32

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no material effect on the Group's consolidated financial statements.

HK (IFRIC) – Int 20 Stripping Costs in the Production Phase of a Surface Mine

HK (IFRIC) – Int 20 Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognised as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

HK (IFRIC) – Int 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply HK (IFRIC) – Int 20 for the first time. However, HK (IFRIC) – Int 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The application of this standard may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of this standard and hence have not yet quantified the extent of the impact.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (the "Interpretations") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the GEM Listing Rules of the Stock Exchange (the "GEM Listing Rules").

Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is historical cost except for certain financial assets (including derivative financial instruments), financial liabilities and investment properties that are measured at fair value. Historical cost is generally based on the fair value of the consideration of given in exchange for assets.

4. SEGMENT INFORMATION

Information reported internally to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group has merged its organisation into two operating divisions: provision of general hospital services, pharmaceutical wholesale and distribution and pharmaceutical retail chain business. The chief operating decision maker has decided to combine the provision of general hospital service and the provision of healthcare and hospital management services into one single operation division in order to manage and review the performance of the hospital related business more efficiently. These divisions are the basis on which the Group reports its segment information.

Segment revenue and results

2013

	Provision of general hospital services *HK$'000*	Pharmaceutical wholesale and distribution and pharmaceutical retail chain business *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover				
External sales	**141,525**	**1,879,064**	**–**	**2,020,589**
Inter-segment sales	**–**	**6,305**	**(6,305)**	**–**
Total turnover	**141,525**	**1,885,369**	**(6,305)**	**2,020,589**

Inter-segment sales are charged at arm's length

Results				
Segment results	**21,065**	**74,369**	**–**	**95,434**
Unallocated other revenue				**–**
Loss on early redemption of promissory note				**(1,389)**
Unallocated corporate expenses				**(11,074)**
Profit from operations				**82,971**
Finance costs				**(10,288)**
Profit before taxation				**72,683**
Taxation				**(22,141)**
Profit for the year				**50,542**

Segment assets and liabilities

2013

	Provision of general hospital services HK$'000	Pharmaceutical wholesale and distribution and pharmaceutical retail chain business HK$'000	Consolidated HK$'000
Consolidated statement of financial position			
Assets			
Segment assets	178,324	1,390,470	1,568,794
Unallocated corporate assets			9,743
Consolidated total assets			1,578,537
Liabilities			
Segment liabilities	23,116	367,234	390,350
Promissory note			192,635
Convertible note			4,627
Deferred taxation			490
Unallocated corporate liabilities			4,396
Consolidated total liabilities			592,498

	Provision of general hospital services HK$'000	Pharmaceutical wholesale and distribution and pharmaceutical retail chain business HK$'000	Unallocated HK$'000	Consolidated HK$'000
Other information				
Capital expenditure	7,026	2,276	–	9,302
Depreciation	6,193	3,932	420	10,545
Amortisation of prepaid lease payments	1,042	182	–	1,224
Loss on disposal of property, plant and equipment	–	276	–	276
Provision for impairment loss of trade and other receivables	–	989	–	989

Segment revenue and results

2012

	Provision of general hospital services *HK$'000*	Pharmaceutical wholesale and distribution and pharmaceutical retail chain business *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover				
External sales	134,504	1,701,272	–	1,835,776
Inter-segment sales	–	10,875	(10,875)	–
Total turnover	134,504	1,712,147	(10,875)	1,835,776

Inter-segment sales are charged at arm's length

Results				
Segment results	21,463	86,994	–	108,457
Unallocated other revenue				69
Gain on disposal of a subsidiary				611
Unallocated corporate expenses				(13,507)
Profit from operations				95,630
Finance costs				(11,223)
Profit before taxation				84,407
Taxation				(26,378)
Profit for the year				58,029

