友川集團控股有限公司

NEWTREE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

Annual Report 2015 / 2016

Contents

Corporate Information

Executive Directors
Mr. Wong Wai Sing *(Chairman and Chief Executive Officer)*
Mr. Chum Hon Sing *(Vice-Chairman)*
Mr. Chan Kin Lung
Mr. Lee Chi Shing, Caesar
Ms. Yick Mi Ching, Dawnibilly
Mr. Wong Jeffrey

Independent Non-executive Directors
Mr. Kwok Kam Tim
Dr. Hui Chik Kwan
Mr. Tso Ping Cheong, Brian

Audit Committee Members
Mr. Kwok Kam Tim *(Chairman)*
Dr. Hui Chik Kwan
Mr. Tso Ping Cheong, Brian

Remuneration Committee Members
Mr. Kwok Kam Tim *(Chairman)*
Dr. Hui Chik Kwan
Mr. Tso Ping Cheong, Brian

Nomination Committee Members
Mr. Tso Ping Cheong, Brian *(Chairman)*
Mr. Kwok Kam Tim
Dr. Hui Chik Kwan

Authorised Representatives
Mr. Wong Jeffrey
Ms. Kwok Ka Huen

Company Secretary
Ms. Kwok Ka Huen

Listing Information
Main Board of
The Stock Exchange of Hong Kong Limited
Stock Code: 1323

Company's Website
www.newtreegroupholdings.com

Headquarters
Flat L, 12th Floor
Macau Finance Centre
Rua de Pequim
Macau

Registered Office
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong
Suites 3505-08, 35/F.
Tower 6, The Gateway
Harbour City, Kowloon
Hong Kong

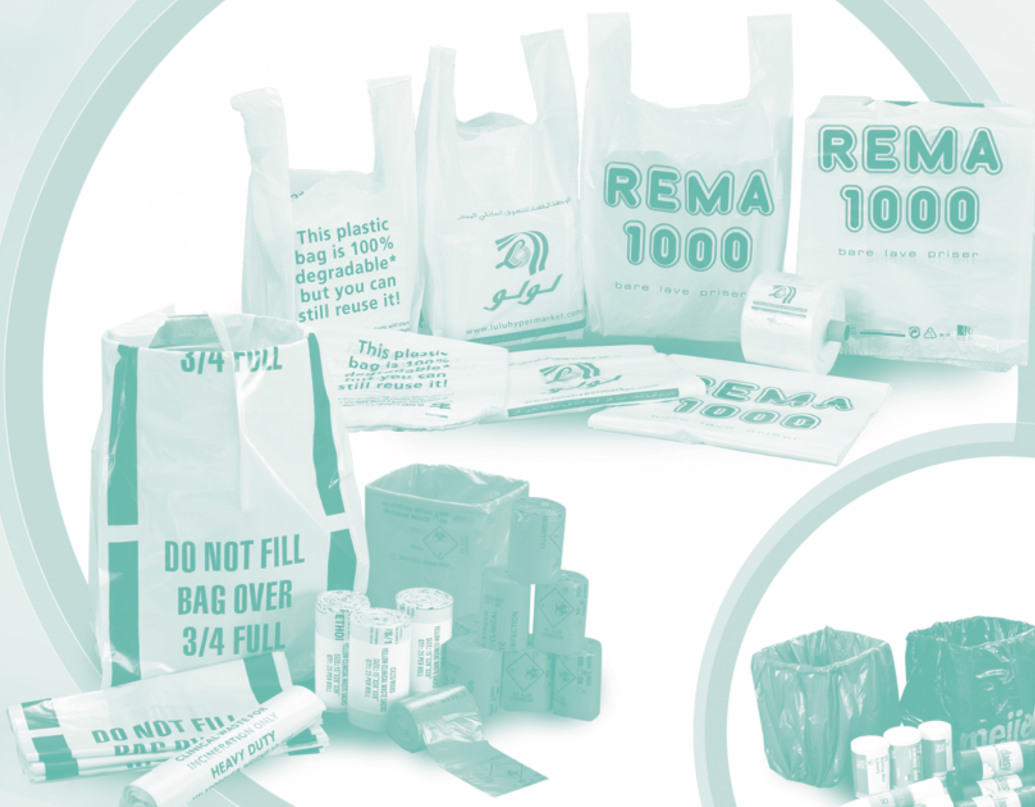
Principal Share Registrar and Transfer Office in Cayman Islands
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town Grand Cayman
KY1-1110 Cayman Islands

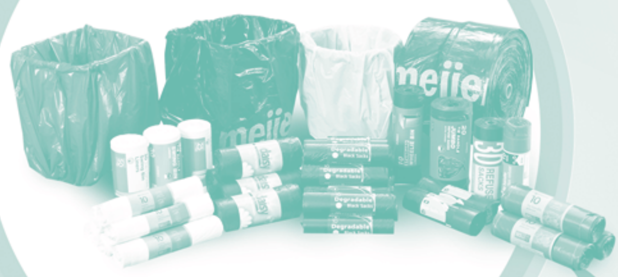
Branch Share Registrar and Transfer Office in Hong Kong
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers
Bank of China Huizhou Huihuan Sub-branch
Bank of China, Macau Branch
Bank of East Asia, Limited
Bank of Communications Co. Ltd. Hong Kong Branch

Auditor
Moore Stephens CPA Limited

CHAIRMAN'S STATEMENT





Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Newtree Group Holdings Limited (the "Company"), I am pleased to present to you the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2016.

Result of the Group

During the year under review, the Group recorded a revenue from continuing operations of approximately HK$246.8 million (2015: HK$302.3 million), representing a decrease of 18.4% as compared to the same period of last year, the decrease was mainly due to the substantial decrease in demand for the hygienic disposables products but partially offset by the increase in revenue from Jewelries and Watches Business, Digital Technology Business and Education Business. The loss attributable to owners of the Company for the current year amounted to approximately HK$284.4 million as compared to a loss of approximately HK$258.9 million last year, which was mainly due to the non-cash impairment loss on trade and other receivables of approximately HK$91.5 million, impairment loss on goodwill of approximately HK$40.1 million, impairment loss on other intangible assets of approximately HK$50.1 million, impairment loss on interest in an associate of approximately HK$4.0 million and fair value loss on contingent consideration receivables/earn-out consideration payable of approximately HK$52.8 million.

Dividend

The Directors do not recommend for payment of a final dividend for the year ended 31 March 2016.

Prospect

Looking ahead, the global economic environment remains challenging. However, the Group remain confident and optimistic in our products, services, and people and will continue to adopt proactive and innovative strategies to ensure stable and healthy business growth. The Group will also actively pursue high quality investment opportunities in existing and new business segments to diversify risks and broaden the sources of income of the Group.

Gratitude

I would like to take this opportunity to thank my fellow Directors, the management and all our staffs for their continuing commitment, dedication and hard work to the development of the Group during the past year. I would also like to express appreciation to all shareholders, investors, business associates, suppliers and customers for their support which is critical in taking the Company forward to a better future.

Mr. Wong Wai Sing
Chairman

28 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

Business and Financial Review

During the year, the Group has been engaged in (i) manufacture and trading of clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business"); (ii) trading of coal products ("Coal Business"); (iii) wholesale and retail of household consumables ("Household Consumables Business"); (iv) sales and distribution of jewelries and watches ("Jewelries and Watches Business"); (v) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business"); and (vi) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("Education Business"). The Group was also engaged in the business of trading of Methyl Tertiary Butyl Ether products ("MTBE Business") which was discontinued during the year.

For the year under review, the Group recorded a net loss attributable to owners of the Company of approximately HK$284.4 million (2015: approximately HK$258.9 million).

Revenue

The Group's revenue from continuing operations decreased by approximately HK$55.5 million or 18.4% from approximately HK$302.3 million for the year ended 31 March 2015 to approximately HK$246.8 million for the corresponding period in 2016.

The following table sets forth a breakdown of the Group's revenue from continuing operations by segments and geographical locations and as a percentage of the Group's total revenue from continuing operations for the year ended 31 March 2016, with comparative figures for the corresponding period in 2015.

	Year ended 31 March			
	2016 HK$'000	**2016 %**	2015 HK$'000 (restated)	2015 %
By segment:				
Hygienic Disposables Business	**53,414**	**21.6**	98,388	32.5
Coal Business	**79,058**	**32.0**	111,675	36.9
Household Consumables Business	**63,908**	**25.9**	73,363	24.3
Jewelries and Watches Business	**16,945**	**6.9**	8,974	3.0
Digital Technology Business	**11,105**	**4.5**	3,213	1.1
Education Business	**22,333**	**9.1**	6,684	2.2
Total	**246,763**	**100.0**	302,297	100.0
By geographical locations:				
The People's Republic of China (the "PRC")	**91,276**	**37.0**	115,267	38.1
United Kingdom	**106,337**	**43.1**	135,385	44.8
Norway	**10,571**	**4.3**	21,077	7.0
Macau	**16,193**	**6.5**	–	–
Hong Kong	**19,865**	**8.0**	15,279	5.0
United States of America	**–**	**–**	7,735	2.6
Singapore	**413**	**0.2**	7,192	2.4
The United Arab Emirates	**1,694**	**0.7**	–	–
Others	**414**	**0.2**	362	0.1
Total	**246,763**	**100.0**	302,297	100.0

Management Discussion and Analysis

Business and Financial Review *(Continued)*

Revenue *(Continued)*

The Group's revenue from continuing operations on the Hygienic Disposables Business decreased by approximately HK$45.0 million or 45.7% from approximately HK$98.4 million for the year ended 31 March 2015 to approximately HK$53.4 million for the corresponding period in 2016 mainly due to the substantial decrease in demand for the hygienic disposables products resulting from the loss of major customers. Revenue from the Coal Business decreased by approximately HK$32.6 million or 29.2% from approximately HK$111.7 million for the year ended 31 March 2015 to approximately HK$79.1 million for the corresponding period in 2016 mainly due to a decrease in sales volume and the drop in benchmark coal price. The revenue from the Household Consumables Business decreased by approximately HK$9.5 million or 12.9% from approximately HK$73.4 million for the year ended 31 March 2015 to approximately HK$63.9 million for the corresponding period in 2016 due to the change in product mix for higher profit margin contribution products. The revenue from the Jewelries and Watches Business increased by approximately HK$8.0 million or 88.8% from approximately HK$9.0 million for the year ended 31 March 2015 to approximately HK$17.0 million for the year ended 31 March 2016, as the Jewelries and Watches Business was acquired just 6 months before the year ended 31 March 2015, while revenue of a full year period has been incorporated into the Group's financial results for year ended 31 March 2016. The revenue from the Digital Technology Business increased by approximately HK$7.9 million or 245.6% from approximately HK$3.2 million for the year ended 31 March 2015 to approximately HK$11.1 million for the year ended 31 March 2016, as the Digital Technology Business was acquired just 4 months before the year ended 31 March 2015, while revenue of a full year period has been incorporated into the Group's financial results for the year ended 31 March 2016. The revenue from Education Business increased by approximately HK$15.6 million or 234.1% from approximately HK$6.7 million for the year ended 31 March 2015 to approximately HK$22.3 million for the year ended 31 March 2016, as the Education Business was acquired just 4 months before the year ended 31 March 2015, while revenue of a full year period has been incorporated into the Group's financial results for the year ended 31 March 2016.

Gross profit and gross profit margin

The Group's gross profit from continuing operations increased by approximately HK$16.6 million or 45.0% from approximately HK$37.0 million for the year ended 31 March 2015 to approximately HK$53.6 million for the corresponding period in 2016. The Group's gross profit margin on the Hygienic Disposables Business decreased from approximately 10.1% for the year ended 31 March 2015 to approximately 8.2% for the corresponding period in 2016 primarily due to decrease in average selling price. The gross profit margin for the Coal Business was relatively stable and slightly increased from approximately 4.2% for the year ended 31 March 2015 to approximately 4.4% for the corresponding period in 2016. The gross profit margin for the Household Consumables Business increased from 13.6% for the year ended 31 March 2015 to 18.0% for the corresponding period in 2016 mainly due to change in product mix for higher profit margin contribution products. The gross profit margin for the Jewelries and Watches Business increased from approximately 53.7% for the year ended 31 March 2015 to approximately 57.9% for the year ended 31 March 2016 due to the launch of the online sales channel, which contributes a higher profit margin than traditional retail sales. The gross profit margin for the Digital Technology Business decreased from approximately 83.5% for the year ended 31 March 2015 to approximately 75.8% for the year ended 31 March 2016 as the average service price was decrease to enhance the market portion and to solicit new customers. The gross profit margin for the Education Business remained stable and slightly decreased from approximately 72.8% for the year ended 31 March 2015 to approximately 71.7% for year ended 31 March 2016.

Business and Financial Review *(Continued)*

Gross profit and gross profit margin *(Continued)*

The following table sets forth the Group's gross profit and the gross profit margin from continuing operations by business segment for the year ended 31 March 2016, with comparative figures for the corresponding period in 2015.

	Year ended 31 March			
	2016 HK$'000	2016 %	2015 HK$'000 (restated)	2015 %
By segment:				
Hygienic Disposables Business	4,363	8.2	9,946	10.1
Coal Business	3,483	4.4	4,667	4.2
Household Consumables Business	11,527	18.0	10,003	13.6
Jewelries and Watches Business	9,812	57.9	4,818	53.7
Digital Technology Business	8,416	75.8	2,683	83.5
Education Business	16,007	71.7	4,865	72.8
Overall	53,608	21.7	36,982	12.2

Other income

Other income from continuing operations mainly consists of dividend income from the investment in available-for-sale financial asset, service income, bank interest income and sundry income. Other income increased by approximately HK$4.7 million or 503.6% from approximately HK$0.9 million for the year ended 31 March 2015 to approximately HK$5.7 million for the corresponding period in 2016 as dividend income from Group's unlisted equity investment in Goldbell Holding Limited ("Goldbell") of approximately HK$4.9 million was recorded during the year.

Other gains and losses

For the year ended 31 March 2016, the other gains and losses from continuing operations mainly comprises of impairment loss on trade and other receivables of approximately HK$91.5 million due to certain debtors with prolonged delay in repayment which casts doubts on their recoverability, impairment loss on goodwill of approximately HK$40.1 million, impairment loss on other intangible assets of approximately HK$50.1 million, fair value loss on contingent consideration receivables/earn-out consideration payable of approximately HK$52.8 million, impairment loss on property, plant and equipment of approximately HK$2.9 million for the Hygienic Disposables Business which showed a segment loss and impairment loss on interest in an associate of approximately HK$4.0 million partially offset by gain on disposal of a subsidiary of approximately HK$4.8 million, while for the corresponding year in 2015, the other gains and losses mainly comprises of impairment loss on trade and other receivables of approximately HK$26.6 million, impairment loss of goodwill approximately HK$29.0 million, impairment loss on other intangible assets of approximately HK$7.7 million and impairment loss on interest in an associate of approximately HK$7.4 million partially offset by fair value gain on contingent consideration receivables of approximately HK$8.5 million and written back of impairment loss on trade and other receivables of approximately HK$6.9 million.

Further details in relation to the above impairment losses are discussed under heading "Impairments".

Business and Financial Review *(Continued)*

Selling and distribution expenses

Selling and distribution expenses from continuing operations mainly consist of transportation expenses, custom and inspection fee and commission paid to sales agents. The selling and distribution expenses decreased by approximately HK$1.0 million or 20.1% from approximately HK$4.9 million for the year ended 31 March 2015 to approximately HK$3.9 million for the corresponding period in 2016 mainly due to the substantial decrease in sales volume for the Hygienic Disposables Business.

Administrative expenses

Administrative expenses from continuing operations mainly consist of staff costs (including directors' remuneration), legal and professional fee, consultancy fee and rental expenses. The administrative expenses decreased by approximately HK$40.7 million or 31.3% from approximately HK$130.0 million for the year ended 31 March 2015 to approximately HK$89.3 million for the corresponding period in 2016 mainly due to (i) decrease in staff costs and directors' remuneration of approximately HK$31.2 million and (ii) decrease in professional services and consultancy fee of approximately HK$9.8 million.

Finance costs

Finance costs consist of interest expenses on convertible bonds, imputed interest expenses on the promissory note and interest expenses on trust receipt loans. The finance costs increased by approximately HK$5.1 million or 27.3% from approximately HK$18.8 million for the year ended 31 March 2015 to approximately HK$23.9 million for corresponding period in 2016. As the convertible bonds were issued in June 2014, only approximately 9-months interest expenses were accounted for in the year ended 31 March 2015, while a full year period of interest expenses arising from the convertible bonds were recognised during the year ended 31 March 2016.

Other expenses

Other expenses represent legal and professional fee paid to professional parties relating to the acquisition of business into the Group. The decrease in other expenses was due to a large portion of the legal and professional fee for the acquisition of Goldbell was incurred in 2015.

Loss before income tax

The Group recorded a loss before income tax from continuing operations of approximately HK$297.3 million for the year ended 31 March 2016 (as compared to loss before income tax from continuing operations of approximately HK$176.5 million for the year ended 31 March 2015), the loss in 2016 were mainly due to (i) increase in impairment loss on trade and other receivables of approximately HK$64.9 million; (ii) increase in impairment loss on goodwill of approximately HK$11.1 million; (iii) increase in impairment loss on other intangible assets of approximately HK$42.4 million; (iv) negative change in fair value of contingent consideration receivables/earn-out consideration payable of approximately HK$61.3 million; (v) increase in impairment loss on property, plant and equipment of approximately HK$2.9 million; (vi) increase in impairment loss on available-for-sale financial assets of approximately HK$2.2 million; and (vii) increase in finance costs of approximately HK$5.1 million, which was partially offset by the increase in gross profit of approximately HK$16.6 million, decrease in selling and distribution expenses of HK$1.0 million, decrease in administrative expenses of approximately HK$40.7 million and decrease in other expenses of approximately HK$5.1 million.

Management Discussion and Analysis

Business and Financial Review *(Continued)*

Income tax expenses (credit)

The Group recorded a income tax credit from continuing operations of approximately HK$3.7 million during the year ended 31 March 2016 (as compare to the tax income expenses of approximately HK$1.4 million during the year ended 31 March 2015). There was no significant change in applicable tax rates for the Company's subsidiaries during the year except for a subsidiary was recognised as a high and new technology enterprise on 24 November 2015 with a valid period of three years and is then entitled to a preferential tax of 15% corporate income tax rate from 1 January 2015. The subsidiaries operating in Hong Kong is subject to Hong Kong Profits Tax at a rate of 16.5% (2015: 16.5%) for the year. For the subsidiaries operating in the PRC, pursuant to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and the Regulation on the implementation of the EIT Law, the general enterprise income tax rate of the PRC entitles is 25% from 1 January 2008 onwards, the major subsidiary operating in the PRC is subject to a tax rate of 25% (2015: 25%). For the subsidiary operating in Macau, profit was exempted from Macao Complementary Tax for both years.

The major reasons for the significant change in income tax for the year was mainly due to the deferred tax credit related to the amortisation and impairment loss on other intangible assets which increased from approximately HK$1.5 million for the year ended 31 March 2015 to approximately HK$8.6 million in the corresponding period in 2016 and offset by the increase in profits tax for the Group which increased from approximately HK$2.8 million for the year ended 31 March 2015 to approximately HK$4.8 million for the corresponding in 2016. The increase in profits tax mainly comes from the increase in income tax provision of newly acquired profitable business segments in 2015 including Jewelries and Watches Business, Digital Technology Business and Education Business which contributed a full year results to the Group in current year.

Total comprehensive income for the year attributable to owners of the Company

The loss on total comprehensive income for the year attributable to owners of the Company increased by approximately HK$48.5 million from a loss of approximately HK$252.4 million for the year ended 31 March 2015 to a loss of approximately HK$300.9 million for the corresponding period in 2016.

Trade receivables

The amount of trade receivables before allowance for bad and doubtful debts amounting to approximately HK$269.9 million as at 31 March 2016, which decreased by 50.1% as compared to approximately HK$540.5 million as at 31 March 2015. The decrease has mainly come from the disposal of the MTBE Business in current year. As at 31 March 2016, allowance for bad and doubtful debts of trade receivables amounted to approximately HK$131.1 million was made as compared to an allowance of approximately HK$156.0 million as at 31 March 2015. For long outstanding receivables, follow up actions will be taken by the Group to recover these receivables, including the negotiation of repayments by way of assets other than cash and/or instituting legal actions against these customers.

Trade payables

Trade payables decreased by approximately 59.0% from approximately HK$375.8 million as at 31 March 2015 to approximately HK$154.0 million as at 31 March 2016. The decrease was mainly come from the disposal of the MTBE Business in current year.

Management Discussion and Analysis

Business and Financial Review *(Continued)*

Results of performance guarantees on acquisitions

On 16 September 2014, the Group entered into a conditional acquisition agreement with three independent vendors to acquire the entire equity interest in Tiger Global Group Limited ("Tiger Global") at a total consideration of HK$81 million. The acquisition was completed on 25 September 2014. Pursuant to the acquisition agreement, each of the vendors have jointly and severally covenanted and guaranteed that the audited consolidated net profit after taxation and before all non-cash items of Tiger Global based on the consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards, for the year ended 31 December 2015 shall not be less than HK$9 million (the "Tiger Global Profit Guranatee"). On 24 June 2016, the Company has received the certificate issued by the auditors appointed by the Company, confirming that the Tiger Global Profit Guranatee has been fulfilled. The audited consolidated net profit after taxation and before all non-cash items of Tiger Global for the year ended 31 December 2015 was approximately HK$10.9 million.

On 16 October 2014, the Company entered into a conditional acquisition agreement with four vendors for the acquisition of the entire equity interest and shareholder's loan in DigiSmart (Group) Limited ("Digismart"), at an initial consideration of HK$200 million and an earn-out consideration of up to HK$80 million. The acquisition was completed on 28 November 2014. Pursuant to the acquisition agreement, each of the vendors and the vendors' guarantors jointly and severally warranted and guaranteed that the audited consolidated net profit after taxation and before all non-cash items of Digismart based on the consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards, for the financial year ended 31 December 2015 shall not be less than HK$10 million (the "Digismart Profit Guarantee"). On 24 March 2016, the Company has received the certificate issued by the auditor appointed by the Company, confirming that the Digismart Profit Guranatee has been fulfilled. The audited consolidated net profit after taxation and before all non-cash items of Digismart for the year ended 31 December 2015 was approximately HK$14.5 million. Further details are set out in the announcement of the Company dated 29 March 2016.

Liquidity and financial resources and capital structure

The Group's principal source of working capital was cash generated from the sales of its products, provision of services, fund raising by issue of the Company's new shares and borrowing by issue of convertible bonds. The Group's current ratio as at 31 March 2016 was 0.7 (as at 31 March 2015: 1.1). The gearing ratio as at 31 March 2016 was approximately 39.0% (as at 31 March 2015: approximately 19.4%), calculated as total borrowings over shareholders' equity.

Currency and interest rate exposure

Certain sales transactions of the Group are denominated in foreign currencies, which expose the Group to foreign currency risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. Certain monetary financial assets are denominated in foreign currencies as at 31 March 2016. The exposure in exchange rate risks mainly arose from fluctuations of United States Dollar ("USD"), British Pound ("GBP"), Renminbi ("RMB") and Macau Pataca ("MOP") to Hong Kong Dollars ("HKD"). The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as USD is pegged with HKD. Also, the Group does not have significant monetary financial assets denominated in MOP and RMB.

Management Discussion and Analysis

Business and Financial Review *(Continued)*

Currency and interest rate exposure *(Continued)*

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and the interest expenses from its trust receipt loan with floating interest rate. The Group's exposure to interest rate risks on bank balances and trust receipt loan, is expected to be minimal.

Trust Receipt Loan

The trust receipt loan was denominated in USD, and secured by a pledged bank deposit, corporate guarantee in the amount of USD3,500,000 executed by the Company, and legally notarised livranca (i.e. promissory note) in the amount of USD3,500,000 executed by a subsidiary of the Company. It was repayable within 3 months and interest-bearing at London Interbank Money Market Offered Rate plus 1.9% per annum.

Charge on Assets

A bank deposit of approximately HK$7.8 million and certain leasehold land and buildings with carrying value of approximately HK$10.9 million (as at 31 March 2015: a bank deposit of approximately HK$7.8 million and certain leasehold land and buildings with carrying value of approximately HK$12.6 million) have been pledged as securities for certain banking facilities granted to the Group.

Contingent Liabilities

As at 31 March 2016, a wholly-owned subsidiary of the Company provided corporated guarantee to a bank for securing a borrowing of an associate of the Company amounting to approximately HK$9.1 million. Save as aforesaid or otherwise mentioned herein, the Group did not have any material contingent liabilities (as at 31 March 2015: Nil).

Operating Lease Commitments

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which was disclosed in Note 36 to the consolidated financial statements.

Material disposal during the year

Major transaction in relation to the disposal of the entire equity interest and shareholder's loan in Sino-Singapore (Offshore) Chemical Resources Trading Company Limited

On 24 June 2015, the Group had, through its wholly-owned subsidiary, Star Fantasy International Limited entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest and shareholder's loan in Sino-Singapore (Offshore) Chemical Resources Trading Company Limited ("Sino-Singapore") at a cash consideration of HK$16,000,000. Sino-Singapore together with its subsidiary carried out all of the Group's MTBE Business operation. The disposal was completed on 11 December 2015 and accordingly, the Group's MTBE Business was classified as a discontinued operation.

Details of the disposal are set out in the circular of the Company dated 24 July 2015 and announcements of the Company dated 24 June 2015, 11 August 2015, 17 August 2015, 15 September 2015, 30 September 2015, 30 October 2015, 30 November 2015, 4 December 2015 and 11 December 2015.

Impairments

During the year under review, the Group had the following impairments;

(a) Impairment losses were recognised on goodwill and other intangible assets of approximately HK$40.1 million and HK$9.0 million respectively in relating to the Education Business. An independent professional valuer was engaged to perform impairment assessment and was found that the recoverable amount of the respective cash generating unit was less than the carrying amount of the segment. Thus impairment on the goodwill and the other intangible assets is considered necessary. The impairment loss was mainly attributable to the intense competition in the education-related products market in PRC in coming years which led to slowdown in our development growth rate in our cash flow projection.

(b) A full impairment loss was recognised on the other intangible asset of approximately HK$41.1 million in relation to the Coal Business. The decision to take a full impairment charge against the other intangible assets – Coal Sales Contract was followed by a careful internal strategic review undertaken in the context of the substantial negative effect of coal price decline, oversupply of coal in the PRC, long term strategic switching on use of renewable energy in PRC and prolonged repayment of account receivable by our sole customer in this segment. The Group thus opted to apply a more conservative approach to make full impairment in the Group's consolidated financial statements for the year ended 31 March 2016.

(c) Impairment losses were recognised on interest in an associate of approximately HK$4.0 million. An independent professional valuer was engaged to assess the fair value of the interest in an associate. The decline in fair value was mainly due to the ongoing sluggish condition in retail markets in both HK and PRC.

(d) Impairment losses were recognised on trade and other receivables of approximately HK$91.5 million for several customers which were in financial difficulties or have a prolonged delay in repayment and the Group considers that the recoverability of amounts due from these customers is remote.

(e) Impairment losses were recognised on property, plant and equipment of approximately HK$2.9 million in relation to the Hygienic Disposables Business for the year ended 31 March 2016. Management has performed impairment assessment on these assets by comparing to their recoverable amounts in providing impairment for the year ended 31 March 2016. The impairment loss is due to the continuous segmental loss and with lost of major customer which resulted in a drop in its revenue and earnings significantly during the year.

Significant event after the reporting period

On 17 May 2016, the Company proposed to issue a total of 1,405,519,920 new ordinary shares of the Company at a subscription price of HK$0.164 per offer share to the shareholders of the Company on the basis of three offer shares for every two shares held on the record date, 22 July 2016 (the "Open Offer"). The net proceeds from the Open Offer is approximately HK$219.7 million which is intended to be used for redemption of convertible bonds and its respective interests and for general working capital of the Group. Further details of the Open Offer are set out in the announcement and circular of the Company dated 17 May 2016 and 24 June 2016 respectively.

Management Discussion and Analysis

Employee information and remuneration policy

As at 31 March 2016, the Group employed a total of 143 employees (31 March 2015: 164). The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. Year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees. Staff costs, including Directors' emoluments, for the year ended 31 March 2016 amounted to approximately HK$63.2 million (31 March 2015: approximately HK$93.9 million).

The Company adopted the share option scheme where share options to subscribe for shares of the Company may be granted to the eligible participants of the Group. No share options have been granted to the eligible participants under the share option scheme during the year ended 31 March 2016.

Prospect

The Board expects the global economy to witness a gradual slowdown in the coming years. The Company will pay attention to the changes in global economy and probe for new business opportunities available in the market which can enhance the Company's shareholders' value and strengthen the financial position of the Group.

Hygienic Disposables Business

The Group's Hygienic Disposables Business has been facing increasingly tense competitions among existing market players and new entrants in recent years, and has, therefore, been loss-making since 2014. Nevertheless, the Group has been seeking to outperform its industry rivals by continually striving for improvement in gross profit margin by monitoring and changing product mix, extending sales network and capturing higher value market segments. Motivated by the remarkable results, the Group has confidence in a turnaround to a profit-making position in the business segment and will deploy more resources into the segment with an aim to improve its performance.

Household Consumables Business

The Group's Household Consumables Business primarily targets the wholesale and retail customers in the European Union region. However, the unfavourable economic conditions in the region in recent years have been placing increasing pressure on the operations of the Group's Household Consumables Business. This could be signified by the continuing decline in the revenue generated by the segment. Despite the shrinking sales, the segment profitability has been improving. The improvement could be attributed to the Group's optimisation of product mix for higher margin products. Looking ahead, the Group will remain committed to its strategy of product mix optimisation in order to maintain its position in the competitive household consumables market.

Management Discussion and Analysis

Prospect *(Continued)*

Coal Business

It is expected that the PRC and global coal industry will continue to suffer from coal price decline and oversupply during the coming years, which increase operating pressure for both domestic and overseas coal market players. The coal trading contract for the Group's Coal Business will be carried out in an inevitably slower pace in coming years. Considering that substantial financial resources have already been deployed to this segment in prior years, the Group will continue to monitor the market development and review its operating position in the long-term development of this business segment.

Jewelries and Watches Business

Since the Group commenced its Jewelries and Watches Business during the year ended 31 March 2015, it has been receiving solid revenue and profit from the segment, which mainly targets retail customers in Hong Kong and the PRC. The Board believes that the jewelries and watches market will continue to have prominent growth in demand, despite the recent slowdown of the Hong Kong and PRC retail markets. More efforts will be placed onto developing the Group's established and rapidly growing online sales channels while continuing to strengthen its brand image to capture market share amid growing product demands.

Digital Technology Business

The consumer hunger for new technologies has driven the growth in digital technology sector for years. The Group has therefore acquired a company engaged in the Digital Technology Business (as well as, the Education Business as further discussed in the paragraph below) during the year ended 31 March 2015. The Group's confidence in the outlook of the Digital Technology Business (as well as, the Education Business as further discussed in the paragraph below) has been reinforced after the acquired company managed to fulfil the profit guarantee of not less than HK$10 million in the audited consolidated net profit after tax and before all non-cash items for the financial year ended 31 December 2015 as disclosed in the announcement of the Company dated 29 March 2016. Going forward, the Group will continue to harness new ideas and technologies to improve its efficiency and strengthen the Group's competitive edge in this rapid changing industry.

Education Business

Through the aforesaid acquisition, the Group also commenced its Education Business during the year ended 31 March 2015. Since then, the segment has been the key revenue and profit contributor of the Group. The huge demands for education-related products and services in Hong Kong and the PRC have provided a prime opportunity for the Group to develop the segment. Looking ahead, the Board believes that the positive industry outlook will attract more entrants, which could induce more intense competition. Nonetheless, with the nation-wide implementation of the "two-child policy" and incessantly augmenting demand for quality education driven by the rise of middle class, the Group is optimistic that the overall market size will continue to grow and that its Education Business segment could ride on the industry expansion and contribute robust profitability to the Group.

Directors and Senior Management

Executive Directors

Mr. Wong Wai Sing ("Mr. Wong"), aged 30, joined the Company in October 2011 and is currently the Chairman of the Board, Chief Executive Officer and an executive Director of the Company. Mr. Wong was also the Vice Chairman of the Company from October 2011 to June 2013, and the Chief Executive Officer of the Company from May 2012 to July 2014. Mr. Wong has taken up the management role as an executive director of a number of subsidiaries of the Company. Mr. Wong is a member of the Hong Kong Institute of Directors. Mr. Wong holds a Bachelor of Science degree in international business from the Canterbury University, London, an international master degree of business administration from the Stratford University, Falls Church, Virginia, the United States of America and a master of arts and a doctor of philosophy from the Universidad Empresarial De Costa Rica. He also obtained a certificate of three-tiers' integrate coal mine's safety (三級煤礦安全技術綜合考試) from the Bureau of Xinjiang Coal Mine Safety Supervision, the PRC (中國新疆煤礦安全監察局). Mr. Wong is also the Diplomatic Adviser to the Special Representatives for the PRC of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, Federation of the Autonomous Priories.

Mr. Wong has experience in a wide range of businesses, including coal mining, natural resources industry, international coal trading, business consultation, property investment, provision of internet e-gaming, rendering of travel agent services, entertainment programme production, events organisation, television series production, operation of an artist training school, provision of motor vehicles beauty services, provision of underwriting services for general insurance and reinsurance business, manufacture and trading of hygienic disposables for household and clinical uses, trading of Methyl Tertiary Butyl Ether and wholesale and retail of household consumables. He was the owner of Colors Securities Limited, which is principally engaged in dealing in securities (type 1), advising on securities (type 4) and asset management (type 9) regulated activities under the SFO, and Colors Commodities Limited, which is principally engaged in dealing in futures contracts (type 2) and advising on futures contracts (type 5) regulated activities under the SFO.

Mr. Wong was a consultant of a Hong Kong-based medium-sized certified public accounting firm for more than one year. He was initially appointed as a non-executive director of Capital Finance Holdings Limited ("Capital Finance") (formerly known as Ming Kei Holdings Limited), a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8239) in November 2008, and subsequently resigned from his final positions of Vice Chairman and executive director in April 2016.

Mr. Chum Hon Sing ("Mr. Chum"), aged 37, joined the Company in June 2010, and is currently an executive Director and Vice Chairman of the Company. Mr. Chum was also the Chairman of the Company from May 2012 to June 2013. He is also a director of a number of subsidiaries of the Company. He graduated from University Hill Secondary School in British Columbia, Canada in 1996. Mr. Chum is primarily responsible for devising the Group's business development strategies and overseeing their due execution. Mr. Chum is also responsible for overseeing the manufacturing and sales functions as well as the daily operations of the Group. Mr. Chum has taken up roles in different functions within the Group. Prior to assuming his current position of the Group, Mr. Chum worked as the production manager, purchasing manager and sales manager of the Group where he was responsible for overseeing the production and design of the Group's products, purchase of raw materials and machinery as well as expansion of the Group's overseas markets. Mr. Chum has successfully led the Group to become an exporter of clinical and household hygienic disposables with innovative designs which include products made with oxo-biodegradable materials, and secured and maintained stable business relationships with various well-established customers in the European Union region and the United States of America. He also expanded the Company's reach to the markets in the United Kingdom of Great Britain and Northern Ireland by acquisition.

Executive Directors *(Continued)*

Mr. Chum was the executive director of Sky Forever Supply Chain Management Group Limited ("Sky Forever") (formerly known as Rising Power Group Holdings Limited) (stock code: 8047), a company listed on the Growth Enterprise Market of the Stock Exchange, from July 2013 to December 2013.

Mr. Chan Kin Lung ("Mr. Chan"), aged 48, joined the Company in October 2013 as an executive Director and is the Chief Investment Officer of the Company. Mr. Chan holds a bachelor's degree of Management of the Economy# (經濟管理) from the Air Force Engineering University of People's Liberation Army, the PRC# (中國人民解放軍空軍工程大學) and holds a diploma of Senior Energy Valuer# (能源審計評估師（高級）) from the Ministry of Human Resources and Social Security of the PRC# (中華人民共和國人力資源和社會保障部). Mr. Chan has over 8 years of experience in the coal mining industry (being both open-pits and undergrounds respectively), exploration, exploitation, production in the Xinjiang Uyghur Autonomous Region, the PRC and the Guizhou Province, the PRC. Mr. Chan also has over 11 years of experience in corporate management. Mr. Chan adopted a proactive management approach and delivered outstanding performances in various areas, specifically in the areas of corporate managements and providing mining's technical supports and solutions to the senior managements.

Mr. Lee Chi Shing, Caesar ("Mr. Lee"), aged 52, joined the Company in October 2011 as an executive Director. He graduated from the Department of Accountancy and obtained a Master degree in International Accountancy, both from the Hong Kong Polytechnic University. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and also a member of the Society of Registered Financial Planners. He is experienced in corporate management and internal control. He was the senior manager of Ernst and Young and has worked in the Inland Revenue Department for over 15 years.

Mr. Lee was an executive director of Sun International Resources Limited (stock code: 8029), a company listed on the Growth Enterprise Market of the Stock Exchange, from August 2006 to November 2015.

Ms. Yick Mi Ching, Dawnibilly ("Ms. Yick"), aged 56, joined the Company in June 2012 as an executive Director. Ms. Yick holds a Master of Business Administration and a Master of Management from Macquarie Graduate School of Management, Australia and Honours Degree of Bachelor of Arts in Business Administration from the University of Portsmouth, the United Kingdom. Ms. Yick has also completed a diploma in secretarial and administration from the City and Guilds of London Institute and an advanced diploma in secretarial and administrative studies from the Hong Kong Management Association. Ms. Yick has over 21 years of experience in the field of administration. Ms. Yick has adopted a proactive management approach and delivered outstanding performances in various areas, specifically in the areas of corporate management and providing secretarial support to the senior executives.

The English translation of Chinese names or words above, where indicated, are indicated for information purpose only and should not be regarded as official English translation names of such Chinese names or words.

Directors and Senior Management

Executive Directors *(Continued)*

Mr. Wong Jeffrey ("Mr. Jeffrey Wong"), aged 29, joined the Company in September 2015 as an executive Director. Mr. Jeffrey Wong obtained a Bachelor degree of Applied Science (Laboratory Medicine) from the Royal Melbourne Institute of Technology University in Australia in 2008 and a Master degree of Business Administration (International) from the Deakin University in Australia in 2013. Mr. Jeffrey Wong is also a member of the Hong Kong Institute of Directors. Prior to joining the Group, Mr. Jeffrey Wong worked as medical scientist in various hospitals in Australia from February 2007 to June 2013.

Mr. Jeffrey Wong joined the Group in July 2013 as the chairman assistant and was subsequently promoted to the project coordinator and the senior project officer of Bright Rising Holdings Limited, a wholly-owned subsidiary of the Company, in July 2014 and January 2015 respectively. Mr. Jeffrey Wong served as the chairman assistant in Sky Forever from July 2013 to December 2014. He subsequently served as the project co-ordinator of Sky Forever from December 2014 to August 2015 and has been appointed as a director of Star Engine Company Limited, a subsidiary of Sky Forever since December 2014. Mr. Jeffrey Wong also served as the chairman assistant of Capital Finance from July 2013 to August 2015.

Independent Non-Executive Directors

Mr. Kwok Kam Tim ("Mr. Kwok"), aged 39, joined the Company in April 2012 as an independent non-executive Director. Mr. Kwok is currently the Chairman of each of the Audit Committee and the Remuneration Committee of the Company, and a member of the Nomination Committee of the Company. Mr. Kwok is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Kwok holds a Bachelor of Engineering degree from the Hong Kong University of Science and Technology, a Bachelor of Arts degree in Accountancy and a Master degree in Corporate Governance from the Hong Kong Polytechnic University. He had worked in an international accounting firm and has over 14 years of experience in accounting, auditing and financial management.

Mr. Kwok is currently a financial controller of the Loudong General Nice Resources (China) Holdings Limited (stock code: 988), a company listed on the Main Board of the Stock Exchange. He was an independent non-executive director of both Capital Finance and Sky Forever, both companies listed on the Growth Enterprise Market of the Stock Exchange, from October 2009 to September 2015 and from June 2014 to July 2014 respectively.

Directors and Senior Management

Independent Non-Executive Directors *(Continued)*

Dr. Hui Chik Kwan ("Dr. Hui"), aged 42, joined the Company in April 2012 as an independent non-executive Director. Dr. Hui is currently a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Dr. Hui holds a bachelor degree of medicine and a bachelor degree of surgery from the University of Hong Kong, a postgraduate diploma in practical dermatology from the University of Wales, College of Medicine, the United Kingdom. Dr. Hui has completed a certificate of specialist registration under the specialty of family medicine of the Medical Council of Hong Kong. He is also a fellow of the Royal Australia College of General Practitioners, Australia and a fellow of the Hong Kong Academy of Medicine in the specialty of Family Medicine. Dr. Hui has over 16 years of experience in the field of family medicine and worked in the Queen Mary Hospital, Tuen Mun Hospital, United Christian Hospital, UMP Park Island Medical Center and Hong Kong Sanatorium & Hospital. Dr. Hui has received all round training in community based family medicine during his practicing in different public and private hospitals and private clinic respectively. During the Severe Acute Respiratory Syndrome attack in 2002, Dr. Hui volunteered to work in the accident and emergency department of Queen Mary Hospital. Dr. Hui is now running his own private family medical clinic, and is the family doctor of Mr. Wong.

Mr. Tso Ping Cheong ("Mr. Tso"), aged 36, joined the Company in February 2015 as an independent non-executive Director. Mr. Tso is currently the Chairman of the Nomination Committee of the Company, and a member of each of the Audit Committee and Remuneration Committee of the Company. He graduated from the Hong Kong Polytechnic University in Hong Kong, with a bachelor's degree of arts in accountancy in November 2003 and obtained a master degree of corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso has over 11 years of experience in accounting and financial management. From September 2003 to July 2007 and August 2007 to November 2008, Mr. Tso worked at Ernst & Young Hong Kong office and Ernst & Young Shenzhen office, a multinational accounting firm, respectively, with the last position as manager. Mr. Tso is currently a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

Since January 2013, Mr. Tso has been the sole proprietor of Teton CPA Company, an accounting firm. Mr. Tso was a non-executive director of Kong Shum Union Property Management (Holding) Limited (stock code: 8181), a company listed on the Growth Enterprise Market of the Stock Exchange, from July 2014 to February 2015. Mr. Tso is currently an independent non-executive director of both Larry Jewelry International Company Limited (stock code: 8351) and Guru Online (Holdings) Limited (stock code: 8121), both companies listed on the Growth Enterprise Market of the Stock Exchange. Mr. Tso is also an independent non-executive director and the Chairman of GreaterChina Professional Services Limited (stock code: 8193), a company listed on the Growth Enterprise Market of the Stock Exchange, and the company secretary of China Infrastructure Investment Limited (stock code: 600), a company listed on the Main Board of the Stock Exchange, and a joint company secretary of China Yu Tian Holdings Limited (stock code: 8230), a company listed on the Growth Enterprise Market of the Stock Exchange.

Directors and Senior Management

Senior Management

Mr. Chan Kin Yip ("Mr. Chan KY"), aged 43, has joined the Company as the Chief Financial Officer since September 2015. Mr. Chan KY has graduated from The Hong Kong Polytechnic University with a Bachelor of Arts Degree in Accountancy. He served as an internal control consultant of Evershine Group Holdings Limited ("Evershine") (stock code: 8022) from September 2007 to March 2009 and was appointed as an executive director of Evershine from March 2009 to March 2012. He has extensive experience in the fields of audit, internal control and treasury and is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Woo Man Wai, David ("Mr. Woo"), aged 48, has been a director of the coal trading subsidiary of the Group and became the Group's senior management when the Group first acquired the business in December 2011. Mr. Woo holds a bachelor's degree of arts (Honours) in the international business from the City University of Hong Kong. He has over 22 years of experience in several industries in the PRC, such as information technology, trading of industrial goods, natural resources and banking sectors. Mr. Woo has also taken up the management role for the group's coal trading segment and taken up the management role as an executive director of a number of subsidiaries of the Company. Prior to joining the Company, Mr. Woo was the senior manager in an international certified public accounting firm based in Beijing, the PRC.

Corporate Governance Report

The Company and the Board are devoted to achieve and promote a high standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding interests of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles with emphasise on effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

Compliance of the Code Provisions

Throughout the year, the Company has complied with all the code provisions contained in Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception of the following deviations:

Code provision A.2.1

The code provision A.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual.

The role of chairman ("Chairman") and chief executive officer ("CEO") of the Company were originally taken by Mr. Wong Wai Sing and Ms. Sung Ting Yee respectively. Following the resignation of Ms. Sung Ting Yee, Mr. Wong Wai Sing has been appointed as CEO, both with effective from 31 March 2016.

The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Wong to hold both positions as it helps to maintain the continuity of the policies and the stability of the operations of the Company. Notwithstanding the above, the Board will review the current structure from time to time. If any candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

Code provision A.6.7

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the view of shareholders.

Mr. Mok Tsan San ("Mr. Mok"), Mr. Kwok Kam Tim, Dr. Hui Chik Kwan ("Dr. Hui"), Mr. Tso Ping Cheong, Brian ("Mr. Tso") and Mr. Tam Chak Chi ("Mr. Tam") were unable to attend the annual general meeting (the "2015 AGM") of the Company held on 7 August 2015 due to other business engagements.

Mr. Mok, Dr. Hui, Mr. Tso and Mr. Tam were unable to attend the extraordinary general meeting of the Company held on 11 August 2015 due to other business engagements.

The Company will request all the independent non-executive Directors to attend all future general meetings in order to comply with the code provision A.6.7 of the CG Code.

Code provision E.1.2

The code provision E.1.2 of the CG Code stipulates, among other things, that the Chairman of the issuer should attend the annual general meeting.

Mr. Wong Wai Sing, the Chairman, was unable to attend the 2015 AGM due to other business commitment and Ms. Yu Tak Wai, Winnie, who was an executive Director, chaired the 2015 AGM. The Company has ensured that all proceedings of the general meetings have been complied with.

Rule 3.10A of the Listing Rules provides that an issuer must appoint independent non-executive directors representing at least one-third of the board.

Subsequent to the resignation of Mr. Tam Chak Chi on 30 November 2015, the Company has only three independent non-executive Directors and accordingly does not meet the requirement under Rule 3.10A of the Listing Rules. On 29 February 2016, both Mr. Mok Tsan San and Ms. Yu Tak Wai, Winnie have resigned as a non-executive Director and an executive Director respectively and the requirement under Rule 3.10A of the Listing Rules was fulfilled since then.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the year ended 31 March 2016.

Board

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value. The Directors are expected to make decisions objectively in the interests of the Company.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results and the internal control systems;
- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or reappointment of Board members and auditor;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

Board *(Continued)*

Responsibilities *(Continued)*

The Board is responsible for maintaining proper accounting records so as to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates Shareholders on the operations and financial position of the Group through interim and annual reports and results announcements as well as the publication of timely reports and announcements of inside information and other disclosure required as prescribed by the relevant laws, rules and regulations.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

All Directors, including independent non-executive Directors assume the responsibilities to the Shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The executive Directors are delegated with the authority by the Board and be responsibles for daily management and operations of the Group under the leadership of the Chairman. The day-to-day management, administration and operation of the Company are delegated to CEO and the senior management of the Company, with department heads responsible for different aspects of the business.