Segment assets and liabilities

2012

	Provision of general hospital services	Pharmaceutical wholesale and distribution and pharmaceutical retail chain business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of financial position			
Assets			
Segment assets	174,651	1,290,279	1,464,930
Unallocated corporate assets			26,226
Consolidated total assets			1,491,156
Liabilities			
Segment liabilities	22,880	321,178	344,058
Promissory note			197,735
Convertible note			4,282
Deferred taxation			547
Unallocated corporate liabilities			4,490
Consolidated total liabilities			551,112

	Provision of general hospital services	Pharmaceutical wholesale and distribution and pharmaceutical retail chain business	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other information				
Capital expenditure	11,255	4,461	11	15,727
Depreciation	5,504	4,022	437	9,963
Amortisation of prepaid lease payments	1,030	179	–	1,209
Loss on disposal of property, plant and equipment	35	209	–	244
Provision for impairment loss of trade and other receivables	44	878	5	927

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit generated by each segment without allocation of finance costs, loss on early redemption of promissory note, gain on disposal of subsidiaries and taxation. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

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

- all assets are allocated to reportable segments other than unallocated corporate assets. Unallocated corporate assets mainly include part of property, plant and equipment, cash and bank balances of the central administration companies.

- all liabilities are allocated to reportable segments other than unallocated corporate liabilities, promissory note, convertible note and deferred taxation. Unallocated corporate liabilities mainly include the accruals and other payables of the central administration companies.

Geographical information

The Group's operations are mainly located in the PRC. All of the Group's turnover is derived from customers based in the PRC.

The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**416**	836
PRC	**864,618**	865,988
	865,034	866,824

Information about major customers

For the years ended 31 March 2013 and 2012, no single customer contributed 10% or more to the Group's turnover.

5. TURNOVER AND OTHER REVENUE

Turnover represents the aggregate of the net amounts received and receivable from third parties in connection with the retail and wholesale and distribution of pharmaceutical products and related services and provision of general hospital services. An analysis of the Group's turnover and other revenue are as follows:

	2013	2012
	HK$'000	*HK$'000*
Turnover:		
Retail of pharmaceutical and related products	**212,521**	187,002
Wholesale and distribution of pharmaceutical products and related services	**1,666,543**	1,514,270
Provision of general hospital services	**141,525**	134,504
	2,020,589	1,835,776
Other revenue:		
Bank interest income	**717**	1,107
Loan interest income	**2,323**	2,061
Rental income	**1,410**	1,195
Exhibition income	**4,505**	2,358
Sundry income	**1,421**	1,968
	10,376	8,689

6. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	2013	2012
	HK$'000	*HK$'000*
Directors' remuneration	**3,047**	2,962
Share-based payment expenses	**1,284**	3,190
Other staff's retirement benefits scheme contributions	**8,704**	7,947
Other staff costs	**78,808**	65,251
	91,843	79,350
Auditors' remuneration	**900**	900
Provision for impairment loss on trade and other receivables	**989**	927
Cost of inventories sold	**1,753,215**	1,569,538
Amortisation of prepaid lease payments	**1,224**	1,209
Depreciation of property, plant and equipment		
– owned by the Group	**10,545**	9,963
Loss on disposal of property, plant and equipment	**276**	244
Operating lease rentals in respect of land and buildings	**19,927**	18,068
Loss on early redemption of promissory note	**1,389**	–
and after crediting:		
Other income:		
Exchange gain	**110**	23
Change in fair value of investment properties	**492**	1,335
Reversal of impairment loss of trade and other receivables	**551**	2,308
	1,153	3,666

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
– interest expenses on bank borrowings wholly repayable within five years	**4,090**	4,928
– interest expenses on convertible note	**475**	443
– interest expenses on promissory note	**5,723**	5,852
	10,288	11,223

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group incurred a taxation loss for the year. Provision on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2013	2012
	HK$'000	*HK$'000*
Current taxation:		
Provision for the year		
– The PRC	**22,581**	23,741
Under provision in prior year:		
– The PRC	**229**	–
PRC withholding tax (refund)/paid	**(612)**	2,688
Deferred tax recognised during the year	**(57)**	(51)
	22,141	26,378