The Board empowers the executive Directors and senior management team to implement the decisions of the Board. The CEO is responsible for operational management and reports to the Board. In entrusting management and administrative functions to the management team, the Board provides clear instructions regarding the powers delegated to management, and requires the prior approvals of the Board before or making important decisions and commitments on behalf of the Company.

The Board is of the view that there is adequate balance of power. Responsibilities for the Company's daily business management are shared amongst executive Directors. Besides, all major decisions are made in consultation with members of the Board and appropriate committees of the Board.

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company.

The latest List of Directors and their Role and Function was published both on the websites of the Company and the Stock Exchange on 31 March 2016. As at 31 March 2016, the Board comprises six executive Directors namely Mr. Wong Wai Sing (Chairman and CEO), Mr. Chum Hon Sing (Vice Chairman), Mr. Chan Kin Lung, Mr. Lee Chi Shing, Caesar, Ms. Yick Mi Ching, Dawnibilly and Mr. Wong Jeffrey; and three independent non-executive Directors, namely Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian. Biographical details of the Directors are shown on pages 16 to 19 of this report and set out on the websites of the Company.

Board *(Continued)*

Composition *(Continued)*

The Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors and with at least one independent non-executive Director possessing appropriate professional qualification, or accounting or related financial management expertise throughout the year ended 31 March 2016.

Insurance Cover

The Company has arranged appropriate insurance cover in respect of any legal action against its directors and officers. The extent of insurance cover is reviewed on an annual basis.

Non-Executive Directors

The Company has three independent non-executive Directors, namely Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian. The non-executive Directors advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors.

During the year ended 31 March 2016, the Chairman held one meeting with the non-executive Directors without the executive Directors present, to discuss and review the progress of the business projects and the direction of the Company's business.

All independent non-executive Directors were appointed for a specific term of one year, and are subject to the retirement by rotation and re-election of Directors in accordance with the articles of association of the Company (the "Articles"), which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

Each of the independent non-executive Director has made written annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has assessed their independence and concluded that all the independent non-executive Directors are independent.

Appointment, Re-Election and Removal of Directors

The Articles set out a formal procedure for the appointment of new Directors to the Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Directors' and Auditor's Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cashflows for that period. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors also warrant that the Group's financial statements will be published in a timely manner.

In preparing the financial statements for the year ended 31 March 2016, the Board has selected suitable accounting policies and applied them consistently, prepared the financial statements on a going concern, fair and reasonable basis. Except from the issues discussed under paragraph "Emphasis of matter" in the Independent Auditor's Report, as at 31 March 2016, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

Induction and Continuous Professional

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Company provided continuous professional training and Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates from time to time. In addition, all Directors were requested to provide the Company with the records of the other training they received. All Directors are also encouraged to attend relevant training courses at the Company's expense. During the year ended 31 March 2016, the Company has applied and paid for several external seminars and training sessions held by external professional parties for Directors.

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

The Directors have confirmed that they have received trainings[note 1] and update their skills by the following means:

Name of Directors	Reading journals, written training materials and/ or updates	Attending courses, seminars, conferences and/or forums	Receiving briefings from Chief Financial Officer, Company Secretary and/or other executives
Mr. Wong Wai Sing	✓		✓
Mr. Chum Hon Sing	✓		✓
Mr. Chan Kin Lung	✓		✓
Mr. Lee Chi Shing, Caesar	✓		✓
Ms. Yick Mi Ching, Dawnibilly	✓	✓	✓
Mr. Wong Jeffrey [note 2]	✓	✓	✓
Ms. Sung Ting Yee [note 3]	✓		✓
Ms. Yu Tak Wai, Winnie [note 4]	✓	✓	✓
Mr. Mok Tsan San [note 4]	✓		✓
Mr. Kwok Kam Tim	✓		✓
Dr. Hui Chik Kwan	✓		✓
Mr. Tso Ping Cheong, Brian	✓	✓	✓
Mr. Tam Chak Chi [note 5]	✓	✓	✓

Notes:

1. Training referred above refers to training relevant to the Group's business, the economy, market trends, corporate governance, rules and regulations, accounting, financial or other professional skills or directors' duties and responsibilities.
2. Appointed on 1 September 2015.
3. Retired on 7 August 2015.
4. Resigned on 29 February 2016.
5. Resigned on 30 November 2015.

Corporate Governance Report

Board and General Meeting

The Board meets at least four times each year and as business need arises. The Company's memorandum of association and the Articles provide for participation at meetings via telephone and other electronic means. The Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

The Board held 19 meetings during the year ended 31 March 2016 with the attendance of each Director as follows:

Directors	Number of meetings attended/ Eligible to attend Board meetings	General meetings
Executive Directors:		
Mr. Wong Wai Sing *(Chairman and Chief Executive Officer)*	12/19	0/2
Mr. Chum Hon Sing *(Vice-Chairman)*	0/19	0/2
Mr. Chan Kin Lung	0/19	0/2
Mr. Lee Chi Shing, Caesar	1/19	0/2
Ms. Yick Mi Ching, Dawnibilly	15/19	2/2
Mr. Wong Jeffrey [note 1]	14/14	0/0
Ms. Sung Ting Yee [note 2]	2/4	0/0
Ms. Yu Tak Wai, Winnie [note 3]	11/15	2/2
Non-Executive Director:		
Mr. Mok Tsan San [note 3]	0/15	0/2
Independent Non-Executive Directors:		
Mr. Kwok Kam Tim	15/19	1/2
Dr. Hui Chik Kwan	0/19	0/2
Mr. Tso Ping Cheong, Brian	12/19	0/2
Mr. Tam Chak Chi [note 4]	1/10	0/2

Notes:

1 Appointed on 1 September 2015.
2 Retired on 7 August 2015.
3 Resigned on 29 February 2016.
4 Resigned on 30 November 2015.

Reasonable notices have been given to all meetings of the Board. Directors are given all materials to enable the Board to make informed decision. Except for those circumstances permitted by the Articles, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration, will abstain from voting on the relevant resolution and such Director is not counted as quorum.

Board Committees

The Board established the audit committee, remuneration committee and nomination committee ("Committees") on 17 December 2010 with clearly-defined written terms of reference. The main roles and responsibilities of the Committees, including all authorities delegated to them by the Board, are set out in the respective terms of reference. The independent views and recommendations of the Committees ensure proper control of the Group expected from a listed company. The chairman of each committee reports the outcome of the Committees' meetings to the Board for further discussions and approvals, and execute the powers delegated to the Committees.

Board Committees *(Continued)*

Audit Committee

The Board has established the audit committee of the Company ("Audit Committee") with specific written terms of reference setting out the duties, responsibilities and authorities delegated by the Board. The major duties and responsibilities of the Audit Committee include (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, and addressing any questions of resignation or dismissal of such auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and developing and implementing policies in the engagement of the external auditors to supply non-audit services; (ii) monitoring the integrity of financial statements and reports of the Group and reviewing significant financial reporting judgements contained therein; and (iii) reviewing the effectiveness of the financial reporting, risk management and internal control systems of the Group.

The Audit Committee comprises all independent non-executive Directors and is chaired by an independent non-executive Director who is an accountant with related financial management expertise. The Company Secretary acts as the secretary to the Audit Committee. As at 31 March 2016, the members of the Audit Committee are as follows:

Mr. Kwok Kam Tim *(Chairman)*
Dr. Hui Chik Kwan
Mr. Tso Ping Cheong, Brian

During the year ended 31 March 2016, the Audit Committee had reviewed the annual report for the year ended 31 March 2015 and the interim report for the six months ended 30 September 2015 and review the internal control matters of the Group.

The Audit Committee held 2 meetings during the year ended 31 March 2016 with attendance of each member as follows:

Name of audit committee members	Attend/ Eligible to attend
Mr. Kwok Kam Tim *(Chairman)*	2/2
Dr. Hui Chik Kwan	1/2
Mr. Tam Chak Chi [note]	1/2
Mr. Tso Ping Cheong, Brian	2/2

Note: Resigned on 30 November 2015.

Board Committees *(Continued)*

Auditor's Remuneration

During the year, the remuneration paid/payable to the external auditors of the Company, Moore Stephens CPA Limited, in respect of statutory audit was HK$1,219,000 (for the year ended 31 March 2015: HK$913,000) and non-audit services was HK$492,000 (for the year ended 31 March 2015: Nil). Non-audit services related to tax compliance services of the Group and agreed-upon procedures on interim financial statements review of the Company, on profit guarantee calculation review for businesses acquired in 2015 and on statements of indebtedness and sufficiency of working capital in relation to major disposal of MTBE Business.

Internal Control

The Board is responsible for internal control of the Group and for reviewing its effectiveness. The Board requires the senior management to establish and maintain sound and effective internal control.

During the financial year, the Board had conducted a review on the effectiveness of the internal control system of the Company, and considered the internal control system to be effective and adequate and concluded that there were no significant areas of concern which might affect shareholders' interests.

Remuneration Committee

The remuneration committee of the Company ("Remuneration Committee") is responsible for, among other functions, making recommendations to the Board on the policies and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration, reviewing and approving the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time, and determining the specific remuneration packages of the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. No individual Director is involved in deciding his/her own remuneration.

Board Committees *(Continued)*

Remuneration Committee *(Continued)*

The Remuneration Committee comprises all independent non-executive Directors. The Company Secretary acts as the secretary to the Remuneration Committee. As at 31 March 2016, the members of the Remuneration Committee are as follows:

Mr. Kwok Kam Tim *(Chairman)*
Mr. Tso Ping Cheong, Brian
Dr. Hui Chik Kwan

The Remuneration Committee held 2 meetings during the year ended 31 March 2016, whereby the members of the Remuneration Committee reviewed and recommended the remuneration packages and discretionary bonus of the Directors (other than members of the Remuneration Committee) and senior management, and recommended remuneration proposals for newly appointed Directors and senior management of the Company. The attendance record of the Remuneration Committee is set out below:

Names of Remuneration Committee members	Attend/ Eligible to attend
Mr. Kwok Kam Tim [note 1] *(Chairman)*	2/2
Mr. Tso Ping Cheong, Brian	2/2
Dr. Hui Chik Kwan	1/2
Mr. Tam Chak Chi [note 2]	1/1

Notes:

1 Appointed as chairman of the Remuneration Committee on 30 November 2015.

2 Resigned on 30 November 2015, and simultaneously ceased to be chairman of the Remuneration Committee on the same date.

Nomination Committee

The nomination committee of the Company ("Nomination Committee") is responsible for reviewing the structure, size and composition (including but not limited to the skills, gender, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes; identifying individuals qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, (in particular candidates who can add value to the management through their contributions in strategic business areas and whose appointment will lead to a strong Board), assessing the independence of the independent non-executives Directors, and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of the Directors and succession planning for the Directors in particular for the chairman and CEO. In order to achieve a diversity of perspectives among members of the Board, the Company has adopted the board diversity policy (the "Board Diversity Policy").

Corporate Governance Report

Board Committees *(Continued)*

Summary of Board Diversity Policy

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance. The Company sees increasing diversity at the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, consideration has been made from a number of aspects, such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments of Board members will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy periodically. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee comprises all independent non-executive Directors. The Company Secretary acts as the secretary to the Nomination Committee. As at 31 March 2016, the members of the Nomination Committee are as follows:

Mr. Tso Ping Cheong, Brian *(Chairman)*
Dr. Hui Chik Kwan
Mr. Kwok Kam Tim

The Nomination Committee held 4 meetings during the year ended 31 March 2016, whereby the members of the Nomination Committee discussed and made recommendation of the Board on the re-election of retiring Directors, appointment of new Directors and senior management of the Company, and appointment of Chairman of the Board and Remuneration Committee, CFO and CEO. The attendance record of the Nomination Committee is set out below:

Names of Nomination Committee members	**Attend/ Eligible to attend**
Mr. Tso Ping Cheong, Brian *(Chairman)*	4/4
Dr. Hui Chik Kwan	1/4
Mr. Kwok Kam Tim	4/4
Mr. Tam Chak Chi [note]	2/2

Note: Resigned on 30 November 2015.

Board Committees *(Continued)*

Company Secretary

On 23 October 2015, Ms. Kwok Ka Huen ("Ms. Kwok"), was appointed as a joint Company Secretary to fill the causal vacancy arising from the resignation of Ms. Chan Sau Yee on the same date. Following the resignation of Mr. Tan Man Leong, the other joint Company Secretary, Ms. Kwok was the sole Company Secretary with effect from 20 November 2015. Ms. Kwok confirmed that she has complied with all the qualifications, experience, and professional training requirements of the Listing Rules. During the year ended 31 March 2016, Ms. Kwok has taken no less than 15 hours of relevant professional training. Ms. Kwok is delegated by an external service provider and the primary corporate contact person in the Company is Mr. Wong Jeffrey, the executive Director.

The appointment and removal of the Company Secretary is subject to approval by the Board in physical meeting and accordance with the Articles.

Corporate Governance Function

The Board is also responsible for performing the corporate governance duties with its written terms of reference as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2016, the Board has reviewed the policy of the corporate governance and the corporate governance report of the Company.

Communications with Shareholders

The Group reports to its shareholders at least twice a year through interim and annual results, which are announced as early as possible to keep shareholders informed of the Group's performance. General meetings of the Company provide a forum for communication between the shareholders and the Board. All shareholders are encouraged to attend the annual general meetings to discuss the progress of the Group's business. The chairman of each of the general meetings are available to answer questions at the general meetings. Separate resolutions are proposed at the general meetings on each substantial issue, including re-election of Directors. The Company's website, which contains corporate information, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group, enables the shareholders to access information on the Group on a timely basis.

Communications with Shareholders *(Continued)*

Procedures for Shareholders to convene an Extraordinary General Meeting

Pursuant to Article 22 of the Articles, the Board shall, on the requisition of Shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings of the Company, forthwith proceed to convene an extraordinary general meeting of the Company. To be effective the requisition shall state the objects of the meeting, shall be in writing, signed by the requisitionists, and shall be deposited at Suites 3505-08, 35/F., Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong. The requisition may consist of several documents in like form each signed by one or more requisitionists. If the Directors do not within twenty-one days from the date of the requisition duly proceed to call an extraordinary general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an extraordinary general meeting; but any meeting so called shall not be held more than ninety days after the requisition. An extraordinary general meeting called by requisitionists shall be called in the same manner, as nearly as possible, as that in which general meetings are to be called by the Directors.

Procedures for Shareholders to put forward proposals at Shareholders' meetings

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, Shareholders who wish to move a resolution may by means of requisition convene an extraordinary general meeting following the procedures set out above.

Investor Relations

The Company's website (www.newtreegroupholdings.com) offers communication channel between the Company and the Company's shareholders and potential investor. Apart from disclosure of all necessary information to the shareholders in compliance with the Listing Rules of the Stock Exchange, news update on the Company's business development and operation are available on the Company's website.

Shareholders are encouraged to attend all general meetings of the Company. The notices of the general meetings were circulated to all the Shareholders in accordance with the requirements of the Listing Rules and the Articles. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

Any comments and suggestions to the Board can be addressed by mail to our principal place of business in Hong Kong or the Company Secretary or email at general@newtreegroupholdings.com.

Constitutional Documents

During the year ended 31 March 2016, there was no change in the Company's constitutional documents.

Report of the Directors

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2016.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the Group are (i) manufacture and trading of clinical and household hygienic disposables and trading of related raw materials; (ii) trading of coal products; (iii) wholesale and retail of household consumables; (iv) sales and distribution of jewelries and watches; (v) design and development of three-dimensional animations, augmented reality technology application and e-learning web application; and (vi) provision of educational technology solutions through online education programs and provision of English language proficiency tests. The Group has also engaged in the business of trading of Methyl Tertiary Butyl Ether products ("MTBE Business") which was discontinued during the year ended 31 March 2016. Details of the principal activities of the Company's principal subsidiaries are set out in note 33 to the consolidated financial statements contained herein.

Results and Dividends

The Group's financial performances for the year ended 31 March 2016 and the financial position of the Group as at 31 March 2016 are set out in the consolidated financial statements on pages 45 to 47.

The Directors do not recommend for payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 136 of this annual report. This summary does not form part of the audited consolidated financial statements.

Business Review and Performance

A review of the business of the Group and a discussion and analysis of the Group's performance during the year under review and a discussion on the Group's future business development and outlook of the Company's business are provided in the section headed "Management Discussion and Analysis" on pages 5 to 15 of this annual report.

Relationships With Employees, Suppliers and Customers

The Group dedicates to providing a healthy, safe and comfortable working environment for all employees. The Group has formulated comprehensive talent training mechanism, various career development paths, and established the talent cultivation system covering posts in marketing, operation, management technique and other areas.

The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its market competitiveness within the industry, the Group aims at delivering constantly high standards of quality in the service to its customers.

Report of the Directors

Environmental, Social and Governance

Environmental conservation remains a key focus for the Group. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group encourages environmental protection and complies with environmental legislation and promotes awareness towards environmental protection to the employees. The Group puts great emphasis in environmental protection and sustainable development. During business operations, the Group has implemented environmental protection measures, including procedures related to noise control, energy use control and waste discharge management. The Group has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimise unnecessary waste.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company for the year ended 31 March 2016.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. Certain key risks and uncertainties are identified by the Group and listed as follows. There may be other risks and uncertainties in addition to those known to the Group or which may not be material now but could turn out to be material in the future.

Business and Financial Risks

The profitability and financial position may be materially and adversely affected if any of our major customers ceases their business relationship with the Group. The business and financial position may be materially and adversely affected if there is a global economic downturn in the geographic locations in which the Group operates.

Operational Risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. The Group recognises that operational risks cannot be eliminated completely and that it may not always be cost effective to do so.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements contained herein.

Other Intangible Assets

Details of the movements in the other intangible assets of the Group during the year are set out in note 17 to the consolidated financial statements contained herein.

Share Capital

Details of the movements in the Company's share capital during the year are set out in note 31 to the consolidated financial statements.

Equity-linked Agreement

Details of the equity-linked agreement entered into during the year ended 31 March 2016 on subsisting at the end of the year are set out below:

(a) Convertible Bonds

The Company issued 2-year 8% convertible bonds at a par value of HK$100 million on 19 June 2014 (the "Convertible Bonds"). The bonds mature 2 years from the issue date at 124% of its principal amount; or can be early redeemed by the Company or the holder at amount equal to all outstanding Convertible Bonds at 100% of the principal amount plus a premium of 12% per annum after the first anniversary of the date of issue; or can be converted into shares at the holder's option on and after 19 June 2014 to 18 June 2016 at the conversion price of HK$3.20 per share. The maximum number of ordinary shares to be issued is 31,250,000 shares and none of them was issued up to 31 March 2016. The Group will not receive further consideration when the holders' determines to convert the Convertible Bonds into ordinary shares of the Company.

(b) Share Option Scheme

The Company has adopted a share option scheme on 26 February 2015 (the "Share Option Scheme") for the purpose of providing incentives and rewards to those at the sole determination of the Board, have contributed or will contribute to the Company or its subsidiaries, such as (a) any full-time or part-time employee of the Company and/or any subsidiary of the Company; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company; and (c) any consultant or adviser, distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiary of the Company.

The Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such option can be exercised and/or any other terms as the Board may determine in its absolute discretion. There is no general requirement on the minimum period for which an option must be held.

The life of the Share Option Scheme is 10 years from the date of adoption (26 February 2015), after which no further options will be granted but the provisions of the Share Option Scheme shall remain in force with respect to options granted.

The subscription price shall, subject to any adjustments made pursuant to the terms of the Share Option Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of: (a) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the offer date; (b) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and (c) the nominal value of a share.

Equity-linked Agreement *(Continued)*

(b) **Share Option Scheme *(Continued)***

The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group which provide for the grant of options to acquire or subscribe for shares must not exceed such number of Shares as shall represent 30% of the issued share capital of the Company from time to time. No option shall be granted under the Share Option Scheme if this will result in such limit being exceeded.

Subject to the aforesaid limit, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Group must not, in aggregate, exceed 10% of the issued share capital of the Company as at the adoption date of the Share Option Scheme unless shareholders' approval in general meeting is obtained to renew the scheme mandate limit, which shall not exceed 10% of the issued share capital of the Company at the date of such approval. Any further grant of options is subject to shareholders' advanced approval in a general meeting.

The outstanding number of options available for issue under the Share Option Scheme is 90,264,902, which represents 9.63% of the issued share capital as at the date of this report.

The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of options to an eligible participant would result in excess of such limit, such further grant shall be subject to the approval of the shareholders at a general meeting with such eligible participant and his associates abstaining from voting.

Pursuant to the Share Option Scheme, HK$1.00 per offer of grant is payable by the grantee to the Company on acceptance of the option offer as consideration for the grant. The option must be accepted within 10 days from the date on which an offer of option is made to a grantee.

Any grant of options to a connected person or any of its associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee). Where options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, such grant of options must be subject to the approval of the shareholders taken on a poll at a general meeting.

No options were granted, exercised, cancelled, lapsed or remained outstanding under the Share Option Scheme during the year ended 31 March 2016.

Reserves

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity contained herein.

The Company had no distributable reserve as at 31 March 2016 (31 March 2015: Nil), calculated in accordance with the Companies Law of the Cayman Islands.

Donations

Charitable donations was made by the Group during the year ended 31 March 2016 amounted to approximately HK$1,013,000 (2015: Nil).

Directors

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

Executive Directors
Mr. Wong Wai Sing
(*Chairman and Chief Executive Officer)*
Mr. Chum Hon Sing *(Vice Chairman)*
Ms. Sung Ting Yee (retired on 7 August 2015)
Mr. Chan Kin Lung
Mr. Lee Chi Shing, Caesar
Ms. Yick Mi Ching, Dawnibilly
Ms. Yu Tak Wai, Winnie
(resigned on 29 February 2016)
Mr. Wong Jeffrey
(appointed on 1 September 2015)

Non-Executive Director
Mr. Mok Tsan San
(resigned on 29 February 2016)

Independent Non-executive Directors
Mr. Kwok Kam Tim
Mr. Tam Chak Chi
(resigned on 30 November 2015)
Dr. Hui Chik Kwan
Mr. Tso Ping Cheong, Brian

Pursuant to article 83(3) of the Articles, any of the Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 84 of the Articles, at each annual general meeting one-third of the Directors 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 and being eligible, offer themselves for re-election at each annual general meeting, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The Directors' biographical details are set out on pages 16 to 19.

Each of the independent non-executive Director has made written annual confirmation in respect of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Commitee is of the view that all independent non-executive Directors are independent.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Directors *(Continued)*

Mr. Wong Wai Sing, Mr. Chum Hon Sing, Mr. Chan Kin Lung, Ms. Yick Mi Ching, Dawnibilly and Mr. Lee Chi Shing, Caesar have each entered into a letter of appointment as an executive Director with effect from 1 January 2016 and to be continued thereafter until terminated by either party giving not less than one (1) month's written notice.

Mr. Wong Jeffrey has entered into a letter of appointment as an executive Director with effect from 1 September 2015 for a fixed term of one year unless terminated by either party giving not less than three (3) months' written notice.

Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian have each entered into a letter of appointment with effect from 1 January 2016 for a term of one (1) year unless terminated by either party giving not less than one (1) month's written notice.

Mr. Mok Tsan San, Ms. Yu Tak Wai, Winnie and Mr. Tam Chak Chi were resigned as a Director on 29 February 2016, 29 February 2016 and 30 November 2015 respectively as they require more time to pursue their other business engagements.

Ms. Sung Ting Yee retired at the 2015 AGM and did not offer herself for re-election for personal reason.

Mr. Mok Tsan San, Ms. Yu Tak Wai, Winnie, Mr. Tam Chak Chi and Ms. Sung Ting Yee have confirmed that they have no disagreement with the Board and there is no other matter relating to their resignation or retirement as a Director that needs to be brought to the attention of the Shareholders.

Permitted Indemnity Provision

Pursuant to article 53.1 of the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no Director shall be liable for any loss, misfortune or damage which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto.

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

Management Contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2016.

Directors' Interests in Contracts

Saved as disclosed in the section of "Connected Transactions" and note 37 to the consolidated financial statements of this annual report, no other contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2016.

Directors' Interests in Competing Business

As at the date of this report, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the Listing Rules) had any material interest in a business which causes or may cause a significant competition with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

Directors' Interest in Transactions, Arrangements or Contracts

Save as disclosed elsewhere, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company or his or her connected entities had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 March 2016.

Interests of Directors and Chief Executive

As at 31 March 2016, the interests and short positions of the Directors and CEO in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinances, Cap 571 of The Laws of Hong Kong ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were set out below:

Long position in the Shares

Name of Directors	Capacity	Total number of Shares held (Note)	Approximate percentage of Shareholding in the Company
Mr. Wong Wai Sing	Beneficial owner and Interest of a controlled corporation (Note)	104,954,000	11.20%
Mr. Chum Hon Sing	Interest of a controlled corporation (Note)	96,924,000	10.34%

Note: Mr. Wong Wai Sing holds 8,030,000 shares in personal capacity, he also holds 50% equity interest in Twin Star Global Limited (a company owned as to 50% by him and 50% by Mr. Chum Hon Sing), which is interested in 96,924,000 shares. Accordingly, both Mr. Wong Wai Sing and Mr. Chum Hon Sing are deemed to be interested in such 96,924,000 shares held by Twin Star Global Limited.

Substantial Shareholders

As at 31 March 2016, the following persons (not being a Director or the CEO) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in the Shares

Name	Nature of interest	Total number of Shares held	Approximate percentage of interest in the Company
Twin Star Global Limited (Note)	Beneficial owner	96,924,000	10.34%

Note: Twin Star Global Limited is owned as to 50% by Mr. Wong Wai Sing, the Chairman and CEO and as to 50% by Mr. Chum Hon Sing, the vice-chairman. Accordingly, both Mr. Wong Wai Sing and Mr. Chum Hon Sing are deemed to be interested in 96,924,000 shares held by Twin Star Global Limited.

Save as disclosed herein, the Company has not been notified of any other person (other than the Directors or CEO) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2016.

Arrangement to Purchase Shares or Debenture

Save as disclosed above, at no time during the year and up to the date of this annual report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or any of their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Connected Transactions

Details of the related party transactions of the Group during the year ended 31 March 2016 are set out in note 37 to the consolidated financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/continuing connected transactions. Other related party transactions either did not constitute connected transactions/continuing connected transactions or constituted connected transactions/continuing connected transactions but were exempted from all disclosure and independent shareholders' approval requirements under the Listing Rules.

Payments of emoluments and bonus to the Directors pursuant to their respective service contracts with the Company were exempt connected transactions under Rule 14A.95 of the Listing Rules while payments of emoluments/consultancy fee to senior management do not constitute connected transactions under Chapter 14A of the Listing Rules.

The management fee paid or payable to a related company during the year ended 31 March 2016 constituted de minimis transactions under Chapter 14A of the Listing Rules and therefore was fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 14A.76 of the Listing Rules.

Emolument Policy

The Group mainly determines staff remuneration in accordance with market terms and individual qualifications. The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed regularly. Year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees.

The emoluments of the Directors will be reviewed and recommended by the Remuneration Committee for the Board's approval having regard to the Company's performance and the time, effort and expertise to be exercised on the Group's affairs by the individual Director. Details of the Directors' and employees' emolument are set out in note 11 to the consolidated financial statements, respectively.

Retirement Benefit Plans

Other than operating a Hong Kong Mandatory Provident Fund Scheme, participating in the defined contribution pension scheme operated by the Macao government authority and the PRC state-managed retirement benefit scheme, the Group has not operated any other retirement benefit schemes for the Group's employees. Particulars of the retirement benefit plans are set out in note 3 to the consolidated financial statements under the sub-heading "Retirement benefit plans".

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended 31 March 2016.

Pre-Emptive Rights

There are no provisions of pre-emptive rights under the Articles or laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

Sufficiency of Public Float

Based on information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this annual report.

Major Suppliers and Customers

In the year under review, the Group's largest supplier accounted for 42.9% (2015: 70.6%) of the Group's total purchases. The Group's five largest suppliers accounted for 64.1% (2015: 82.7%) of the Group's total purchases.

In the year under review, the Group's sales to its five largest customers accounted for 58.4% (2015: 84.5%) of the Group's total sales. The Group's largest customer accounted for 32.0% (2015: 65.4%) of the Group's total sales.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued shares of the Company) has a beneficial interest in the Group's five largest customers or five largest suppliers.

Report of the Directors

Review of Financial Statements by Audit Committee

The Audit Committee has reviewed the management accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters, including review of the audited consolidated financial statements of the Group for the year ended 31 March 2016.

Corporate Governance

The Company has published its corporate governance report, which is set out on pages 21 to 32 of this annual report.

Auditors

The consolidated financial statements for the year ended 31 March 2014 was audited by BDO Limited (appointed on 25 January 2013 to fill the casual vacancy arising from the resignation of Messrs Deloitte Touche Tohmatsu) who has resigned and Moore Stephens CPA Limited ("Moore Stephens") was appointed as auditor of the Company by the Board to fill the casual vacancy so arising on 12 December 2014.

The consolidated financial statements for the years ended 31 March 2015 and 2016 were audited by Moore Stephens who will retire and, being eligible, offer themselves for re-appointment upon conclusion of the forthcoming AGM.

A resolution will be proposed at the forthcoming AGM to re-appoint Moore Stephens as auditor of the Company.

On behalf of the Board
Wong Wai Sing
Chairman and Chief Executive Officer

Hong Kong, 28 June 2016

MOORE STEPHENS
CPA LIMITED

905 Silvercord, Tower 2
30 Canton Road
Tsimshatsui
Kowloon
Hong Kong

T (852) 2375 3180
F (852) 2375 3828

www.moorestephens.com.hk

大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF NEWTREE GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Newtree Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 135, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

Auditor's responsibility *(Continued)*

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK$292,725,000 during the year ended 31 March 2016 and, as of that date, the Group had net current liabilities of approximately HK$83,242,000, of which the outstanding convertible bonds of approximately HK$122,340,000 are due within one year. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As explained in Note 1 to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to successfully implement the measures as disclosed in Note 1 to the consolidated financial statements.

Moore Stephens CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate number P05419

Hong Kong, 28 June 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000 (restated)
Continuing operations			
Revenue	5	246,763	302,297
Cost of sales		(193,155)	(265,315)
Gross profit		53,608	36,982
Other income	6	5,656	937
Other gains and losses	7	(238,744)	(55,489)
Selling and distribution expenses		(3,935)	(4,924)
Administrative expenses		(89,316)	(130,020)
Other expenses		–	(5,088)
Finance costs	8	(23,906)	(18,778)
Share of losses of associates		(624)	(127)
Loss before income tax from continuing operations		(297,261)	(176,507)
Income tax credit (expense)	9	3,677	(1,442)
Loss for the year from continuing operations		(293,584)	(177,949)
Discontinued operation			
Profit (loss) for the year from discontinued operation	12	859	(81,176)
Loss for the year	10	(292,725)	(259,125)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation		(3,411)	(2,636)
– Fair value (loss) gain on available-for-sale financial assets		(16,300)	9,100
		(19,711)	6,464
Items that were reclassified to profit or loss:			
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries	42	464	–
– Reclassification adjustment of available-for-sale investment reserve upon impairment of assets		2,200	–
		2,664	–
Other comprehensive income for the year, net of income tax		(17,047)	6,464
Total comprehensive income for the year, net of income tax		(309,772)	(252,661)
Loss for the year attributable to:			
Owners of the Company		(284,394)	(258,875)
Non-controlling interests		(8,331)	(250)
		(292,725)	(259,125)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000 (restated)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(300,941)**	(252,409)
Non-controlling interests		**(8,331)**	(252)
		(309,272)	(252,661)
(Loss) profit per share attributable to owners of the Company	14		
From continuing and discontinued operations			
Basic and diluted (HK cents)		**(31.50)**	(31.78)
From continuing operations			
Basic and diluted (HK cents)		**(31.60)**	(21.81)
From discontinued operation			
Basic and diluted (HK cents)		**0.10**	(9.97)

Consolidated Statement of Financial Position

At 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**12,176**	18,583
Prepaid lease payments	16	**5,503**	6,027
Other intangible assets	17	**60,056**	119,274
Goodwill	18	**158,717**	198,830
Interests in associates	20	**14,400**	33,570
Available-for-sale financial assets	21	**154,000**	170,300
Contingent consideration receivable	22	**–**	24,317
		404,852	570,901
CURRENT ASSETS			
Contingent consideration receivable	22	**–**	15,409
Inventories	23	**20,159**	28,929
Prepaid lease payments	16	**173**	216
Trade and other receivables and prepayments	24	**162,907**	459,661
Refundable deposits	24	**–**	48,824
Pledged bank deposit	25	**7,809**	7,808
Bank balances and cash	25	**27,811**	29,548
		218,859	590,395
CURRENT LIABILITIES			
Trade and other payables and accruals	26	**167,375**	407,633
Trust receipt loan	27	**752**	1,909
Tax payable		**11,634**	8,168
Promissory note	28	**–**	9,000
Convertible bonds	29	**122,340**	106,479
		302,101	533,189
NET CURRENT (LIABILITIES) ASSETS		**(83,242)**	57,206
TOTAL ASSETS LESS CURRENT LIABILITIES		**321,610**	628,107
NON CURRENT LIABILITIES			
Deferred tax liabilities	30	**10,031**	19,815
NET ASSETS		**311,579**	608,292
CAPITAL AND RESERVES			
Share capital	31	**9,370**	9,026
Reserves		**306,204**	594,930
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**315,574**	603,956
Non-controlling interests		**(3,995)**	4,336
TOTAL EQUITY		**311,579**	608,292

The financial statements on pages 45 to 135 were approved and authorised for issue by the Board of Directors on 28 June 2016 and are signed on its behalf by:

Mr. Wong Wai Sing
DIRECTOR

Mr. Chum Hon Sing
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Share capital HK$'000	Share premium HK$'000	Legal reserve HK$'000 (Note (i))	Convertible bonds equity reserve HK$'000
	Attributable to owners of the Company			
At 1 April 2014	7,282	414,488	49	–
Loss for the year	–	–	–	–
Other comprehensive income, net of income tax:				
– Exchange differences arising on translation	–	–	–	–
– Changes in fair value of available-for-sale financial assets	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Acquisition of subsidiaries (Note 41)	1,128	317,782	–	–
Issue of shares pursuant to placing agreements	616	150,489	–	–
Transaction cost attributable to issue of placing shares	–	(4,955)	–	–
Issue of convertible bonds (Note 29)	–	–	–	5,947
Transactions with owners	1,744	463,316	–	5,947
At 31 March 2015	9,026	877,804	49	5,947
Loss for the year	–	–	–	–
Other comprehensive income, net of income tax:				
– Exchange differences arising on translation	–	–	–	–
– Changes in fair value of available-for-sale financial assets	–	–	–	–
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries (Note 42)	–	–	–	–
– Reclassification adjustment of available-for-sale investment reserve upon impairment of assets	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Issue of shares pursuant to settlement of earn-out consideration (Note 22)	**344**	**12,715**	–	–
Disposal of subsidiaries	–	–	–	–
Transactions with owners	**344**	**12,715**	–	–
At 31 March 2016	**9,370**	**890,519**	**49**	**5,947**

Notes:

(i) In accordance with the provisions of Macao Commercial Code, Two-Two-Free Limited-Macao Commercial Offshore ("Two-Two-Free"), a subsidiary of the Company, is required to transfer a minimum of 25% of annual net profit to legal reserve until the legal reserve equals half of the quota capital. This reserve is not distributable to shareholders.

(ii) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on The Stock Exchange of Hong Kong Limited.

(iii) The other reserves represent (a) the difference between the fair value of interest-free advance to Mr. Chum Tung Hang, a shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception amounting to HK$6,000,000; and (b) the difference between the amount by which the non-controlling interest is adjusted and the fair value of shares issued as consideration for the acquisition of the remaining equity interest in a subsidiary from a non-controlling shareholder amounting to approximately HK$2,046,000.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

Attributable to owners of the Company							
Available-for-sale investment reserve HK$'000	Special reserve HK$'000 (Note (ii))	Exchange reserve HK$'000	Other reserves HK$'000 (Note (iii))	Accum-ulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
–	678	17,840	(8,046)	(46,933)	385,358	4,588	389,946
–	–	–	–	(258,875)	(258,875)	(250)	(259,125)
–	–	(2,634)	–	–	(2,634)	(2)	(2,636)
9,100	–	–	–	–	9,100	–	9,100
9,100	–	(2,634)	–	(258,875)	(252,409)	(252)	(252,661)
–	–	–	–	–	318,910	–	318,910
–	–	–	–	–	151,105	–	151,105
–	–	–	–	–	(4,955)	–	(4,955)
–	–	–	–	–	5,947	–	5,947
–	–	–	–	–	471,007	–	471,007
9,100	678	15,206	(8,046)	(305,808)	603,956	4,336	608,292
–	–	–	–	(284,394)	(284,394)	(8,331)	(292,725)
–	–	(3,411)	–	–	(3,411)	–	(3,411)
(16,300)	–	–	–	–	(16,300)	–	(16,300)
–	–	464	–	–	464	–	464
2,200	–	–	–	–	2,200	–	2,200
(14,100)	–	(2,947)	–	(284,394)	(301,441)	(8,331)	(309,772)
–	–	–	–	–	13,059	–	13,059
–	–	–	2,046	(2,046)	–	–	–
–	–	–	2,046	(2,046)	13,059	–	13,059
(5,000)	678	12,259	(6,000)	(592,248)	315,574	(3,995)	311,579

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000 (restated)
OPERATING ACTIVITIES			
(Loss) profit before income tax			
– from continuing operations		(297,261)	(176,507)
– from discontinued operation		848	(80,884)
		(296,413)	(257,391)
Adjustments for:			
Depreciation of property, plant and equipment		3,028	2,804
Amortisation of prepaid lease payments		210	216
Amortisation of other intangible assets		1,635	1,365
Impairment loss recognised on trade receivables and other receivables		91,517	106,503
Impairment loss on available-for-sale financial assets		2,200	–
Impairment loss on property, plant and equipment		2,903	–
Impairment loss on other intangible assets		50,132	12,312
Impairment loss on interest in an associate		3,971	7,400
Impairment loss on goodwill		40,113	28,968
Written back of impairment loss on trade and other receivables		(83)	(6,940)
Written off of trade receivables		25	–
Interest expenses on convertible bonds		23,861	16,426
Loss on early redemption of promissory note		–	325
Imputed interest expenses on promissory note		–	123
Interest expenses on trust receipt loans and other loan		45	2,229
Gain on disposal of subsidiaries		(5,578)	–
Dividend income from investment in available-for-sale financial assets		(4,871)	–
Bank interest income		(21)	(84)
Fair value loss (gain) on contingent consideration receivables/earn-out consideration payable		52,785	(8,473)
Share of losses of associates		624	127
Loss (gain) on disposal of property, plant and equipment		5	(296)
Operating cash flows before changes in working capital		(33,912)	(94,386)
Decrease in inventories		7,461	11,613
Increase in trade and other receivables and prepayments		(68,926)	(170,006)
Decrease in refundable deposits		–	30,800
Increase in trade and other payables and accruals		66,459	173,823
Advance to an associate		(2,744)	(4,652)
Cash used in operating activities		(31,662)	(52,808)
Income tax paid		(1,042)	(2,708)
NET CASH USED IN OPERATING ACTIVITIES		(32,704)	(55,516)

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000 (restated)
INVESTING ACTIVITIES			
Net cash outflow on acquisition of subsidiaries	41	–	(7,909)
Net cash inflow on disposal of subsidiaries	42	18,965	–
Refundable deposit received (paid) for potential acquisition of a subsidiary		27,500	(27,500)
Purchase of property, plant and equipment		(363)	(3,741)
Purchase of available-for-sale financial assets		–	(134,000)
Increase in pledged bank deposit		(1)	(1)
Proceeds from disposal of property, plant and equipment		37	506
Interest received		21	84
NET CASH GENERATED FROM (USED IN) IN INVESTING ACTIVITIES		46,159	(172,561)
FINANCING ACTIVITIES			
Proceed from placing of shares		–	151,105
Proceed from issue of convertible bonds	29	–	100,000
Share issuing expenses		–	(4,955)
Repayment of promissory note	28	(4,129)	(20,000)
Trust receipt loan repaid		(1,157)	(4,920)
(Repayment to) advance from related parties		(1,152)	2,304
Interest paid		(8,045)	(6,229)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES		(14,483)	217,305
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,028)	(10,772)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		29,548	39,887
Effect of foreign exchange rate changes		(709)	433
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		27,811	29,548

1. General Information

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011. The registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The principal activities of the Group are (i) manufacture and trading of the clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business"); (ii) trading of coal products ("Coal Business"); (iii) wholesale and retail of household consumables ("Household Consumables Business"); (iv) sales and distribution of jewelries and watches ("Jewelries and Watches Business"); (v) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business") and (vi) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("Education Business"). The Group was also engaged in the business of trading of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business") which was discontinued during the year (Note 12). The principal activities of the Company's subsidiaries are set out in Note 33.

The consolidated financial statements have been presented in Hong Kong dollars ("HK$"), which is the Company's functional currency, and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of preparation

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

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets and contingent consideration receivables which are measured at fair value as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Certain figures in the financial statements for year ended 31 March 2015 related to discontinued operations have been reclassified and restated to conform with the current year presentations and accounting treatment.

During the year ended 31 March 2016, the Group recorded a net loss of approximately HK$292,725,000 for the year and, as of that date, the Group had net current liabilities of approximately HK$83,242,000, of which the outstanding convertible bonds of approximately HK$122,340,000 are due within one year. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

1. General Information *(Continued)*

Basis of preparation *(Continued)*

The directors of the Company ("Directors") have taken the following measures to mitigate the liquidity pressure and to improve its financial position of the Group:

(i) Implementing comprehensive policies to monitor cash flows through cutting costs and capital expenditure;

(ii) Taking active measures to expedite collections of outstanding receivables;

(iii) Seeking potential strategic investors;

(iv) On 17 May 2016, the Group proposed to obtain equity financing of approximately HK$219,700,000 through the Open Offer (as defined in Note 43) and proposed to amend the terms of the Convertible Bonds (as defined in Note 29) to postpone the maturity date to 31 August 2016 or 5 business days after the completion of the Open Offer, whichever is earlier. Further details are set out in the announcement and circular of the Company dated 17 May 2016 and 24 June 2016 respectively. The proposed transactions are yet to complete and are subject to approval of shareholders of the Company; and

(v) financial support from substantial shareholders.

Taking into account of the Group's cash flow projections covering a period of twelve months from the end of the reporting period prepared by management, and assuming the success of the above measures, the Directors consider the Group would be able to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any future liabilities that may arise and to re-classify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2015.

Annual Improvements to HKFRSs 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements to HKFRSs 2011-2013 Cycle	Amendments to a number of HKFRSs
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

The adoption of the above new and revised HKFRSs in the current year has no material impact on the Group's consolidated financial statements.

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

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

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
* On 6 January 2016, the HKICPA issued "Effective Date of Amendments to HKFRS 10 and HKAS 28", following the International Accounting Standards Board's equivalent amendments. This update defers/removes the effective date of the amendments in "Sale or Contribution of Assets between an Investor or its Associate or Joint Venture" that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

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

HKFRS 9 (2014) Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

HKFRS 9 (2014) Financial Instruments *(Continued)*

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing HKFRSs revenue requirements. This standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach:

(1) Identify the contract(s) with customer;

(2) Identify separate performance obligations in a contract;

(3) Determine the transaction price;

(4) Allocate transaction price to performance obligations; and

(5) Recognise revenue when a performance obligation is satisfied.

The core principle is that a company should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

HKFRS 16 Leases

For lessees, HKFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. For lessors, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or financial leases, and to account for those two types of leases differently. The standard is mandatorily effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply HKFRS 15 at or before the date of initial application of HKFRS 16.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

Amendments to the Listing Rules relating to the disclosure of the financial information in the Group's consolidated financial statements

In addition, the Company has adopted the amendments to the Listing Rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the consolidated financial statements is on the presentation and disclosure of certain information in the consolidated financial statements.

3. Significant Accounting Policies

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that the deferred tax assets or liabilities are recognised and measured in accordance with HKAS 12 Income Taxes.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. Significant Accounting Policies *(Continued)*

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Associates

An associate is an entity in which the Group has significant influence, which is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies.

An interest in an associate is accounted for in the consolidated financial statements under the equity method, less any impairment losses, unless it is classified as held for sale. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the other comprehensive income.

When the Group's share of losses exceeds its investment in the associate, the Group's interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the profit or loss. Goodwill arising from the acquisition of associate is included as part of the Group's interest in an associate.

If an investment in an associate becomes an investment in a joint venture, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the profit or loss. Any interest retained in that former investee at the date when significant influence is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

3. Significant Accounting Policies *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other service income are recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income is recognised when the right to receive the dividend is established.

3. Significant Accounting Policies *(Continued)*

Property, plant and equipment

Property, plant and equipment including building held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings	Over the term of the leases, or 20 years whichever is the shorter
Plant and machinery	10 years
Motor vehicles	5 years
Leasehold improvement	Over the term of the leases, or 10 years whichever is the shorter
Furniture, fixtures and equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. Significant Accounting Policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Retirement benefit plans

The Group operated a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme was to make the required contributions under the scheme. No forfeited contribution was available to reduce the contribution payable in the future years.

3. Significant Accounting Policies *(Continued)*

Retirement benefit plans *(Continued)*

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The Group operates a defined contribution retirement benefit plan for all qualifying employees in Macau operated by the Macau government.

Payments to state-managed retirement benefit schemes, MPF Scheme and defined contribution retirement scheme in Macau are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition other than in a business combination of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Other intangible assets

Other intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, other intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for other intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives, as follows:

Customer Network	10 years
Exclusive License	15 years

Other intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from being indefinite to finite is accounted for on a prospective basis (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant Accounting Policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables, available-for-sale financial assets, financial assets at fair value through profit or loss and held-to-maturity investments.

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

Financial assets at FVTPL include contingent consideration receivables, financial assets held for trading and those designated as at FVTPL upon initial recognition.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future; or it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At the end of each reporting period, subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in the profit or loss in the period in which they arise. The net gain or loss recognised in the profit or loss excludes any dividend or interest earned on the financial assets.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

For loans and receivables

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible bonds using the effective interest method.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

The Group's financial liabilities i.e. trade and other payables, trust receipt loan, promissory note and liability component of the convertible bonds are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and other intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. Significant Accounting Policies *(Continued)*

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Useful lives of other intangible assets

As at 31 March 2016, the carrying amount of the Group's intangible assets excluding goodwill is approximately HK$60,056,000 (2015: HK$119,274,000). The estimated useful lives of the assets reflect the Directors' estimate of the periods over which the other intangible assets are expected to generate net cash flows for the Group based on certain assumptions including attrition of customers base and possibility of renewal of sales contracts.

Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore amortisation expenses and impairment losses in the future years. Details of the other intangible assets are set out in Note 17.