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit for the purpose of basic and diluted earnings per share		
– Profit for the year attributable to the owners of the Company	**42,740**	49,666

	No. of shares	*No. of shares*
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share		
– Ordinary shares in issue	**1,063,444**	741,476
– Preference shares in issue	**118,994**	440,962
	1,182,438	1,182,438
Effect of dilutive potential ordinary shares:		
– Share options issued by the Company	**16,501**	4,015
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,198,939**	1,186,453

For the years ended 31 March 2013 and 2012, the calculation of diluted earnings per share did not assumed the exercise of the convertible note existed at 31 March 2013 and 2012 as the exercise of the convertible note would increase earnings per share, therefore anti-dilutive.

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2013 (2012: Nil).

11. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**358,812**	249,101
Bill receivables	**7,490**	3,206
Prepayments and deposit paid	**68,747**	60,351
Prepaid lease payments	**1,233**	1,223
Other receivables	**75,966**	71,983
	512,248	385,864
Less: Impairment loss recognised in respect of other receivables	**(6,441)**	(6,269)
	505,807	379,595

Payment terms with customers from the pharmaceutical wholesale and distribution and pharmaceutical retain chain business are mainly on credit. Invoices are normally payable from 30 to 90 days of issuance. Payment terms with customers from general hospital services are normally payable from 0 to 30 days. The following is an aged analysis of trade receivables at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
0 to 90 days	**293,405**	215,558
91 to 180 days	**59,004**	24,729
181 to 365 days	**3,931**	8,382
Over 365 days	**4,164**	1,807
	360,504	250,476
Less: Impairment loss recognised in respect of trade receivables	**(1,692)**	(1,375)
	358,812	249,101

Trade receivables disclosed above include amounts which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty. The individually impaired receivables related to customers that were in financial difficulties and the directors of the Company assessed that the amounts are not expected to be recovered.

12. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**292,647**	221,719
Bill payables	**4,350**	45,693
Trade deposit received	**3,030**	3,823
Accruals and other payables	**31,642**	31,215
	331,669	302,450

The following is an aged analysis of trade payables at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
0 to 90 days	**164,093**	153,372
91 to 180 days	**59,166**	40,623
181 to 365 days	**54,548**	18,602
Over 365 days	**14,840**	9,122
	292,647	221,719

The average credit period on purchases of certain goods is 90 days.

Bill payables were secured by certain pledged bank deposits and corporate guarantee by inter-group company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of general hospital services and pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses in the PRC.

In July 2012, the Company submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 3 to the GEM Listing Rules in relation to the Proposed Spin-off and separate listing of the pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses of the Group (the "Spun-off Group") by way of introduction (the "Proposed Spin-off") and the Company was considering a proposal to declare and distribute the shareholders a special dividend in connection with the Proposed Spin-off. After the Proposed Spin-off, the Remaining Group would remain focus in provision of general hospital services in the PRC.

In September 2012, the Stock Exchange has confirmed that the Company proceeds with the Proposed Spin-off. The Directors believe that the Proposed Spin-off would better reflect the value of its provision of the pharmaceutical business, and that the listing by way of introduction would give a clearer corporate identity to the Spun-off Group and would enhance the image of the Spun-off Group for its future growth, while the Remaining Group can focus on the operation of the hospital business with its resources, and therefore the Directors believe that the Proposed Spin-off will be beneficial to both the Group and the Spun-off Group and their respective existing and future shareholders.

Up to the date of this announcement, the Proposed Spin-off is in progress and is subjected to, among others, the obtaining of the approvals from the shareholders of the Company and the Stock Exchange, and may or may not proceed. Accordingly shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Turnover

Looking back at 2012/13, the Group's revenue experienced steady growth. The Group recorded revenue of approximately HK$2,020.589 million (2012: approximately HK$1,835.776 million) for the year ended 31 March 2013, accounting for an increase of 10.07% over last year. The gross profit margin of the Group was approximately 12%, which maintained at a similar level as in 2012.