Estimated impairment of non-financial assets

Determining whether non-financial assets is impaired requires an estimation of the recoverable amount of the CGUs to which non-financial assets has been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Further details are set out in Notes 15 to 20 .

4. Key Sources of Estimation Uncertainty *(Continued)*

Estimated write-down for inventories

The management estimates the net realisable value of inventories based primarily on the latest market prices and current market conditions. The Group carries out an inventory review at the end of the reporting period and determine the amount of write-down on obsolete and slow-moving inventories to their net realisable values. Where the expectation on the net realisable value is lower than the carrying amount, further write-down may arise. The carrying amount of inventories as at 31 March 2016 is approximately HK$20,159,000 (2015: HK$28,929,000).

Estimated impairment of trade receivables and other receivables

The Group determines impairment losses for bad and doubtful debts resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for bad and doubtful debts may be required. Further details are set out in Note 24.

Provision for income taxes

The Group is subject to income and other forms of taxes in different jurisdictions and significant judgement is required in determining the tax liabilities to be recognised. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. The Group believes that its provision for tax is adequate for the reporting periods based on its assessment of many factors including past experience and interpretations of tax law. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Fair value of financial assets

The best evidence of fair value is the published price quotations in an active market. In the absence of such information, the fair value is determined by an independent professional valuer. Such valuation is subject to limitations of the valuation models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates and the relevant parameters of the valuation model be changed, there would be material changes in the fair value of certain financial instruments without quoted prices.

5. Revenue and Segment Information

Information reported to the Directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- Hygienic Disposables Business – Manufacture and trading of clinical and household hygienic disposables and trading of related raw materials
- Coal Business – Trading of coal products
- Household Consumables Business – Wholesale and retail of household consumables
- Jewelries and Watches Business – Sales and distribution of jewelries and watches
- Digital Technology Business – Design and development of three-dimensional animations, augmented reality technology application and e-learning web application
- Education Business – Provision of educational technology solutions through online education programs and provision of English language proficiency tests

MTBE Business segment comprised the business of trading MTBE products. During the year ended 31 March 2016, the Group entered into a sales and purchase agreement with an independent third party, to dispose of the entire equity interest and shareholder's loan of Sino-Singapore (Offshore) Chemical Resources Trading Company Limited ("Sino-Singapore", together with its subsidiary are referred to as the "Sino-Singapore Group"), an indirectly wholly-owned subsidiary of the Company which through its wholly-owned subsidiary carried out all the Group's MTBE Business operation. Accordingly, the MTBE Business segment was classified as a discontinued operation, details of which are set out in Note 12. The disposal was completed on 11 December 2015.

The segment information reported as below does not include any results for the discontinued operation.

5. Revenue and Segment Information *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenues and results from reportable and operating segments.

	Continuing operations						
For the year ended 31 March 2016	Hygienic Disposables Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Jewelries and Watches Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Total HK$'000
Revenue from external customers	53,414	79,058	63,908	16,945	11,105	22,333	246,763
Segment (loss) profit	(53,110)	(48,435)	4,301	8,564	6,534	6,957	(75,189)
Bank interest income							21
Exchange differences							49
Amortisation of other intangible assets							(1,635)
Dividend income from investment in available-for-sale financial assets							4,871
Fair value loss on contingent consideration receivables/ earn-out consideration payable							(52,785)
Loss on disposal of property, plant and equipment							(5)
Gain on disposal of a subsidiary							4,775
Impairment loss on available-for-sale financial assets							(2,200)
Impairment loss on goodwill							(40,113)
Impairment loss on interest in an associate							(3,971)
Impairment loss on other intangible assets							(50,132)
Share of losses of associates							(624)
Central administration costs							(80,323)
Loss before income tax from continuing operations							(297,261)

5. Revenue and Segment Information *(Continued)*

Segment revenues and results *(Continued)*

	Continuing operations						
For the year ended 31 March 2015	Hygienic Disposables Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Jewelries and Watches Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Total HK$'000 (restated)
Revenue from external customers	98,388	111,675	73,363	8,974	3,213	6,684	302,297
Segment (loss) profit	(29,292)	4,708	5,139	3,952	1,762	1,572	(12,159)
Bank interest income							84
Exchange differences							(199)
Amortisation of other intangible assets							(1,365)
Fair value gain on contingent consideration receivables							8,473
Gain on disposal of property, plant and equipment							296
Impairment loss on goodwill							(28,968)
Impairment loss on interest in an associate							(7,400)
Impairment loss on other intangible assets							(7,719)
Share of losses of associates							(127)
Loss on early redemption of promissory note							(325)
Central administration costs							(127,098)
Loss before income tax from continuing operations							(176,507)

The accounting policies of the operating segments are the same as the Group's accounting policies as described in Note 3. Segment (loss) profit from continuing operations represents the (loss from) profit earned by each segment without allocation of central administration costs, share of losses of associates, amortisation of other intangible assets, impairment loss on other intangible assets, fair value (loss) gain on contingent consideration receivables/earn-out consideration payable, bank interest income, exchange differences, dividend income from investment in available-for-sale financial assets, impairment loss on goodwill, (loss) gain on disposal of property, plant and equipment, gain on disposal of a subsidiary, impairment loss on interest in an associate, impairment loss on available-for-sale financial assets, loss on early redemption of promissory note and income tax credit (expense). This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

5. Revenue and Segment Information *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	2016 HK$'000	2015 HK$'000
Continuing operations		
Hygienic Disposables Business	**47,282**	118,516
Coal Business	**106,825**	86,372
Household Consumables Business	**17,634**	15,824
Jewelries and Watches Business	**14,068**	5,706
Digital Technology Business	**3,342**	687
Education Business	**4,761**	2,171
Discontinued operation		
MTBE Business	**–**	295,722
Total segment assets	**193,912**	524,998
Goodwill	**158,717**	198,830
Other intangible assets	**60,056**	119,274
Available-for-sale financial assets	**154,000**	170,300
Interests in associates	**14,400**	33,570
Contingent consideration receivables	**–**	39,726
Amounts due from related companies	**2,490**	3,150
Pledged bank deposit	**7,809**	7,808
Bank balances and cash	**27,811**	29,548
Unallocated corporate assets	**4,516**	34,092
Consolidated total assets	**623,711**	1,161,296

5. Revenue and Segment Information *(Continued)*

Segment assets and liabilities *(Continued)*

Segment liabilities

	2016 HK$'000	2015 HK$'000
Continuing operations		
Hygienic Disposables Business	7,477	11,650
Coal Business	147,219	78,853
Household Consumables Business	5,967	4,069
Jewelries and Watches Business	357	605
Digital Technology Business	446	278
Education Business	3,319	4,976
Discontinued operation		
MTBE Business	–	289,221
Total segment liabilities	164,785	389,652
Tax payable	11,634	8,168
Promissory note	–	9,000
Convertible bonds	122,340	106,479
Deferred tax liabilities	10,031	19,815
Unallocated corporate liabilities	3,342	19,890
Consolidated total liabilities	312,132	553,004

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

- All assets are allocated to operating segments other than goodwill, other intangible assets, available-for-sale financial assets, interests in associates, contingent consideration receivables, amounts due from related companies, pledged bank deposit, bank balances and cash and unallocated corporate assets.

- All liabilities are allocated to operating segments other than tax payable, promissory note, convertible bonds, deferred tax liabilities and unallocated corporate liabilities.

5. Revenue and Segment Information *(Continued)*

Other segment information

For the year ended 31 March 2016	Continuing operations							
	Hygienic Disposables Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Jewelries and Watches Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Unallocated Corporate Office HK$'000	Total HK$'000
Capital additions	8	–	86	–	–	100	169	363
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	1,733	–	86	–	–	44	1,375	3,238
Loss on disposal of property, plant and equipment	2	–	1	–	–	–	2	5
Impairment loss recognised on trade and other receivables	39,568	51,919	–	–	–	30	–	91,517
Impairment loss on interest in an associate	–	–	–	3,971	–	–	–	3,971
Impairment loss on goodwill	–	–	–	–	–	40,113	–	40,113
Impairment loss on other intangible assets	–	41,136	–	–	–	8,996	–	50,132
Impairment loss on property, plant and equipment	2,903	–	–	–	–	–	–	2,903
Written off of trade receivables	–	–	–	–	–	25	–	25
Written back of impairment loss on trade receivables	–	–	(3)	–	–	(80)	–	(83)

For the year ended 31 March 2015	Continuing operations							
	Hygienic Disposables Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Jewelries and Watches Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Unallocated Corporate Office HK$'000	Total HK$'000 (restated)
Capital additions	14	–	–	–	–	21	3,706	3,741
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	1,913	–	106	–	–	12	989	3,020
Gain on disposal of property, plant and equipment	–	–	–	–	–	–	(296)	(296)
Impairment loss recognised on trade receivables	26,399	–	113	–	–	75	–	26,587
Impairment loss on interest in an associate	–	–	–	7,400	–	–	–	7,400
Impairment loss on goodwill	–	–	–	–	7,762	21,206	–	28,968
Impairment loss on other intangible assets	–	7,719	–	–	–	–	–	7,719
Written back of impairment loss on trade and other receivables	(4,629)	–	(2,311)	–	–	–	–	(6,940)

5. Revenue and Segment Information *(Continued)*

Revenue from major products and services

The following is an analysis of the Group's revenues from its major products and services:

	2016 HK$'000	2015 HK$'000 (restated)
Continuing operations		
Sales of goods from		
– Hygienic Disposables Business	53,414	98,388
– Household Consumables Business	63,908	73,363
– Jewelries and Watches Business	16,945	8,974
Trading income from Coal Business	79,058	111,675
Services income from		
– Digital Technology Business	11,105	3,213
– Education Business	22,333	6,684
	246,763	302,297

Information about geographical areas

In determining the Group's information about geographical areas, revenue is allocated to the segments based on the locations of the customers.

The following table provides an analysis of the Group's revenue from continuing operations by geographical market, irrespective of the origin of the goods.

	Revenue by Geographical market	
	2016 HK$'000	2015 HK$'000 (restated)
The People's Republic of China ("PRC")	91,276	115,267
United Kingdom	106,337	135,385
Norway	10,571	21,077
Macau	16,193	–
Hong Kong	19,865	15,279
United States of America	–	7,735
Singapore	413	7,192
The United Arab Emirates	1,694	–
Others	414	362
	246,763	302,297

5. Revenue and Segment Information *(Continued)*

Information about geographical areas *(Continued)*

As at 31 March 2016, approximately HK$14,319,000, HK$16,075,000, HK$220,098,000 and HK$360,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

As at 31 March 2015, approximately HK$19,931,000, HK$17,206,000, HK$338,726,000 and HK$421,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group from continuing operations are as follows:

	2016 HK$'000	2015 HK$'000 (restated)
Customer A[1]	79,058	111,675
Customer B[2]	N/A	31,583

1 Revenue is from Coal Business.

2 Revenue is from Hygienic Disposables Business.

6. Other Income

	2016 HK$'000	2015 HK$'000 (restated)
Continuing operations		
Bank interest income	21	84
Dividend income from investment in available-for-sale financial assets	4,871	–
Service income	534	850
Sundry	230	3
	5,656	937

7. Other Gains and Losses

	2016 HK$'000	2015 HK$'000 (restated)
Continuing operations		
Exchange differences	49	(199)
(Loss) gain on disposal of property, plant and equipment	(5)	296
Fair value (loss) gain on contingent consideration receivables/ earn-out consideration payable (Note 22)	(52,785)	8,473
Gain on disposal of a subsidiary (Note 42)	4,775	–
Impairment loss recognised on trade and other receivables (Note 24)	(91,517)	(26,587)
Impairment loss on available-for-sale financial assets (Note 21)	(2,200)	–
Impairment loss on property, plant and equipment (Note 15)	(2,903)	–
Impairment loss on other intangible assets (Note 17)	(50,132)	(7,719)
Impairment loss on goodwill (Note 18)	(40,113)	(28,968)
Impairment loss on interest in an associate (Note 20)	(3,971)	(7,400)
Written back of impairment loss on trade and other receivables	83	6,940
Written off of trade receivables	(25)	–
Loss on early redemption of promissory note	–	(325)
	(238,744)	(55,489)

8. Finance Costs

	2016 HK$'000	2015 HK$'000
Continuing operations		
Interests on bank and other borrowings:		
– Interest expenses on trust receipt loans	45	112
– Interest expenses on other loan	–	2,117
– Imputed interest expenses on promissory note	–	123
– Effective interest expenses on convertible bonds (Note 29)	23,861	16,426
	23,906	18,778

9. Income Tax (Credit) Expense

	2016 HK$'000	2015 HK$'000 (restated)
Continuing operations		
Current tax:		
– Hong Kong Profits Tax	2,447	1,678
– PRC Enterprise Income Tax ("PRC EIT")	1,168	490
– Other jurisdictions	1,166	619
	4,781	2,787
Under (over)-provision in respect of prior years:		
– Hong Kong Profits Tax	69	176
– PRC EIT	38	54
– Other jurisdictions	(13)	(27)
	94	203
Deferred taxation (Note 30):		
– Current year	(8,552)	(1,488)
– Attributable to change in tax rate	–	(60)
	(8,552)	(1,548)
	(3,677)	1,442

(i) Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

For the year ended 31 March 2016 and up to the date of these financial statements, the Hong Kong Inland Revenue Department ("HKIRD") is in the process of auditing the tax affairs of certain subsidiaries of the Group and has issued additional and estimated assessments on these subsidiaries for the year of assessments 2004/05, 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10. The additional and estimated assessments amounted to approximately HK$53,585,000 (2015: HK$43,520,000). The Group lodged the relevant objections with the HKIRD against these additional and estimated assessments. The HKIRD has granted holdover of the taxes being assessed in the additional and estimated assessments (conditionally and unconditionally) as a result of the objections. Up to the date of this report, the Group has purchased tax reserve certificates of HK$4,287,000 (2015: HK$4,287,000). For 2009/10, the Group has not purchased any tax reserve certificate pursuant to the conditional holdover notice granted by the HKIRD. The purchased tax reserve certificates have been accounted for as taxes recoverable included in trade and other receivables and prepayments of the Group as at 31 March 2016.

In the opinion of the directors, after considering the latest communications between the Group and the HKIRD, no provision for Hong Kong Profits Tax in respect of these assessments is considered necessary as the obligation cannot be reliably measured as at 31 March 2016 and up to the date of this report. In addition, upon the listing of the Group on the Stock Exchange, Mr. Chum Tung Hang, the then-shareholder, has given indemnities, in connection with any income tax liabilities which might be incurred by any member of the Group on or before 13 January 2011, to the Group.

9. Income Tax (Credit) Expense *(Continued)*

(ii) PRC EIT

PRC EIT is calculated at 25 % (2015: 25%) of the estimated assessable profits of subsidiaries operating in the PRC for both years except for a subsidiary of the Company. On 24 November 2015, one of the subsidiaries was recognised as a high and new technology enterprise ("HNTE") with a valid period of three years. In accordance with relevant laws and regulations in the PRC, the subsidiary is entitled to the preferential tax rate for HNTE from 1 January 2015 to 31 December 2017. The subsidiary is subject to 15% corporate income tax rate for the current period.

(iii) Macau

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, Two-Two-Free is exempted from Macao Complementary Tax.

(iv) Other jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax (credit) expense for the year from continuing operations can be reconciled to the loss before income tax from continuing operations per the consolidated statement of comprehensive income as follows:

	2016 HK$'000	2015 HK$'000 (restated)
Loss before income tax from continuing operations	(297,261)	(176,507)
Tax at statutory tax rates	(57,821)	(20,504)
Tax effect of share of results of associates	(61)	17
Tax effect of expenses not deductible for tax purpose	21,016	7,707
Tax effect of income not taxable for tax purpose	(1,459)	(519)
Tax effect on temporary differences not recognised	234	254
Tax effect of tax losses not recognised	34,436	15,592
Under-provision in respect of prior years	45	203
Utilisation of tax losses previously not recognised	(67)	(1,248)
Effect on opening deferred tax balance resulting from a change in applicable tax rate	–	(60)
Income tax (credit) expense for the year from continuing operations	(3,677)	1,442

9. Income Tax (Credit) Expense *(Continued)*

10% withholding income tax is imposed on dividends declared in respect of profits earned from 1 January 2008 onwards to non-PRC tax resident investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable. The PRC subsidiaries of the Group had no undistributed earnings at the end of the reporting periods.

Save as the Group's unrecognised tax losses as set out in Note 30, there was no other significant unprovided deferred taxation for both years on or at the end of respective reporting periods.

For preparation of the above reconciliation, the directors consider the Group is no longer principally subject to PRC EIT in the Group's continuing operations and therefore, the existing basis for determination of the applicable tax rate is adopted with comparative information is restated for consistency purpose.

10. Loss for the Year

	2016 HK$'000	2015 HK$'000 (restated)
Continuing operations		
The Group's loss for the year has been arrived at after charging:		
Directors' remuneration (Note 11)	32,265	68,428
Other staff costs	29,025	24,732
Retirement benefit scheme contributions[1]	1,895	785
Total staff costs	63,185	93,945
Auditor's remuneration	1,307	1,104
Cost of inventories sold	181,985	260,493
Depreciation of property, plant and equipment	3,028	2,804
Amortisation of other intangible assets (included in cost of sales)	1,635	1,365
Amortisation of prepaid lease payments (included in administrative expenses)	210	216
Legal and professional fees incurred for acquisitions and potential acquisitions (included in other expenses)	–	5,088

1 No forfeited contributions available for offset against existing contributions during the year (2015: Nil).

11. Directors' and Employees' Emoluments

Directors

Details of the emoluments paid to the Directors for the years are as follows:

Year ended 31 March 2016

	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus (Note) HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors:					
Mr. Wong Wai Sing (Note (i))	3,172	–	10,500	18	13,690
Mr. Chum Hon Sing	–	1,200	10,500	–	11,700
Ms. Sung Ting Yee (Note (ii))	66	736	–	8	810
Mr. Lee Chi Shing, Caesar	120	–	–	6	126
Ms. Yick Mi Ching, Dawnibilly	205	1,459	–	18	1,682
Mr. Chan Kin Lung	120	840	–	18	978
Ms. Yu Tak Wai, Winnie (Note (v))	120	1,674	–	17	1,811
Mr. Wong Jeffrey (Note (xi))	80	461	–	11	552
Non-Executive director:					
Mr. Mok Tsan San (Note (vi))	417	–	–	–	417
Independent non-executive directors:					
Mr. Kwok Kam Tim	144	–	–	–	144
Dr. Hui Chik Kwan	135	–	–	–	135
Mr. Tam Chak Chi (Note (viii))	80	–	–	–	80
Mr. Tso Ping Cheong, Brian (Note (ix))	140	–	–	–	140
	4,799	6,370	21,000	96	32,265

Note: The discretionary bonuses are determined by the contributions of the individual of the Directors in the business development of the Group and approved by the Remuneration Committee.

11. Directors' and Employees' Emoluments *(Continued)*

Year ended 31 March 2015

	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonus (Note) HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors:					
Mr. Wong Wai Sing (Note (i))	1,318	134	29,500	18	30,970
Mr. Chum Hon Sing	–	1,322	26,500	–	27,822
Ms. Sung Ting Yee (Note (ii))	205	1,665	–	18	1,888
Mr. Lee Chi Shing, Caesar	120	–	–	6	126
Mr. Tsang Ho Ka, Eugene (Note (iii))	63	1,120	–	6	1,189
Ms. Yick Mi Ching, Dawnibilly	205	1,127	–	18	1,350
Ms. Lu Ying (Note (iv))	66	–	–	–	66
Mr. Chan Kin Lung	120	840	–	18	978
Ms. Yu Tak Wai, Winnie (Note (v))	97	810	–	14	921
Non-Executive director:					
Mr. Mok Tsan San (Note (vi))	597	–	2,000	–	2,597
Independent non-executive directors:					
Mr. Kwok Kam Tim	120	–	–	–	120
Mr. Kinley Lincoln James Lloyd (Note (vii))	110	–	–	–	110
Dr. Hui Chik Kwan	120	–	–	–	120
Mr. Tam Chak Chi (Note (viii))	76	–	–	–	76
Mr. Tso Ping Cheong, Brian (Note (ix))	11	–	–	–	11
Mr. Wang Junqiang (Note (x))	84	–	–	–	84
	3,312	7,018	58,000	98	68,428

11. Directors' and Employees' Emoluments *(Continued)*

Notes:

(i) Mr. Wong Wai Sing, an executive director of the Company. He was the chief executive of the Company since May 2012. He resigned on 11 July 2014 and was re-appointed 31 March 2016 as chief executive of the Company.

(ii) Ms. Sung Ting Yee retired as an executive director and a joint Vice-chairman of the Company with effect from 7 August 2015. She was appointed and resigned as the chief executive of the Company with effect from 11 July 2014 and 31 March 2016 respectively.

(iii) Mr. Tsang Ho Ka, Eugene resigned as an executive director with effect from 31 July 2014;

(iv) Ms. Lu Ying resigned as an executive director with effect from 11 July 2014;

(v) Ms. Yu Tak Wai, Winnie was appointed and resigned as an executive director with effect from 11 July 2014 and 29 February 2016 respectively;

(vi) Mr. Mok Tsan San was appointed and resigned as a non-executive director with effect from 27 August 2014 and 29 February 2016 respectively;

(vii) Mr. Kinley Lincoln James Lloyd resigned as an independent non-executive director with effect from 27 February 2015;

(viii) Mr. Tam Chak Chi was appointed and resigned as an independent non-executive director with effect from 14 August 2014 and 30 November 2015 respectively;

(ix) Mr. Tso Ping Cheong Brian was appointed as an independent non-executive director with effect from 27 February 2015;

(x) Mr. Wang Junqiang retired as an independent non-executive director with effect from 7 August 2014; and

(xi) Mr. Wong Jeffrey was appointed as an executive director with effect from 1 September 2015.

Employees

Of the five individuals with the highest emoluments in the Group, four (2015: four) were Directors. The emolument of the remaining one (2015: one) non-director individual, in the salary band of HK$2,000,001 to HK$2,500,000, was as follows:

	2016 HK$'000	2015 HK$'000
Salaries and other allowances	**2,250**	2,000
Retirement benefit scheme contributions	**–**	18
	2,250	2,018

During both years no emolument was paid by the Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. During the year ended 31 March 2016, one of the Directors waived emoluments of HK$500,000 (2015: Nil).

The emoluments paid or payable to members of senior management were within the following bands:

	2016 Number of individuals	2015 Number of individuals
HK$Nil to HK$1,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**–**	1

12. Discontinued Operation

On 24 June 2015, the Group had, through its wholly-owned subsidiary, Star Fantasy International Limited ("Star Fantasy") entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest and shareholder's loan in Sino-Singapore at a cash consideration of HK$16,000,000. Sino-Singapore Group carried out all of the Group's MTBE Business operation. Accordingly, the Group's MTBE Business was classified as a discontinued operation. The disposal was completed on 11 December 2015.

The disposal of MTBE Business could enable the Group to free up the resources and redirect it to other existing businesses which may have higher growth potential to maximise the benefit of the shareholders of the Company. Details of the disposal are set out in the Company circular dated 24 July 2015 and announcements dated 24 June 2015, 11 August 2015, 17 August 2015, 15 September 2015, 30 September 2015, 30 October 2015, 30 November 2015, 4 December 2015 and 11 December 2015.

Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 42.

The results of discontinued operation included in the loss for the year are set out below. The comparative loss and cash flows from discontinued operation have been re-presented to include this operation classified as discontinued for the year ended 31 March 2015.

	2016 **HK$'000**	2015 HK$'000
Revenue	**2,866**	247,940
Cost of sales	**(2,808)**	(242,259)
Gross profit	**58**	5,681
Other income	**27**	678
Other gains and losses	**–**	(84,509)
Selling and distribution expenses	**(22)**	(565)
Administrative expenses	**(18)**	(2,169)
Profit (loss) before income tax from discontinued operation	**45**	(80,884)
Income tax credit (expense)	**11**	(292)
Profit (loss) after income tax from discontinued operation	**56**	(81,176)
Gain on disposal of subsidiaries (including HK$464,000 reclassification of exchange reserve from equity to profit or loss on disposal of subsidiaries) (Note 42)	**803**	–
Profit (loss) for the year from discontinued operation	**859**	(81,176)
Profit (loss) from discontinued operation attributable to:		
– Owners of the Company	**859**	(81,176)
Cash flows from discontinued operation		
Net cash used in operating activities	**(1,576)**	(3,031)
Net cash from financing activities	**1,408**	3,164
Net (decrease) increase in bank balances and cash	**(168)**	133

13. Dividends

No dividend has been paid or declared by the Company during the year (2015: Nil). The Directors do not recommend for payment of a final dividend for the year (2015: Nil).

14. (Loss) profit per Share

The calculation of the basic (loss) profit per share attributable to owners of the Company for the years are based on the weighted average number of ordinary shares of 902,743,169 (2015: 814,622,508) for the year and the following data:

		2016 HK$'000	2015 HK$'000
i)	From continuing and discontinued operations		
	Loss for the year attributable to owners of the Company	(284,394)	(258,875)
ii)	From continuing operations		
	Loss for the year attributable to owners of the Company	(285,253)	(177,699)
iii)	From discontinued operation		
	Profit (loss) for the year attributable to owners of the Company	859	(81,176)

The basic and diluted (loss) profit per share are the same for both years as the Company's outstanding convertible bonds had an anti-dilutive effect and therefore are not included in the calculation of the diluted (loss) profit per share.

15. Property, Plant and Equipment

	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Furniture, fixtures, and equipment HK$'000	Total HK$'000
COST						
At 1 April 2014	36,151	44,213	1,652	8,663	2,625	93,304
Additions	–	12	–	2,699	1,030	3,741
Acquisition of subsidiaries (Note 41b)	–	–	–	–	49	49
Disposal	–	–	–	(2,731)	(23)	(2,754)
Exchange realignment	45	8	(16)	(90)	(11)	(64)
At 31 March 2015	36,196	44,233	1,636	8,541	3,670	94,276
Additions	–	86	–	–	277	363
Disposal	–	–	(29)	–	(60)	(89)
Exchange realignment	(2,088)	(2,568)	(66)	(318)	(102)	(5,142)
At 31 March 2016	34,108	41,751	1,541	8,223	3,785	89,408
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 April 2014	24,440	40,716	1,265	6,967	1,995	75,383
Charge for the year	1,074	220	126	1,102	282	2,804
Elimination on disposal	–	–	–	(2,527)	(17)	(2,544)
Exchange realignment	32	30	(9)	1	(4)	50
At 31 March 2015	25,546	40,966	1,382	5,543	2,256	75,693
Charge for the year	1,009	265	100	1,214	440	3,028
Impairment	–	2,685	99	36	83	2,903
Elimination on disposal	–	–	(23)	–	(24)	(47)
Exchange realignment	(1,513)	(2,391)	(58)	(288)	(95)	(4,345)
At 31 March 2016	25,042	41,525	1,500	6,505	2,660	77,232
NET CARRYING VALUES						
At 31 March 2016	9,066	226	41	1,718	1,125	12,176
At 31 March 2015	10,650	3,267	254	2,998	1,414	18,583

The Group has pledged certain buildings to secure general banking facilities granted to the Group. Further details are set out in Note 35.

15. Property, Plant and Equipment *(Continued)*

The Group recorded a continuous loss in the segment of Hygienic Disposables Business and with a lost of major customers, which resulted in a drop in its revenue significantly and increase in loss during the year. As a result, the property, plant and equipment which related to this segment, were then assessed for impairment. The recoverable amount of property, plant and equipment had been determined based on a value-in-use calculation, using cash flow projection based on estimates and financial budgets approved by the management. These projections covered a five-year period and extrapolated cash flows beyond such projection period using an estimated growth rate of 3%, and had been discounted using a pre-tax discount rate of 25.44%. All of the assumptions and estimations involved in the preparation of the cash flow projection including budgeted gross margin, discount rate and growth rate were determined by the management of the Group based on past performance, experience and their expectation for market development. In view of the net carrying amount of property, plant and equipment being higher than the recoverable amount of this CGU which is amounted to approximately HK$9,248,000, an impairment has been allocated to write down the assets of this CGU on pro-rata basis unless the individual asset has a higher fair value less cost of disposal. Accordingly, an impairment of approximately HK$2,903,000 was impaired and being recognised in profit or loss under other gains and losses in current year. Impairment assessment is performed for the year ended 31 March 2015 with a result of no impairment is required.

16. Prepaid Lease Payments

	2016 HK$'000	2015 HK$'000
Analysed for reporting purposes as:		
Non-current assets	5,503	6,027
Current assets	173	216
	5,676	6,243

Prepaid lease payments are amortised over the term of the rights on a straight-line basis of 25 to 50 years for both years.

The Group has pledged certain prepaid lease payments on land use rights to secure general banking facilities granted to the Group. Further details are set out in Note 35.

17. Other Intangible Assets

	Coal Sales Contract HK$'000	MTBE Sales Contract HK$'000	Customer Network HK$'000	Exclusive License HK$'000	License Agreements HK$'000	Total HK$'000
COST						
At 1 April 2014	57,346	33,292	10,482	–	–	101,120
Acquisition of subsidiaries (Note 41)	–	–	–	9,800	55,006	64,806
Exchange realignment	–	–	(1,143)	–	–	(1,143)
At 31 March 2015	57,346	33,292	9,339	9,800	55,006	164,783
Disposal of subsidiaries (Note 42)	–	(33,292)	–	–	–	(33,292)
Exchange realignment	–	–	(278)	–	–	(278)
At 31 March 2016	57,346	–	9,061	9,800	55,006	131,213
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 April 2014	8,491	21,397	2,271	–	–	32,159
Charge for the year	–	–	1,013	352	–	1,365
Impairment (Note 19)	7,719	4,593	–	–	–	12,312
Exchange realignment	–	–	(327)	–	–	(327)
At 31 March 2015	16,210	25,990	2,957	352	–	45,509
Charge for the year	–	–	947	688	–	1,635
Disposal of subsidiaries (Note 42)	–	(25,990)	–	–	–	(25,990)
Impairment (Note 19)	41,136	–	–	–	8,996	50,132
Exchange realignment	–	–	(129)	–	–	(129)
At 31 March 2016	57,346	–	3,775	1,040	8,996	71,157
NET CARRYING VALUES						
At 31 March 2016	–	–	5,286	8,760	46,010	60,056
At 31 March 2015	41,136	7,302	6,382	9,448	55,006	119,274

The Coal Sales Contract represents a legally binding sales contract of coal products entered into between the Group and a customer, which was acquired as part of the Group's acquisition of China Indonesia Alliances Coal Investment Company Limited ("China Coal") and its 90%-owned subsidiary (collectively the "China Coal Group") in prior year, and has been allocated to the Coal Business CGU.

The MTBE Sales Contract represents a legally binding sales contract of MTBE products entered into between the Group and a customer, which was acquired as part of the Group's acquisition of Sino-Singapore Group in prior years and has been allocated to the MTBE Business CGU. On 11 December 2015, Sino-Singapore Group has been disposed of together with the MTBE Sales Contract, further details are set out in Note 42.

17. Other Intangible Assets *(Continued)*

The Group assessed the useful lives of the Coal Sales Contract and MTBE Sales Contract as indefinite because the Group considered that the Coal Sales Contract and MTBE Sales Contract were renewable automatically and unconditionally at no additional cost and that the business relationship with the customer becomes probable to continue indefinitely in the foreseeable future.

The Customer Network represents a long and close business relationship with customers of S&J Distribution Limited ("S&J"), which was acquired as part of the Group's acquisition of S&J in prior years and has been allocated to the Household Consumables Business CGU.

The Exclusive License represents the right to design, distribute and sell "Cosi Moda" branded products in the Asia Pacific region (other than the PRC) granted to the Group from an associate, which was acquired as part of the Group's acquisition of Tiger Global Group Limited ("Tiger Global") and its subsidiary (collectively the "Tiger Global Group") on 25 September 2014 and has been allocated to the Jewelries and Watches Business CGU. Further details are set out in Note 41(a).

The Customer Network and Exclusive License are amortised on straight-line basis over 10 years and 15 years respectively.

License Agreements represent the authorisation to be an official representative of i) TOEIC (the Test of English for International Communication) in Hong Kong and Macau; ii) TOEFL Junior tests (a general assessment of middle school-level English-language proficiency of the Test of English as a Foreign Language) in Hong Kong and Macau; iii) TOEFL ITP (the Institutional Testing Program of the Test of English as a Foreign Language) in Hong Kong, Macau and the Southern China; and iv) TOEIC (the Test of English for International Communication) (the tests of listening and reading only) in 8 provinces of the PRC. The License Agreements were acquired as part of the Group's acquisition of DigiSmart (Group) Limited ("DigiSmart") and its subsidiaries (collectively the "DigiSmart Group") on 28 November 2014 and has been allocated to the Education Business CGU. Further details are set out in Note 41(b).

The Group also assessed the useful lives of the License Agreements as indefinite because the Group considered the License Agreements are renewable at no additional cost and that the business relationship with the license owner becomes probable to continue indefinitely in the foreseeable future.

Particulars regarding impairment testing on other intangible assets are set out in Note 19.

18. Goodwill

	Household Consumables Business CGU HK$'000	Jewelries and Watches Business CGU HK$'000	Digital Technology Business CGU HK$'000	Education Business CGU HK$'000	Total HK$'000
COST					
At 1 April 2014	9,774	–	–	–	9,774
Acquisition of subsidiaries (Note 41)	–	43,072	113,633	61,319	218,024
At 31 March 2015 and 31 March 2016	9,774	43,072	113,633	61,319	227,798
ACCUMULATED IMPAIRMENT LOSSES					
At 1 April 2014	–	–	–	–	–
Impairment losses recognised (Note 19)	–	–	7,762	21,206	28,968
At 31 March 2015	–	–	7,762	21,206	28,968
Impairment losses recognised (Note 19)	–	–	–	40,113	40,113
At 31 March 2016	–	–	7,762	61,319	69,081
NET CARRYING VALUES					
At 31 March 2016	9,774	43,072	105,871	–	158,717
At 31 March 2015	9,774	43,072	105,871	40,113	198,830

Goodwill arising in prior years related to (i) the acquisition of S&J and has been allocated to the Household Consumables Business CGU; (ii) the acquisition of Tiger Global Group and has been allocated to the Jewelries and Watches Business CGU; and (iii) the acquisition of DigiSmart Group and has been allocated to the Digital Technology Business CGU and Education Business CGU on proportion to the estimated fair value of the respective CGUs as at the date of completion of the acquisition.

Jewelries and Watches Business CGU

The goodwill was arisen from a number of factors including the expected establishment of a fast growing internet sales channel, enhancement of other sales and distribution channels in the Asia Pacific region and assembled workforce of the acquired business. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

18. Goodwill *(Continued)*

Digital Technology Business CGU

The goodwill was arisen from a number of factors including the expected fast growing mobile digital technology service, sales and development of three-dimensional animations, augmented reality technology and e-learning web applications and assembled workforce of the acquired business. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

Education Business CGU

The goodwill was arisen from a number of factors including the expected fast growing online learning business, expected synergies, potential market development in southern china and assembled workforce of the acquired business. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

None of the goodwill of the CGUs recognised is expected to be deductible for income tax purposes.

Particulars regarding impairment testing on goodwill are set out in Note 19.

19. Impairment Testing on Other Intangible Assets and Goodwill

For the purpose of impairment testing, other intangible assets and goodwill set out in Notes 17 and 18 respectively have been allocated to six individual CGUs, comprising a subsidiary in Household Consumables Business, a subsidiary in MTBE Business, a subsidiary in Coal Business, a subsidiary in Jewelries and Watches Business, subsidiaries in Digital Technology Business and subsidiaries in Education Business. The carrying amounts of other intangible assets and goodwill as at 31 March 2016 allocated to these units are as follows:

	Customer network with finite useful life		Sales contracts with indefinite useful lives		Exclusive license with finite useful life		License agreements with indefinite useful lives		Goodwill	
	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000
Household Consumables Business CGU (Unit A)	5,286	6,382	–	–	–	–	–	–	9,774	9,774
MTBE Business CGU (Unit B)	–	–	–	7,302	–	–	–	–	–	–
Coal Business CGU (Unit C)	–	–	–	41,136	–	–	–	–	–	–
Jewelries and Watches Business CGU (Unit D)	–	–	–	–	8,760	9,448	–	–	43,072	43,072
Digital Technology Business CGU (Unit E)	–	–	–	–	–	–	–	–	105,871	105,871
Education Business CGU (Unit F)	–	–	–	–	–	–	46,010	55,006	–	40,113
	5,286	6,382	–	48,438	8,760	9,448	46,010	55,006	158,717	198,830

19. Impairment Testing on Other Intangible Assets and Goodwill *(Continued)*

During the year ended 31 March 2016, the Group determines that there is no impairment of other intangible assets or goodwill in respect of the Household Consumables Business CGU, Jewelries and Watch Business CGU and Digital Technology Business CGU. The Group has disposed MTBE Business CGU during the year.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Unit A

The recoverable amount of this unit has been determined based on a fair-value-less-cost-of-disposal calculation with reference to a professional valuation performed by Greater China Appraisal Limited ("GCA"), an independent firm of professionally qualified valuers for both years. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2015: a five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2015: 3%). The post-tax rate used to discount the forecast cash flows is 16.10% (2015: 15.97%).

In the opinion of the Directors, an increase in the discount rate by 1% would cause the carrying amount of the unit to exceed its recoverable amount by approximately HK$353,000, and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Unit B

Save as disclosed in this report, the MTBE Business was completely disposed of on 11 December 2015, with a gain on disposal of approximately HK$803,000 was recognised in the profit or loss. The Group determines that there is no impairment of other intangible assets, the MTBE Sales Contract under the MTBE Business CGU prior to its disposal during the year ended 31 March 2016. The MTBE Sales Contract of approximately HK$7,302,000 was disposed of with the disposal of MTBE Business (Note 42).

As at 31 March 2015, the recoverable amount of this unit has been determined based on a fair-value-less-costs-of-disposal calculation with reference to a professional valuation performed by GCA. That calculation covered a period of 13 years. The calculation used cash flow projections based on financial budgets approved by management covering a two-year period. Cash flows beyond the two-year projection period approved by management were extrapolated using an estimated growth rate of 2.5%. The post-tax rate used to discount the forecast cash flows was 14.99%.

19. Impairment Testing on Other Intangible Assets and Goodwill *(Continued)*

Unit B *(Continued)*

The Group was of the opinion, based on the impairment assessment of this unit, the MTBE Sales Contract included in other intangible assets was partially impaired by approximately HK$4,593,000 and the corresponding decrease in the related deferred tax liabilities amounting to approximately HK$758,000, which were recognised in the consolidated statement of comprehensive income under other gains and losses and credited to income tax expenses respectively during year ended 31 March 2015. The above impairment losses were mainly attributable to unfavourable changes in (i) estimated discount rate; and (ii) risks associated with the business and operations of the MTBE Business CGU.

Unit C

During the year ended 31 March 2016, the financial performance of the Coal Business was below the expectation of the Group. In light of the unfavorable market circumstance, depression in the coal industry and the further delay settlement of trade receivables from the sole customer, the Directors consider that there is uncertainty in the recovery of the trade receivables and the future trading transaction with the sole customer. The Group therefore is of the opinion that a full impairment of approximately HK$41,136,000 (2015: approximately HK$7,719,000) is made against the net carrying amount of the Coal Sales Contract and the related deferred tax liabilities amounting to approximately HK$6,787,000 (2015: approximately HK$1,274,000) were credited to the profit or loss under income tax expenses.

As at 31 March 2015, the recoverable amount of this unit has been determined based on a fair-value-less-costs-of-disposal calculation with reference to a professional valuation performed by GCA. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation used cash flow projections based on financial budgets approved by management covering a two-year period. Cash flow beyond the projection period were extrapolated using an estimated growth rate of 2.5%. The post-tax rate used to discount the forecast cash flows was 12.63%.

The Group was of the opinion, based on the impairment assessment of this unit, the Coal Sales Contract included in other intangible assets was partially impaired by approximately HK$7,719,000 and the corresponding decrease in the related deferred tax liabilities amounting to approximately HK$1,274,000, which were recognised in the consolidated statement of comprehensive income under other gains and losses and credited to income tax expenses respectively during the year ended 31 March 2015. The impairment losses were mainly attributable to unfavorable changes in (i) the estimated discount rate; and (ii) risks associated with the business and operations of the Coal Business CGU.

19. Impairment Testing on Other Intangible Assets and Goodwill *(Continued)*

Unit D

The recoverable amount of this unit has been determined based on a value-in-use calculation with reference to a professional valuation performed by Roma Appraisals Limited ("Roma"), an independent firm of professionally qualified valuers for both years. That calculation covered a period of 13 years (2015: 14 years). The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2015: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2015: 3%). The pre-tax rate used to discount the forecast cash flows is 17.43% (2015: 16.41%).

In the opinion of the Directors, an increase in the discount rate by 1% would cause the carrying amount of the unit to exceed its recoverable amount by approximately HK$1,772,000, and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Unit E

The recoverable amount of this unit has been determined based on a value-in-use calculation with reference to a professional valuation performed by Roma for both years. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2015: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2015: 3%). The pre-tax rate used to discount the forecast cash flows is 12.44% (2015: 16.31%).

As at 31 March 2015, the Group was of the opinion, based on the impairment assessment of the Digital Technology Business CGU, the recoverable amount of this unit has been determined to be approximately HK$106,900,000 and the goodwill allocated to Digital Technology Business CGU was partially impaired by approximately HK$7,762,000 which was charged to profit or loss under other gains and losses. The above impairment loss was mainly attributable to the increase in the fair value of the consideration shares in connection with the acquisition of DigiSmart Group. The market price of shares of the Company has increased by approximately 13.6% from the date of the sale and purchase agreement to the date of completion of the acquisition, which led to an increase in the fair value of the consideration shares as at the date of completion of the acquisition, which in turn has resulted in a substantial amount of goodwill being recognised in connection with the acquisition.

19. Impairment Testing on Other Intangible Assets and Goodwill *(Continued)*

Unit F

The recoverable amount of this unit has been determined to be approximately HK$56,019,000 (2015: HK$99,900,000) based on a value-in-use (2015: value-in-use) calculation with reference to a professional valuation performed by Roma. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2015: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2015: 3%). The pre-tax rate used to discount the forecast cash flows is 22.41% (2015: 18.12%).

The Group is of the opinion, based on the impairment assessment of the Education Business CGU, the goodwill allocated to Education Business CGU is fully impaired by approximately HK$40,113,000 (2015: HK$21,206,000) which was charged to profit or loss under other gains and losses in the current year. The License agreement included in other intangible assets is partially impaired by approximately HK$8,996,000 (2015: Nil) and the corresponding decrease in related deferred tax liabilities amounting to approximately HK$1,485,000 (2015: Nil). These amounts were charged to the profit or loss under other gains and losses and credited to income tax expenses respectively in the current year.

For the year ended 31 March 2016, the above impairment losses are mainly attributable to the unfavorable changes in estimated discount rate and a fall in annual growth rate over the five-year forecast period due to the increase in competition among other education operators and the slowdown of the economy in Hong Kong and the PRC.

For the year ended 31 March 2015, the above impairment losses was mainly attributable to the increase in the fair value of the consideration shares in connection with the acquisition of DigiSmart Group. The market price of shares of the Company has increased by approximately 13.6% from the date of the sale and purchase agreement to the date of completion of the acquisition, which led to an increase in the fair value of the consideration shares as at the date of completion of the acquisition, which in turn has resulted in a substantial amount of goodwill being recognised in connection with the acquisition.

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

The recoverable amounts of Unit A were based on the fair-value-less-costs-of-disposal calculation determined by income approach using discounted cash flow projections for year ended 31 March 2016 (2015: Unit A, Unit B and Unit C). The fair-value-less-costs-of-disposal is classified as a Level 3 fair value measurement.

20. Interests in Associates

	2016 HK$'000	2015 HK$'000
Unlisted shares, at cost	–	15,600
Share of net assets	7,742	7,742
Goodwill	17,755	17,755
Share of post-tax gains (losses) of associates	274	(127)
Impairment loss on interest in an associate (note)	(11,371)	(7,400)
	14,400	33,570

Note: The recoverable amount of 40% equity interests in Kwan Lun (as defined below) has been determined to be approximately HK$14,400,000 (2015: HK$18,000,000) based on a value-in-use calculation with reference to a professional valuation performed by Roma. That calculation covered an indefinite period estimated by the Group as there is no foreseeable limitation on the period of time over which the associate is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2015: four-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2015: 3%). The pre-tax rate used to discount the forecast cash flows is 17.25% (2015: 16.95%).

Particulars of the associates as at 31 March 2016 are set out below, all of which are unlisted corporate entities whose quoted market prices are not available:

Name of associates	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March 2016 %	Attributable equity interest held by the Group as at 31 March 2015 %	Principal activities and place of operation
Kwan Lun Precision Jewelry Limited ("Kwan Lun") (Note (i))	Hong Kong 10 December 2003	HK$1,000,000	40	40	Trading of jewelries and watches in PRC
LNK Holdings Limited ("LNK") (Note (ii))	Cayman Islands 25 February 2015	USD5,000,000	–	40	Inactive

Notes:

(i) On 25 September 2014, Kwan Lun was acquired through business combination of Tiger Global Group as detailed in Note 41(a).

(ii) On 25 February 2015, LNK was established together with two independent third parties. On 19 January 2016, Sing Sing Investment Holdings Limited ("Sing Sing Investment"), a subsidiary of the Company, was disposed of, together with its equity interest in LNK Holdings Limited (collectively referred to as the "Sing Sing Group") as detailed in Note 42.

20. Interests in associates *(Continued)*

Summarised financial information of material associates

(i) Kwan Lun

	2016 HK$'000	2015 HK$'000
As at 31 March Non-current assets	**16,418**	15,845
Current assets	**25,907**	15,555
Current liabilities	**19,630**	9,714
Non-current liabilities	**2,655**	2,574
For the year ended 31 March 2016/ period from 25 September 2014 to 31 March 2015 Revenue	**18,016**	7,503
Gain (loss) from operation	**927**	(241)
Other comprehensive income	**–**	–
Total comprehensive income	**927**	(241)

(ii) LNK and its subsidiary

	2015 HK$'000
As at 31 March Current assets	39,000
Current liabilities	75
Period from 25 February 2015 to 31 March 2015 Revenue	–
Loss from operation	(75)
Other comprehensive income	–
Total comprehensive income	(75)

20. Interests in associates *(Continued)*

Summarised financial information of material associates *(Continued)*

Reconciliation of the summarised financial information presented to the carrying amounts of its interests in associates:

	Kwan Lun		LNK	
Summarised financial information	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Net assets of the associates	**20,040**	19,112	**N/A**	38,925
Group's effective interest	**40%**	40%	**N/A**	40%
Group's share of net assets of the associates	**8,016**	7,645	**N/A**	15,570
Goodwill	**17,755**	17,755	**N/A**	–
Less: provision for impairment	**(11,371)**	(7,400)	**N/A**	–
Carrying amount	**(14,400)**	18,000	**N/A**	15,570

21. Available-for-sale Financial Assets

As at 31 March 2016, available-for-sale financial assets represented (i) investments in unlisted equity securities issued by China Energy Trading Company Limited ("China Energy"), a company incorporated in Hong Kong with limited liabilities, and the investments represent a 10% of the entire issued share capital of China Energy ("10% of China Energy"); and (ii) investments in unlisted equity securities issued by Goldbell Holdings Limited ("Goldbell"), a company incorporated in British Virgin Islands with limited liabilities, and the investments represent approximately 10% of the entire issued share capital of Goldbell ("10% of Goldbell"). Both investments are measured at fair value at the end of the reporting period.