General hospital services

During the year ended 31 March 2013, the Group operated two general hospitals in Chongqing and Jiaxing and managed one general hospital in Zhuhai city, principally engaged in the provision of general hospital services, including but not limited to medical wards, surgical wards, cosmetic surgery, dermatology and medical checkup and examination. The management envisions more diversified hospital services readily available to satisfy various needs of the public in the next few years, from the common illness treatments to the care of special and difficult disease. Therefore we will continue to allocate resources to develop those services either from our existing hospitals or through collaboration. The turnover generated from general hospital services amounted to approximately HK$141.525 million (2012: approximately HK$134.504 million), representing a steady increase of 5% over last year.

Pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses

The Group engages in the wholesale, distribution of a board range of pharmaceutical products to hospitals, clinics and pharmacies in Fujian Province, the PRC. The Group's pharmaceutical retail chain operation has maintained the leading position in both retail drug store numbers and comprehensive competitiveness within Fujian Province, as ranked by the independent associations in the PRC. The Group continues to allocate resources and to look for business opportunities to expand the pharmaceutical wholesale, distribution and retail chain businesses. Turnover generated from pharmaceutical wholesales, distribution and pharmaceutical retail chain business amounted to approximately HK$1,879.064 million (2012: approximately HK$1,701.272 million), representing approximately 10.45% of growth over 2012 and accounted for approximately 93% of the Group's turnover. The increase was primarily due to the broadened revenue base from a further diversified product portfolio.

Other revenue

Other revenue, primarily including exhibition income, rental income, interest income from bank deposits and interest income from loan receivables, amounted to approximately HK$10.376 million (2012: approximately HK$8.689 million) for the year ended 31 March 2013, representing an increase of around 19.4% over last year. Exhibition income mainly represented the aggregate of participation fee income and entrance fee income from exhibition activities organised by the Group.

Selling and distribution expenses

Selling and distribution expenses primarily consisted of (1) salaries and wages of sales and marketing personnel, (2) rental expenses and (3) transportation expenses. For the year ended 31 March 2013, selling and distribution expense amounted to approximately HK$79.677 million (2012: approximately HK$78.500 million), representing slightly increase over the same period of last year. More selling and distribution expenses incurred due to the expansion of the business scale.

Administrative expenses

Administrative expenses for the year ended 31 March 2013 amounted to approximately HK$86.354 million (2012: approximately HK$74.049 million), representing an increase of approximately 16.62% over last year. The increment was mainly contributed by the Group's spin-off project expenses and the expansion of the Group's scale of operation.

Finance costs

For the year ended 31 March 2013, the finance costs of the Group were approximately HK$10.288 million (2012: approximately HK$11.223 million), representing a decrease of approximately 8.33% over the last year. The reduction was mainly due to early redemption of the promissory note during the year.

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK$42.740 million (2012: approximately HK$49.666 million) during the year ended 31 March 2013, representing a decrease of about 14% compared to the same period of last year. The decrease was mainly contributed to (1) the loss on early redemption of promissory note, (2) the related expenses incurred for the Group's spin-off project of approximately HK$6.515 million and (3) there was no gain on disposal of subsidiary during current year. By excluding such effects, the Group recorded a slightly increase of profit attributable to the owners of the Company around 3% compared to same period of last year.

OUTLOOK AND FUTURE PROSPECTS

As a result of the healthcare reform and heavy investment from the government, for the last few years, the healthcare in China has become the direct recipient of the economic benefits. Among them all, the fast growing healthcare expenditures have surpassed the GDP of the country with an annual compound increase of 19.03% from 1990 to 2009. At the same time, the per capita healthcare expenditures have also achieved an increase of 18.01% for the same period. The experiences from the developed countries show that once the per capita GDP reaches US$10,000, the general healthcare expenditures will begin with an exponential increase. This will fundamentally increase demands for quality healthcare services and pharmaceutical products. Those developments have certainly laid out the solid foundation for the Group to continue to grow and to improve at all levels.