	2016 HK$'000	2015 HK$'000
Unlisted equity securities	**154,000**	170,300

	10% of China Energy HK$'000	**10% of Goldbell** HK$'000	**Total** HK$'000
Net carrying value at 1 April 2014	2,200	–	2,200
Additions	–	159,000	159,000
Change in fair value	100	9,000	9,100
Net carrying value at 31 March 2015	2,300	168,000	170,300
Change in fair value	(2,300)	(14,000)	(16,300)
Net carrying value at 31 March 2016	–	154,000	154,000

21. Available-for-sale Financial Assets *(Continued)*

On 10 July 2014, the Group entered into a conditional acquisition agreement (the "Acquisition Agreement") with two independent vendors (the "Vendors") relating to the acquisition of 1,066 shares of Goldbell (the "Sales Shares"), representing approximately 10% equity interest in Goldbell at the consideration of HK$159,000,000 (the "Consideration"), Goldbell, through its subsidiaries, is principally engaged in the exploration and exploitation of gold mines, and processing, smelting, refining and sales of gold in the PRC. The Consideration was settled by HK$134,000,000 in cash and HK$25,000,000 by the Company's issue of a promissory note (Note 28), which constituted a major non-cash transaction for the year ended 31 March 2015.

Pursuant to the Acquisition Agreement, the Group shall be entitled to serve a notice on the Vendors to require the Vendors to purchase the Sales Shares from the Group at the Consideration or adjusted consideration commencing from 42 months after the completion date.

The directors of the Company are in the opinion that the value of the option to require the Vendors to purchase the Sales Shares from the Group is insignificant at the reporting date.

As at 31 March 2016, one of the available-for-sale financial assets were individually determined to be impaired on the basis of a significant decline in its fair value below cost which indicated that the investment cost may not be recovered. During the year ended 31 March 2016, a fair value loss of approximately HK$2,300,000 on these investments was recognised in available-for-sale investment reserve and an impairment loss of approximately HK$2,200,000 was then recognised in profit or loss under other gains and losses.

For details of the fair value measurement are set out in Note 40.

22. Contingent Consideration Receivable

The balance represents the contingent consideration receivables in relation to the acquisition of Tiger Global Group and DigiSmart Group. The amount is classified as financial assets at fair value through profit or loss and measured at fair value.

	HK$'000
At 1 April 2014	–
Additions	31,253
Fair value gain recognised in profit or loss (Note 7)	8,473
At 31 March 2015	39,726
Fair value loss recognised in profit or loss (Note 7)	(52,785)
Settlement of earn-out consideration through issuance of ordinary shares (Note 31(ii))	13,059
At 31 March 2016	–

22. Contingent Consideration Receivable *(Continued)*

Contingent consideration receivables relating to acquisition of Tiger Global Group and acquisition of DigiSmart Group are expected to be collected within one year and over one year respectively from the reporting date and therefore analysed into current and non-current assets as follows:

	2016 HK$'000	2015 HK$'000
Analysed for reporting purposes as:		
Non-current assets	–	24,317
Current assets	–	15,409
	–	39,726

For details of the fair value measurement are set out in Note 40.

23. Inventories

	2016 HK$'000	2015 HK$'000
At cost:		
Raw materials	6,930	15,696
Work-in-progress	576	1,024
Finished goods	12,653	12,209
	20,159	28,929

24. Trade and Other Receivables and Prepayments, and Refundable Deposits

	2016 HK$'000	2015 HK$'000
Trade receivables	269,877	540,475
Less: impairment loss recognised	(131,129)	(155,972)
	138,748	384,503
Bills receivables	355	9,227
Prepayments and deposits (Note i)	8,518	50,906
Other receivables	3,143	5,586
Taxes recoverable	4,356	4,811
Amount due from a non-controlling owner of a subsidiary (Note ii)	88	166
Amounts due from related companies (Note iii)	2,490	3,150
Amounts due from related parties (Note iv)	1,506	354
Amount due from an associate (Note v)	3,703	958
Trade and other receivables and prepayments	162,907	459,661

24. Trade and Other Receivables and Prepayments, and Refundable Deposits *(Continued)*

Notes:

i The balances as at 31 March 2015 mainly consisted prepayments to independent suppliers of approximately HK$46,232,000 for the acquisition of major raw materials used by the Group for the production of the existing Hygienic Disposables Business. However, the balances were long outstanding and the management of the Group considered the utilisation or refund of the prepayment is remote as the related suppliers were in financial difficulties or have prolonged delay in refunding. Therefore, an impairment of other receivables of approximately HK$33,472,000 (2015: Nil) was recognised to the profit or loss for the year.

ii The amount due from a non-controlling owner of a subsidiary is unsecured, interest-free and repayable on demand.

iii The amounts are due from China Energy, one of the available-for-sale financial assets and a company which a director of a subsidiary has direct equity interest. The amounts are unsecured, interest-free and repayable on demand.

iv The balance represents amounts due from the directors of the subsidiaries, which are unsecured, interest-free and repayment on demand.

v The amount due from an associate is unsecured, interest-free and repayment on demand.

The Group generally allows an average credit period of 30 to 90 days to its trade customers. The ageing analysis of the Group's trade receivables (net of allowance for doubtful debts) and bills receivables based on the invoice date at the end of the reporting period is as follows:

	2016 **HK$'000**	2015 HK$'000
Trade and bills receivables:		
0–30 days	**10,493**	107,344
31–60 days	**3,584**	27,182
61–90 days	**4,526**	75,152
Over 90 days	**120,500**	184,052
	139,103	393,730

All bills receivables of the Group were aged within 90 days at the end of the reporting period.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on historical credit records of these customers.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$123,800,000 (2015: HK$184,052,000) which are past due as at the reporting date for which the Group has not provided for impairment loss because the Group believes that the amounts are still recoverable as there has not been a significant deterioration in credit quality of these customers and there are continuing subsequent settlements. The Group does not hold any material collateral over these balances.

24. Trade and Other Receivables and Prepayments, and Refundable Deposits *(Continued)*

Ageing of trade receivables which are past due but not impaired, is as follows:

	2016 HK$'000	2015 HK$'000
0 – 30 days	5,684	–
31 – 60 days	21,764	–
61 – 90 days	10,895	–
Over 90 days	85,457	184,052
	123,800	184,052

The movement of allowance for doubtful debts in respect of trade receivables were as follows:

	2016 HK$'000	2015 HK$'000
At 1 April	155,972	51,225
Impairment loss during the year (Note 7)	58,045	106,503
Addition of allowances from acquisition of subsidiaries	–	494
Amount written back	(83)	(1,967)
Bad debts written off	(105)	(283)
Disposal of subsidiaries	(82,700)	–
At 31 March	131,129	155,972

Trade receivables that were neither past due nor impaired related to customers for whom there were no recent history of default.

Included in the impairment loss of trade receivables as at 31 March 2016 were individually fully/ partially impaired trade receivables mainly due from customers with an aggregate carrying amount before allowance of approximately HK$237,296,000 (2015: HK$181,878,000). The balance was long outstanding and the management of the Group considered the recoverability of the balance is remote as the related customers were in financial difficulties or have prolonged delay in repayment, and therefore only a portion of the receivables is expected to be recovered. The Group did not hold any material collateral over those balances.

The ageing of these receivables by due date is as follows:

	2016 HK$'000	2015 HK$'000
Not past due	4	–
0 – 30 days	15	–
31 – 60 days	17,447	–
61 – 90 days	8,724	–
Over 90 days	211,106	181,878
	237,296	181,878

24. Trade and Other Receivables and Prepayments, and Refundable Deposits *(Continued)*

Moreover, an allowance of doubtful debts of other receivables recognised of approximately HK$33,472,000 (2015: Nil) as at 31 March 2016.

The above trade and other receivables are denominated in the functional currencies of the relevant group entities.

As at 31 March 2015, the refundable deposits comprised (i) a refundable supplier deposit which amounted to approximately HK$21,324,000 paid to an independent supplier of the MTBE Business, details of which are set out in the announcements of the Company dated 15 November 2011 and 6 December 2011. This deposit is refundable upon the Group's request or in the event the supplier arrangement is terminated. Such amount is guaranteed by a customer of MTBE Business, which is a state-owned enterprise in the PRC. During the year, the Group disposed of all of the MTBE Business, including this deposit (Note 42); and (ii) a refundable deposit which amounted to approximately HK$27,500,000 paid to an independent third party for the purpose of acquisition of 95% of the equity interest in Eco-Mining Innovative Tech Limited. Due to certain conditions precedent in relation to the acquisition have not been satisfied or waived, the transaction was lapsed on 31 March 2015. Details of which are set out in the announcement of the Company dated 31 March 2015. The entire deposit was refunded to the Group during the year ended 31 March 2016.

25. Pledged Bank Deposit and Bank Balances and Cash

The Group's pledged bank deposit is used to secure the credit facility granted from a financial institution. Further details are set out in Note 35. Bank balances and cash comprise cash held by the Group with the original maturity of three months or less.

The Group's pledged bank deposit and bank balances carry interests at market rate ranging as follows per annum:

	2016	2015
Pledged bank deposit	0.010%	0.010%
Bank balances	0.000% to 0.350%	0.000% to 0.350%

The Group's pledged bank deposit and bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	USD HK$'000	Macau Pataca ("MOP") HK$'000
As at 31 March 2016		
Bank balances and cash	9	70
As at 31 March 2015		
Bank balances and cash	14	243

26. Trade and Other Payables and Accruals

	2016 HK$'000	2015 HK$'000
Trade payables	**154,005**	375,791
Customer deposits	**1,259**	1,655
Other payables and accruals	**7,816**	9,222
Amount due to a related party (Note i)	**4,295**	4,295
Amount due to a related company	**–**	1,070
Amount due to an associate	**–**	15,600
	167,375	407,633

Note:

i The related party is a close family member of a director of the Company.

The amount due to a related party, a related company and an associate are unsecured, interest-free and repayable on demand.

The aged analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2016 HK$'000	2015 HK$'000
0–30 days	**7,247**	99,817
31–60 days	**195**	19,959
61–90 days	**105**	52,411
Over 90 days	**146,458**	203,604
	154,005	375,791

The above trade and other payables of the Group are denominated in the functional currencies of the relevant group entities.

27. Trust Receipt Loan

The trust receipt loan for both years was denominated in USD, and secured by a pledged bank deposit, corporate guarantee in the amount of USD3,500,000 executed by the Company, and legally notarised livranca (i.e. promissory note) in the amount of USD3,500,000 executed by a subsidiary of the Company. It was repayable within 3 months and interest-bearing at London Interbank Money Market Offered Rate plus 1.9% per annum.

28. Promissory Note

	2016 HK$'000	2015 HK$'000
At 1 April	**9,000**	3,552
Fair value of promissory note issue for acquisition of available-for-sale financial assets	**–**	25,000
Imputed interest expenses	**–**	123
Redemption during the year	**(9,000)**	(20,000)
Loss on early redemption	**–**	325
At 31 March	**–**	9,000

Promissory Note 1

On 16 April 2013, the Group completed the acquisition of the entire equity interests in China Indonesia Alliances Coal Investment Company Limited which held 90% equity interests in China Coal Alliances Trading Company Limited ("China Coal Alliances") from Mr. Woo Man Wai David ("Mr. Woo"), a director of certain subsidiaries of the Company, for a nominal consideration of HK$36,000,000. Part of the consideration was satisfied by the Company's issue of a promissory note in principal amount of HK$4,000,000 in favour of Mr. Woo (the "Promissory Note 1").

The Promissory Note 1 was unsecured, interest-free and was repayable in one lump sum on maturity on the date falling three years after the date of issue.

The Promissory Note 1 was early redeemed in full resulting in a loss on settlement of approximately HK$325,000 during the year ended 31 March 2015.

Promissory Note 2

Pursuant to the Acquisition Agreement in relation to 10% of Goldbell, part of the Consideration was settled on 2 September 2014 by the issuance of the Company's promissory note in principal amount of HK$25,000,000 in favour of Jin Ding Investment Limited, one of the Vendors (the "Promissory Note 2").

The Promissory Note 2 was unsecured, interest-free and was repayable in one lump sum on maturity on the date falling sixty days after the date of issue.

The Promissory Note 2 was fully settled by (i) cash of HK$16,000,000 and (ii) issuance of Promissory Note 3 (as defined below) during the year ended 31 March 2015.

28. Promissory Notes *(Continued)*

Promissory Note 3

On 4 February 2015, the Company issued a promissory note in principal amount of HK$9,000,000 in favour of Jin Ding Investment Limited (the "Promissory Note 3") to settle part of the Promissory Note 2.

The Promissory Note 3 was unsecured and interest-free. The Promissory Note 3 has an original maturity date of 28 February 2015. On 27 February 2015, the Company and the Promissory Note 3 holder agreed to extend the maturity date to 31 March 2015. On 31 March 2015, the Company and the Promissory Note 3 holder agreed to further extend the maturity date to 30 April 2015.

During the year, the Promissory Note 3 was fully settled by approximately HK$4,129,000 in cash and netted off with dividend income receivable from investment in available-for-sale financial assets by approximately HK$4,871,000 (Note 6). No cash was received for the dividend income.

29. Convertible Bonds

On 19 June 2014, the Company issued HK$100,000,000 8% guaranteed convertible bonds with an aggregate principal amount of HK$100,000,000 (the "Convertible Bonds").

The Convertible Bonds mature two years from the date of issue at 124% of its principal amount; or can be early redeemed by the Company or the holder at amount equal to all outstanding Convertible Bonds at 100% of the principal amount plus a premium of 12% per annum after the first anniversary of the date of issue; or can be converted into shares of the Company on and after 19 June 2014 to 18 June 2016 at the holder's option at the conversion price of HK$3.20 per share. Interest of 8% per annum are payable semi-annually up until the bonds are converted or redeemed.

Details of the Convertible Bonds are set out in the announcement of the Company dated 11 June 2014.

On 17 May 2016, the Company and the Convertible Bonds holders entered into the deed of amendments to propose for extension of the maturity date of the Convertible Bonds to 31 August 2016 or 5 business days after the completion of the Open Offer (as defined in Note 43), whichever is earlier. The Company will redeem all the outstanding Convertible Bonds at 100% of the outstanding principal amount of the Convertible Bonds plus a premium of 12% per annum on the extended maturity date.

Details of the proposed extension of Convertible Bonds are set out in the announcement and circular of the Company dated 17 May 2016 and 24 June 2016 respectively.

The fair value of the liability component and the equity conversion component were determined at date of issuance of the Convertible Bonds with reference to a professional valuation performed by GCA.

The fair value of the liability component, included in current liabilities, as the holder has an early redemption option effective on 19 June 2015, was calculated using a market interest rate for an equivalent non-convertible bond and subsequently measured at amortised cost. The residual amount, representing the value of the equity conversion component, was included in convertible bonds equity reserve.

29. Convertible Bonds *(Continued)*

The Convertible Bonds recognised were calculated as follows:

	2016 HK$'000	2015 HK$'000
Equity component		
Proceeds at the date of issuance	100,000	100,000
Liability component, at the date of issuance	(94,053)	(94,053)
Equity component, at the date of issuance	5,947	5,947
Liability component		
At the beginning of the year/the date of issuance	106,479	94,053
Effective interest expenses (Note 8)	23,861	16,426
Interest paid	(8,000)	(4,000)
At the end of the year	122,340	106,479

The effective interest rate of the liability component on initial recognition and the subsequent measure of interest expense on the Convertible Bonds is calculated using effective interest rate of 23.24% (2015: 23.24%) per annum.

The Convertible Bonds are guaranteed by Mr. Wong Wai Sing, an executive Director of the Company, (the "Guarantor") who unconditionally and irrevocably guarantees that if the Company does not pay any sum payable by it under the subscription agreement or Convertible Bonds by the time and on the date specified for such payment, the Guarantor will pay that sum to or to the order of the Convertible Bonds holder.

30. Deferred Tax Liabilities

The following is the deferred tax liabilities recognised and movements thereon during the current year:

	Depreciation allowance on property, plant and equipment HK$'000	Fair value adjustments on other intangible assets HK$'000	Total HK$'000
At 1 April 2014	50	11,528	11,578
Acquisition of subsidiaries (Note 41)	4	10,693	10,697
Charged (credited) to profit or loss (Note 9)	28	(2,275)	(2,247)
Exchange realignment	(8)	(145)	(153)
Effect in change in tax rate	–	(60)	(60)
At 31 March 2015 and 1 April 2015	74	19,741	19,815
Disposal of subsidiaries (Note 42)	–	(1,205)	(1,205)
Credited to profit or loss (Note 9)	–	(8,552)	(8,552)
Exchange realignment	(2)	(25)	(27)
At 31 March 2016	72	9,959	10,031

As at 31 March 2016, the Group had unused tax losses of approximately HK$259,690,000 (2015: HK$153,467,000) which are available to set off against future profits. No deferred tax asset has been recognised in respect of these unused tax losses due to the unpredictability of future profit streams.

31. Share Capital

	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2014, 31 March 2015 and 2016	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2014	728,220,877	7,282
Shares issued in consideration for the acquisition of subsidiaries (Note 41)	112,828,143	1,128
Issue of shares pursuant to placing agreements (Note (i))	61,600,000	616
At 31 March 2015 and 1 April 2015	902,649,020	9,026
Shares issued in settlement of earn-out consideration (Note (ii))	34,364,261	344
At 31 March 2016	937,013,281	9,370

Notes:

(i) Pursuant to the placing agreements entered into on 14 May 2014, 15 October 2014 and 23 January 2015, the Company had issued 23,700,000, 21,900,000 and 16,000,000 new shares at a placing price of HK$2.45, HK$2.40 and HK$2.53 on 6 June 2014, 29 October 2014 and 4 February 2015 respectively.

(ii) Pursuant to the acquisition agreement dated 16 October 2014 in relation to the acquisition of DigiSmart Group, the Company had issued 34,364,261 new shares (Note 41(b)) at a market price of HK$0.38 at the date of issuance for settlement of earn-out consideration payable on 31 March 2016 following the fulfillment of the profit guarantee. The fair value of issued shares of HK$13,059,000 over the nominal value of HK$344,000 was credited to the share premium account. Further details are set out in the announcement of the Company dated 29 March 2016.

32. Financial Guarantee Contract

During the year, the Group issued corporate financial guarantees of an aggregate amount of HK$9,100,000 (2015: Nil) to a bank in respect of banking facilities granted to an associate of the Group. The Group has not recognised any fair value in respect of the guarantees at initial recognition as the Directors considered that it was not probable that the repayments of the borrowings from the associate would be in default.

33. Interests in Subsidiaries and Amounts with Subsidiaries

As at 31 March 2016, the Company has direct/indirect interests in the following subsidiaries, all of which are private companies. Particulars of the subsidiaries as at 31 March 2016 and 2015 are set out below:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March		Principal activities and place of operation
			2016 %	2015 %	
Greenstar Enviro-Tech Investments Company Limited*	British Virgin Islands ("BVI") 12 January 2010	USD40,000	100	100	Investment holding
Two-Two-Free	Macau 5 February 2004	MOP$100,000	100	100	Trading of hygienic disposable products in Macau
Ramber Industrial Limited	Hong Kong 16 June 1989	HK$2	100	100	Investment holding
Tary Limited	Hong Kong 14 March 1986	HK$1,000,000	100	100	Investment holding
Nupoly Medical Supply Development Co. Limited	Hong Kong 25 March 2010	HK$1	100	100	Investment holding
惠州市駿洋塑膠有限公司# Huizhou Junyang**#	The PRC 24 October 2000	USD5,000,000	100	100	Manufacturing of hygienic disposables products in the PRC
北京覃寶康醫療科技發展有限公司# Beijing Chum Baokang Medical Technological Development Company Limited**#	The PRC 16 September 2010	HK$17,200,000	100	100	Inactive
Sino-Singapore	BVI 23 May 2011	USD1	–	100	Investment holding

33. Interests in Subsidiaries and Amounts with Subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March		Principal activities and place of operation
			2016 %	2015 %	
China Petro-chemical Resources Trading Company Limited ("China Petro")	Hong Kong 28 April 2011	HK$1,000,000	–	90	Agency service and trading of MTBE products in Hong Kong
S&J	United Kingdom 19 January 2006	GBP100	100	100	Wholesale and retail of household consumables in United Kingdom
Bright Rising Holdings Limited*	BVI 3 May 2012	USD1	100	100	Investment holding
Bright Rising Enterprise Limited	Hong Kong 15 May 2012	HK$10,000	100	100	Provision of management services in Hong Kong
Star Fantasy International Limited*	BVI 2 January 2013	USD1	100	100	Investment holding
Golden Star Group Holdings Limited*	BVI 26 April 2013	USD1	100	100	Investment holding
China Coal	BVI 14 December 2012	USD1	100	100	Investment holding
China Coal Alliances	Hong Kong 24 December 2012	HK$1,000,000	90	90	Trading of coal products in Hong Kong
Star World International Holdings Limited*	BVI 19 December 2014	USD1	100	100	Investment holding
Star Guardian Holdings Limited*	BVI 29 August 2014	USD1	100	100	Investment holding

33. Interests in Subsidiaries and Amounts with Subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March 2016 %	Attributable equity interest held by the Group as at 31 March 2015 %	Principal activities and place of operation
Tiger Global Group Limited	BVI 15 July 2014	USD150	100	100	Investment holding
Cosi Moda International Limited	Hong Kong 29 June 2011	HK$100,000	100	100	Retail of jewelries and watches in Hong Kong
Virtual Garden Investments Limited*	BVI 28 July 2014	USD1	100	100	Investment holding
DigiSmart (Group) Limited	BVI 10 December 2012	USD11,000	100	100	Investment holding
Sino-Digital Media (Overseas) Limited	BVI 28 November 2008	USD200	100	100	Provision of digital technology services in Macau
i-Craftsmen Limited	Hong Kong 30 September 2008	HK$1,000,000	100	100	Provision of digital technology services Investment holding in Hong Kong
博穎創意(北京)科技有限公司# DigiSmart Creation (Beijing) Technology Limited**#	The PRC 2 May 2013	HK$1,001,000	100	100	Provision of digital technology services Investment holding in the PRC
Start Bright Limited	BVI 30 August 2007	USD200	100	100	Investment holding
Palm Learning Co. Limited	Hong Kong 23 July 2007	HK$1	100	100	Inactive
Huge Step Management Limited	BVI 16 July 2007	USD100	100	100	Investment holding

33. Interests in Subsidiaries and Amounts with Subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March 2016 %	2015 %	Principal activities and place of operation
Smart Education Company Limited	Hong Kong 9 October 2007	HK$100	100	100	Provision of education services in Hong Kong
聰穎教育諮詢服務(深圳)有限公司# Smart Education Consulting Services (Shenzhen) Company Limited**#	The PRC 5 June 2014	USD50,000	100	100	Provision of education services in the PRC
Starry Zone Global Limited*	BVI 21 October 2014	USD1	100	100	Inactive
Bright World Group Holdings Limited	BVI 9 January 2015	USD1	100	100	Investment holding
Bright World Investment Limited	BVI 12 January 2015	USD1	100	100	Inactive
Bright Tree Holdings Limited*	BVI 9 January 2015	USD1	100	100	Investment holding
Bright Tree Investment Limited	BVI 12 January 2015	USD1	100	100	Inactive
Brighten Tree Limited	Hong Kong 3 February 2015	HK$10,000	100	100	Inactive
Sing Sing Investment*	BVI 30 January 2015	USD1	–	100	Investment holding

* The subsidiary is directly owned by the Company.
** English translated name is for identification purpose only.
\# The subsidiaries are wholly-owned foreign enterprise.