The management of the Group has realized the potential opportunities in the field and continued to address the needs of the market and the public through refined services and quality products. For the hospitals, we believe that the key to the success lies in the well trained staff and standardized medical services. In addition to cultivating the new services implemented at the hospitals, the management has focused on the improved delivery procedures and patient oriented care. Our hospitals have well established themselves in their each local market in the both brands and competitiveness. The challenge to a steady and more profitable growth is to strengthen the brands by increasing patients' satisfaction and adapting the affordable quality service approaches. All of those will help the hospitals achieve further penetration into the fast growing healthcare market.

For the pharmaceutical business, the market consolidation has continued at national and local levels, providing promising opportunities for the large scale of operations like the Group. Among many of favorable trends, we see a large room for the development of our distributions businesses at hospital levels and also at retail. The unique composition of the Group in this business allows us to take the advantage of the both policy and market growth. We will continue to see the strong growth of drug delivery to hospitals and wholesales segments while the expansion of retail drugstores will enlarge the market shares in the year 2013/14.

The new financial year 2013/14 will reach the late part of the 12th Five Year Plan in China, and the Group will begin to achieve the fruitful performances supported by the early financial and technical investments and preparation for the both businesses. Therefore, the management of the Group will make great efforts to leverage the well recognised brands of the hospitals and pharmaceutical distribution to maintain our steady increase and to improve the profitability of our core healthcare operations.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and bank balances of approximately HK$79.980 million as at 31 March 2013 (2012: approximately HK$109.212 million).

The Group recorded total current assets of approximately HK$713.503 million as at 31 March 2013 (2012: approximately HK$624.332 million) and total current liabilities of approximately HK$394.746 million as at 31 March 2013 (2012: approximately HK$348.548 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.807 as at 31 March 2013 (2012: approximately 1.791).

As at 31 March 2013, the Group's gearing ratio was approximately 18% based on outstanding debts (comprising bill payables, bank borrowings, convertible note and promissory note) less cash and cash equivalents over total equity (including all capital and reserves of the Group) (2012: 17%).

FOREIGN EXCHANGE RISK

Since almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars and most of the bank deposits are being kept in Renminbi and Hong Kong dollars to minimise exposure to foreign exchange risk, the directors consider that the Group's risk exposure to currency fluctuations to be minimal. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the year.

CHARGES ON GROUP'S ASSETS

As at 31 March 2013, the Group had bank borrowings outstanding balances and bill payables of approximately HK$50.672 million and HK$4.350 million respectively. The Group's pledged bank deposits of approximately HK$3.609 million, were pledged as collateral to secure banking facilities granted to the Group.

CAPITAL STRUCTURE

As at 31 March 2013, the total issued share capital of the Company was approximately HK$11.824 million (2012: approximately HK$11.824 million) divided into 1,083,938,264 ordinary shares and 98,500,000 non-voting convertible preference shares (2012: 910,938,264 ordinary shares and 271,500,000 non-voting convertible preference shares) of HK$0.01 (2012: HK$0.01) each.

SEGMENT INFORMATION

During the year, the revenue of the Group was principally generated from: (1) provision of general hospital services and (2) pharmaceutical wholesale, distribution and pharmaceutical retail chain businesses. Financial information in respect of these operations is presented in Note 4.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There are no material acquisition and disposal of subsidiaries during the year under review.

CONTINGENT LIABILITIES

As at 31 March 2013, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the directors to be pending or threatened against any member of the Group.

CAPITAL COMMITMENTS

As at 31 March 2013 and 31 March 2012, the Group had no material capital commitment.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2013, the Group had 1,754 (2012: 1,626) full time employees (including directors) as shown in the following table:

Location	Number of Staff
Hong Kong	15
PRC (including cities of Chongqing, Jiaxing, Zhuhai and the Fujian Province)	1,739

For the year ended 31 March 2013, staff costs (including directors emoluments) amounted to approximately HK$91.843 million (2012: approximately HK$79.350 million). The Group remunerates its employees based on individual performance and qualification. Apart from the basic remuneration, staff benefits include the contribution to the Mandatory Provident Fund Scheme, bonus and medical coverage in Hong Kong; and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to the employees in the PRC. The Group also adopted employee share option scheme to provide eligible employees a performance incentive for continuous and improved services with the Group and to enhance their contributions to increase profits by encouraging capital accommodation and share ownership.

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

During the year ended 31 March 2013, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

SUBSEQUENT EVENTS

On 10 April 2013, the Company entered into the non-redeemable convertible preference shares ("CPS") Subscription Agreement (the "Agreement") with Mr. Yung Kwok Leong ("Mr. Yung"), pursuant to which, Mr. Yung has agreed to subscribe for and the Company has agreed to issue the 504,201,680 non-redeemable preference shares at the total issue price of HK$120 million which will be satisfied by setting off against HK$120 million principal amount of the promissory note.

Details of the transaction are set out in the Company's announcement dated 10 April 2013.

Save as disclosed above, there was no other significant event took place subsequent to the end of the reporting period.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the applicable code provisions of Code on Corporate Governance Practices (the "CG Code") (for the period from 1 April 2012 to 31 March 2013), as set out in Appendix 15 to the Listing Rules throughout the year save and except from the deviation from code provision A.2.1 of the CG Code, namely, the roles of the chairman and chief executive officer have not been separated. Mr. Yung Kwok Leong held the roles of both Chairman and Chief Executive Officer of the Company. The Board considers that vesting the roles of the Chairman and the Chief Executive Officer in the same person provides consistent and sustainable development of the Group, strong and consistent leadership in the Company's decision marking and operational efficiency. However, the Board will review and make appropriate changes when necessary in order to enhance the level of corporate governance.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of code for the required standard of dealings in securities by directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of directors of the Company and the directors confirmed that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance during the period from 1 April 2012 to 31 March 2013.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the requirements of Rule 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to assist the Board to provide an independent view on the effectiveness of the financial reporting procedures, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. As at the date of this announcement, the Audit Committee consists of three independent non-executive directors (Messrs Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen), and is chaired by Ms. Wong Ka Wai, Jeanne.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2013 including the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters during the review.

NOMINATION COMMITTEE

The Company established a Nomination Committee with written terms of reference in compliance with the CG Code. The main responsibilities of the Nomination Committee are to review the structure, size and composition, including the skills, knowledge and experience of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, and identify individuals suitable qualified to become directors and select or make recommendations to the Board for directorships. As at the date of this announcement, the Nomination Committee consists of one executive director (Mr. Yung Kwok Leong) and three independent non-executive directors (Messrs Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen). Mr. Yung Kwok Leong is the chairman of the Nomination Committee.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee are, amongst others, to review and determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and to make recommendation to our Board on our Group's policy and structure for all remuneration of our Directors and senior management. As at the date of this announcement, the Remuneration Committee consists of an executive director (Mr. Zheng Gang) and three independent non-executive directors, (Messrs Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen). Ms. Wong Ka Wai, Jeanne is the chairlady of the Remuneration Committee.

APPRECIATION

The Board would like to express its sincere appreciation to its shareholders, customers, suppliers and business partners for their continued support of the Group. The Board also wishes to thank the Group's management and staff for achieving remarkable progress in the Group's business and their dedication and commitment for improving the Group's management.

On behalf of the Board of
Hua Xia Healthcare Holdings Limited
Yung Kwok Leong
Chairman

Hong Kong, 10 June 2013

As at the date of this announcement, the executive directors of the Company are Mr. Yung Kwok Leong, Dr. Jiang Tao, Mr. Zheng Gang, Dr. Huang Jiaqing and Mr. Chen Jin Shan, the non-executive directors is Dr. Wong Yu Man, James, and the independent non-executive directors are Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.huaxia-healthcare.com.