None of the subsidiaries had any debt security outstanding at the end of the reporting period or at any time during the year.

34. Share-Based Payment Transactions

On 26 February 2015, the Company adopted a new share option scheme (the "Scheme") to replace the share option scheme previously adopted on 17 December 2010 (the "Old Scheme") for the purpose of providing incentives or rewards to eligible participants who contribute to the success of the Group's operations.

Purpose of the Scheme:
Provide incentives or rewards to eligible participants.

Eligible participants include:

(a) any full-time or part-time employee of the Company and/or any subsidiary of the Company;

(b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company;

(c) any consultant or adviser (whether professional or otherwise being engaged whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiary of the Company who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any subsidiary of the Company.

Vesting period:
The Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such option can be exercised and/or any other terms as the Board may determine in its absolute discretion. There is no general requirement on the minimum period for which an option must be held.

Life of the Scheme:
10 years from the date of adoption (26 February 2015), after which no further options will be granted but the provisions of the Scheme shall remain in force with respect to options granted.

Basis of determining subscription price:
The subscription price shall, subject to any adjustments made pursuant to the terms of the Scheme, be a price determined by the Board and notified to each grantee and shall be at least the highest of:

(a) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the offer date (and if such offer date is not a business day, the business day immediately preceding such offer date);

(b) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and

(c) the nominal value of a Share.

34. Share-Based Payment Transactions *(Continued)*

Acceptance of offers and fee payable by grantee on acceptance:

An offer for grant of an option shall remain open for acceptance by the eligible participant concerned for such period as determined by the Board, which period shall not be more than ten (10) days from the offer date, provided that no such offer shall be open for acceptance after the tenth (10th) anniversary of the adoption date or after the Scheme has been terminated in accordance with the provisions of the Scheme. The amount payable by the grantee to the Company on acceptance of the offer is HK$1.00.

Maximum number of Shares available for subscription:

The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Group which provide for the grant of options to acquire or subscribe for Shares must not exceed such number of Shares as shall represent 30% of the issued share capital of the Company from time to time. No option shall be granted under the Scheme if this will result in such limit being exceeded.

Subject to the above, the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other share option schemes of the Group must not, in aggregate, exceed 10% of the issued share capital of the Company as at the adoption date of the Scheme ("Scheme Mandate Limit") unless shareholders' approval in general meeting is obtained to renew the Scheme Mandate Limit, which shall not exceed 10% of the issued share capital of the Company at the date of such approval ("Renewed Mandate Limit"). Any further grant of options is subject to shareholders' advanced approval in a general meeting.

Maximum entitlement of each eligible participant:

The total number of Shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options under the Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of options to an eligible participant would result in excess of such limit, such further grant shall be subject to the approval of the shareholders at a general meeting with such eligible participant and his associates abstaining from voting.

34. Share-Based Payment Transactions *(Continued)*

Grant of options to connected persons:

(a) Any grant of options to a connected person or any of its associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee).

(b) Where options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, such grant of options must be subject to the approval of the shareholders taken on a poll at a general meeting.

Cancellation of options granted:

Any cancellation of options granted but not exercised shall be approved by the Board. Cancelled options may be re-issued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the Scheme and the requirements of the Listing Rules and provided further that new options may be issued to a grantee in place of his cancelled options only if there are available unissued options (excluding the cancelled options) within the Scheme Mandate Limit or Renewed Mandate Limit.

During the years ended 31 March 2016 and 2015, no option was granted, exercised or lapsed under the Scheme and the Old Scheme.

35. Pledge of Assets

Save for those disclosed elsewhere in these financial statements including Note 27, details of pledge of assets of the Group are disclosed below. At the end of the reporting period, the Group's credit facilities from financial institutions were secured by the following:

	2016 **HK$'000**	2015 HK$'000
Property, plant and equipment	**7,339**	8,728
Prepaid lease payments	**3,531**	3,869
Pledged bank deposit	**7,809**	7,808
	18,679	20,405

The Group's credit facilities from financial institutions were also secured by corporate guarantee executed by the Company in the amount of approximately HK$27,150,000 (2015: HK$27,150,000).

36. Operating Lease Commitments

The Group as lessee:

The Group made minimum lease payments of approximately HK$7,363,000 (2015: HK$7,278,000) under operating leases in respect of office premises, director's quarter, car-parking space, shops and warehouse during the year. Contingent rents recognised in profit or loss during the year ended 31 March 2016 amounted to approximately HK$85,000 (2015: Nil).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 HK$'000	2015 HK$'000
Within one year	7,340	6,800
In the second to fifth years inclusive	4,462	6,159
	11,802	12,959

37. Related Party Disclosures

Save for those disclosed elsewhere in these consolidated financial statements, details of transactions between the Group and other related parties are disclosed below.

(I) Related party transactions

During the year, the Group entered into following transactions with related parties:

Name of related parties	Nature of transactions	2016 HK$'000	2015 HK$'000
Mr. Woo (Note (a))	Management fee	–	2,141
Mr. Ng Kwai Wah, Sunny ("Mr. Ng") (Note (b))	Consultancy fee	–	375
廣州帝琴錶帶有限公司 (Note (c))	Sales of goods	–	83
	Purchase of goods	1,073	2
Kwan Lun (Note (d))	License fee	497	249
	Purchase of goods	5,408	2,074
	Financial guarantee income	152	–

Notes:

(a) The management fee paid to companies in which Mr. Woo, being director and a non-controlling owner of one of the Company's subsidiaries, is also the director and controlling shareholder of those companies.

(b) The consultancy fee is paid to Mr. Ng, the Joint Chief Investment officer of the Company who had resigned on 30 June 2014.

(c) The goods are sold to and purchased from a company held by a family member of the director and shareholder of the Group's associate.

(d) The license fee is paid to, financial guarantee income is received from and goods are purchased from the Group's associate.

The Directors are of the opinion that the above related parties transactions were conducted on normal commercial terms and in the ordinary course of business.

37. Related Party Disclosures *(Continued)*

(II) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year ended 31 March 2016 was as follows:

	2016 HK$'000	2015 HK$'000
Fees, salaries and other allowances	33,910	70,330
Retirement benefit scheme contributions	105	116
	34,015	70,446

(III) Guarantees provided to a related party

At 31 March 2016, the Group issued corporate financial guarantees of an aggregate amount of HK$9,100,000 to bank in respect of banking facilities granted to an associate of the Group, Kwan Lun.

38. Capital Risk Management

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

The capital structure of the Group consists equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management considers the cost and the risks associated with each class of the capital. Based on recommendations of the management, the Group will balance the overall capital structure through the payment of dividends and raising of new capital as well as the issue of debt.

39. Financial Instruments

(a) Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash), measured at amortised cost	190,749	550,814
Available-for-sale financial assets, measured at fair value	154,000	170,300
Financial assets at fair value through profit or loss	–	39,726
	344,749	760,840
Financial liabilities		
Financial liabilities, measured at amortised cost	282,684	516,017

39. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposit, bank balances and cash, available-for-sale financial assets, financial assets at fair value through profit or loss, trade and other payables, trust receipt loan, convertible bonds and promissory note. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk, credit risk and liquidity risk and the policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

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

(i) **Currency risk**

Certain sales transactions of the Group are denominated in foreign currencies, which exposes the Group to foreign currency risk. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Certain of pledged bank deposit and bank balances and cash are denominated in foreign currencies at the end of the reporting period. The exposure in exchange rate risks mainly arises from fluctuations of USD and MOP.

Sensitivity analysis

Since HK$ is pegged with USD, the relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis. The following table details the Group's sensitivity to HK$ against the relevant foreign currencies. 5% (2015: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis adjusts its translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in loss for the year where HK$ strengthens 5% (2015: 5%) against the relevant currencies.

	2016 **HK$'000**	2015 HK$'000
HK$ against MOP	**3**	12

For a 5% (2015: 5%) weakening of HK$ against the relevant currency, there would be an equal but opposite impact on the profit or loss. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the closing exposure does not reflect the exposure during the year.

39. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and trust receipt loan due to the fluctuation of the prevailing market interest rate. The Directors consider the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the interest rate fluctuation on bank balances is minimal. The Group incurs interest expenses principally from its trust receipt loan with floating interest rate. The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

At 31 March 2016, it is estimated that had a general increase/decrease of 2% (2015: 2%) in interest rate, with all other variable held constant, would increase/decrease the Group's loss for the year by approximately HK$15,000 (2015: HK$38,000).

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Pledged bank deposit and bank balances are placed in various authorised financial institutions and the Directors consider the credit risk of such authorised financial institutions is low.

The Group has concentration of credit risk on top five trade receivables which accounted for 94% (2015: 97%) of the Group's total trade receivables as at 31 March 2016. These top five trade receivables include a state-owned enterprise in the PRC and reputable household and clinical plastic products companies with good past credit records with the Group. In order to minimise the credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In addition, the management aims at broadening the customer base by developing the PRC markets for degradable hygienic disposables and medical products. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

39. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

In addition, the Group is exposed to concentration of credit risk on prepayments to suppliers for the acquisition of major raw materials of approximately HK$3,400,000 (2015: HK$46,232,000). Since the major raw materials are to be used for the production in the existing Hygienic Disposables Business, the Directors believe that the Group's exposure is significantly reduced.

As at 31 March 2015, there were also concentration of credit risk on a refundable deposit amounting to HK$27,500,000 paid to an independent third party for the purpose of acquisition of 95% of the equity interests in Eco-Mining Innovative Tech Limited, which was fully refunded to the Group during the current year. And the Group also exposed to concentration of credit risk on a refundable deposit paid to a supplier of approximately HK$21,324,000, which was disposed of upon the disposal of subsidiaries during the current year (Note 42).

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the aged repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, for convertible bonds which contain an early redemption option which can be exercised at the bond holder's sole discretion after the first anniversary of the date of issue (ie. 19 June 2014), the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the bond holder was to exercise the early redemption option.

Liquidity and interest risk table

	Weighted average of contractual interest rate %	Less than 90 days or on demand HK$'000	Over 90 days but within 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2016						
Trade and other payables	–	159,592	–	–	159,592	159,592
Trust receipt loan	2.16	755	–	–	755	752
Convertible bonds	8	128,000	–	–	128,000	122,340
Financial guarantee issued						
– Maximum amount guaranteed (Note 44)	–	6,974	–	–	6,974	6,974

39. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

Liquidity and interest risk table *(Continued)*

	Weighted average of contractual interest rate %	Less than 90 days or on demand HK$'000	Over 90 days but within 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2015						
Trade and other payables	–	398,629	–	–	398,629	398,629
Trust receipt loan	2.16	1,915	–	–	1,915	1,909
Promissory note	–	9,000	–	–	9,000	9,000
Convertible bonds	8	116,000	–	–	116,000	106,479

The table below summarises the maturity analysis of the convertible bonds with early redemption option based on the agreed scheduled repayments set out in the convertible bonds agreement. The amounts included interest payments computed using contractual rates. Also, the below analysis shows the undiscounted cash flows with an assumption that the bond holder does not exercise the early redemption option and the conversion option.

	Less than 90 days HK$'000	Over 90 days but within 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2016					
Convertible bonds	128,000	–	–	128,000	122,340
As at 31 March 2015					
Convertible bonds	4,000	4,000	128,000	136,000	106,479

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

40. Fair Value Measurement of Financial Instruments

Fair value estimation

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2016				
Assets				
Available-for-sale financial assets				
– Unlisted equity securities	–	–	154,000	154,000
At 31 March 2015				
Assets				
Available-for-sale financial assets				
– Unlisted equity securities	–	–	170,300	170,300
Financial assets at fair value through profit or loss				
– Contingent consideration receivables	–	–	39,726	39,726
	–	–	210,026	210,026

Available-for-sale financial assets – 10% equity interest in China Energy

The fair value of the available-for-sale financial assets – 10% equity interest in China Energy, unlisted equity securities, is determined based on income approach using a cash flow projection according to the financial budgets approved by the management for next 3 years (2015: 2 years), and adjusted for the lack of control and lack of marketability. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 0% (2015: 2.5%). The post-tax discount rate applied to discount the forecast cash flow is 20.15% (2015: 12.68%). The discounts for lack of control and lack of marketability are 10% (2015: 10%) and 15% (2015: 15%) respectively. Should the perpetuity growth rate increase or decrease by 0.5% (2015: 0.5%), the fair value of 10% equity interest in China Energy would be no change (2015: increase or decrease by approximately HK$100,000). Alternatively, should the discount rate increase or decrease by 1% (2015: 1%), the fair value of 10% equity interest in China Energy would be no change (2015: decrease or increase by approximately HK$200,000). Should the discounts for lack of control and lack of marketability increase or decrease by 10% (2015: 10%) respectively, the fair value of 10% equity interest in China Energy would be no change (2015: decrease or increase by approximately HK$500,000).

40. Fair Value Measurement of Financial Instruments *(Continued)*

Fair value estimation *(Continued)*

Available-for-sale financial assets – 10% equity interest in Goldbell

The fair value of the available-for-sale financial assets – 10% equity interest in Goldbell, unlisted equity securities, is determined based on income approach using a cash flow projection according to the financial budgets approved by the management for next 6 years (2015: 6 years), and adjusted for the lack of control and lack of marketability. The post-tax discount rate applied to discount the forecast cash flow is 13.23% (2015: 13.99%). The discounts for lack of control and lack of marketability are 18.77% (2015: 28.26%) and 14.70% (2015: 14.70%) respectively. Should the discount rate increase or decrease by 1% (2015: 1%), the fair value of 10% equity interest in Goldbell would be decreased or increased by approximately HK$4,000,000 to HK$5,000,000 (2015: approximately HK$4,000,000). Should the discounts for lack of control and lack of marketability increase or decrease by 10% (2015: 10%) respectively, the fair value of 10% equity interest in Goldbell would be decreased or increased by approximately HK$35,000,000 to HK$40,000,000 (2015: approximately HK$40,000,000 to HK$46,000,000).

Financial assets at fair value through profit or loss contingent consideration receivable – Tiger Global Group

As at 31 March 2015, the fair value of the contingent consideration receivable – Tiger Global Group was estimated by applying the income approach. The discount rate applied to discount the forecast cash flow is 14.66%.

Financial assets at fair value through profit or loss contingent consideration receivable – DigiSmart Group

As at 31 March 2015, the fair value of the contingent consideration receivable – DigiSmart Group was estimated by applying the income approach. The discount rate applied to discount the forecast cash flow is 15.10%.

The movements during the year in the balance of Level 3 fair value measurement is as follows:

	Available-for-sale financial assets HK$'000	Contingent consideration receivables HK$'000	Total HK$'000
At 1 April 2014	2,200	–	2,200
Additions during the year	159,000	–	159,000
Arising from acquisition of subsidiaries	–	31,253	31,253
Total gains			
– included in other comprehensive income	9,100	–	9,100
– included in profit or loss (included in other gains and losses)	–	8,473	8,473
At 31 March 2015	170,300	39,726	210,026
Impairment	(2,200)	–	(2,200)
Total losses			
– included in other comprehensive income	(14,100)	–	(14,100)
– included in profit or loss (included in other gains and losses)	–	(39,726)	(39,726)
At 31 March 2016	154,000	–	154,000

During the year ended 31 March 2016, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2015: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

41. Acquisitions of Subsidiaries

(a) Acquisition of Tiger Global Group

On 25 September 2014, the Group acquired the entire equity interest of Tiger Global, which held 100% equity interest in Cosi Moda International Limited ("Cosi Moda International") and 40% equity interest in Kwan Lun, for a nominal consideration of HK$81,000,000. The consideration was settled by the Company's issue of 33,360,790 new shares of the Company credited as fully paid (the "Consideration Shares"). The acquisition is made to diversify the business of the Group in order to maximise returns and broaden its source of revenue.

In addition, as part of the acquisition, if the actual audited consolidated net profit after tax and before all non-cash items (as defined in HKFRSs) of Tiger Global for the period from 1 January 2015 to 31 December 2015 (the "Tiger Actual Profit"), is less than HK$9,000,000 (the "Profit Guarantee"), the vendors will compensate the Group for the shortfall on a dollar for dollar basis for an amount equivalent to the difference between the Profit Guarantee and the Tiger Actual Profit multiplied by 9 times. The possible range of face value of this contingent consideration receivable is between nil to HK$81,000,000.

Further details are set out in the Company's announcements dated 16 September 2014 and 25 September 2014.

The following table summarises the consideration paid for the acquisition of Tiger Global Group, and the fair value of assets and liabilities recognised at the acquisition date:

	HK$'000
Consideration	
Fair value of Consideration Shares	86,071
Less: contingent consideration receivable	(8,123)
Total	77,948
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Interest in an associate	25,497
Cash and banks	–
Exclusive License	9,800
Inventories	3,326
Amounts due from related parties	2,374
Accruals	(18)
Amount due to an associate	(3,694)
Amount due to a related company	(792)
Deferred tax liabilities	(1,617)
	34,876
Goodwill	43,072
	77,948

41. Acquisitions of Subsidiaries *(Continued)*

(a) Acquisition of Tiger Global Group *(Continued)*

	HK$'000
Acquisition-related costs (included in other expenses)	790
Cash consideration	–
Cash and banks in subsidiaries acquired	–
Cash outflow on acquisition	–

The acquired business contributed revenue of HK$8,974,000 and net profit of HK$3,137,000 for the period from 25 September 2014 to 31 March 2015. If the acquisition had occurred on 1 April 2014, consolidated revenue and consolidated loss for the year ended 31 March 2015 would have been HK$561,529,000 and HK$253,309,000 respectively.

(b) Acquisition of DigiSmart Group

On 28 November 2014, the Group acquired the entire equity interest and shareholder's loan in DigiSmart for an initial consideration of HK$200,000,000 and an earn-out consideration of up to HK$80,000,000 (the "DigiSmart Acquisition"). DigiSmart Group are principally engaged in digital technology business and education business. The acquisition was made to strengthen the Group's existing business portfolio and to enable the Group to engage in a new line of business with growth potential and broaden its source of revenue.

The initial consideration was settled by i) HK$15,000,000 in cash; and ii) the Company's issue of 79,467,353 new shares of the Company credited as fully paid. The amount of earn-out consideration payable to the vendors is calculated as the excess of the DigiSmart Actual Profit (as defined below) over the DigiSmart Profit Guarantee (as defined below) multiplied by 20. The earn-out consideration is to be settled by the Company's allotment and issue of new shares of the Company at the issue price of HK$2.328 each. The possible range of face value of the earn-out consideration is between nil and HK$80,000,000 and the possible range of number of new shares of the Company to be issued for settlement of the earn-out consideration is between nil and 34,364,261.

In addition, as part of the DigiSmart Acquisition, if the actual audited consolidated net profit after tax and before all non-cash items of DigiSmart Group for the year ending 31 December 2015 (the "DigiSmart Actual Profit), is less than HK$10,000,000 (the "DigiSmart Profit Guarantee"), the vendors will compensate the Group for the shortfall on a dollar for dollar basis for an amount equivalent to the difference between the DigiSmart Profit Guarantee and the DigiSmart Actual Profit multiplied by 20 times. The possible range of compensation is between nil and HK$200,000,000.

Further details are set out in the Company's announcements dated 16 October 2014 and 28 November 2014, and Company's circular dated 7 November 2014.

41. Acquisitions of Subsidiaries *(Continued)*

(b) Acquisition of DigiSmart Group *(Continued)*

The following table summarises the consideration paid for the DigiSmart Acquisition and the fair value of assets and liabilities, recognised at the acquisition date:

	HK$'000
Consideration	
Cash paid	15,000
Fair value of Consideration Shares	232,839
Less: contingent consideration receivable	(23,130)
Total	224,709
Recognised amounts of identified assets acquired and liabilities assumed:	
License agreements	55,006
Properties, plant and equipments	49
Trade receivables	539
Prepayments, deposits and other receivables	3,425
Cash and banks	7,091
Inventories	136
Trade payables	(2,749)
Accrual and other payables	(2,355)
Tax payable	(932)
Customer deposits	(1,373)
Deferred tax liabilities	(9,080)
Shareholder's loan	(5,770)
	43,987
Add: Assignment of the shareholder's loan	5,770
	49,757
Goodwill	174,952
	224,709
Acquisition related costs (included in other expenses)	1,331
Cash consideration	15,000
Cash and banks in subsidiaries acquired	(7,091)
Cash outflows on acquisition	7,909

The acquired business contributed revenue of HK$9,897,000 and net profit of HK$2,609,000 for the period from 28 November 2014 to 31 March 2015. If the acquisition had occurred on 1 April 2014, consolidated revenue and consolidated loss for the year ended 31 March 2015 would have been HK$560,810,000 and HK$252,705,000 respectively.

42. Disposal of subsidiaries

On 11 December 2015, the Group disposed of (i) Sino-Singapore Group and (ii) its aggregate advance owned by the Sino-Singapore Group (the “Sino-Singapore Group Shareholder’s Loan”) to the Group which carried out its entire MTBE Business operation.

On 19 January 2016, the Group disposed of entire equity interest of Sing Sing Group at a cash consideration of HK$3,800,000. The disposal could enable the Group to free up the resources and redirect it to other existing businesses which may have higher growth potential to maximise the benefit of the shareholders of the Company.

The net assets of the Sino-Singapore Group and Sing Sing Group as at the date of disposal were set out as follows:

	Sino-Singapore Group	Sing Sing Group	Total
	HK$'000	HK$'000	HK$'000
Other intangible assets	7,302	–	7,302
Interest in associate	–	14,575	14,575
Trade and other receivables and prepayments	277,103	–	277,103
Refundable deposit	21,313	–	21,313
Bank balances and cash	18	–	18
Trade and other payables and accruals	(290,339)	–	(290,339)
Amount due to an associate	–	(15,600)	(15,600)
Tax payable	(226)	–	(226)
Deferred tax liabilities	(1,205)	–	(1,205)
Sino-Singapore Group Shareholder’s Loan	(84,194)	–	(84,194)
Net liabilities disposed of	(70,228)	(1,025)	(71,253)
Assignment of the Sino-Singapore Group Shareholder’s Loan	84,194	–	84,194
Reclassification adjustment of exchange reserve on disposal of the Sino-Singapore Group	464	–	464
Direct cost incurred for the disposals	767	50	817
Gain on disposal of subsidiaries	803	4,775	5,578
Total cash consideration received	16,000	3,800	19,800
Net cash inflow arising on disposals:			
Cash consideration	16,000	3,800	19,800
Cost directly attributable to the disposals	(767)	(50)	(817)
Bank balances and cash disposed of	(18)	–	(18)
	15,215	3,750	18,965

The gain on disposal of Sino-Singapore Group is included in the profit for the year from discontinued operation (Note 12).

43. Significant Events After the Reporting Period

Save as disclosed in Note 29 in relation to the extension of the Convertible Bonds, the following is the significant event after the reporting period.

On 17 May 2016, the Company entered an underwriting agreement with Cheong Lee Securities Limited in connection with the Open Offer (as defined below). The Company proposed to issue a total of 1,405,519,920 new ordinary shares at a subscription price of HK$0.164 per offer share to the shareholders of the Company on the basis of three offer shares for every two shares held on the proposed record date, 22 July 2016, (the "Open Offer"). The net proceeds raised from the Open Offer was approximately HK$219,700,000 which is intended to be used for redemption of convertible bonds and respective interests and for general working capital of the Group. Further details are set out in the announcement and circular of the Company dated 17 May 2016 and 24 June 2016 respectively.

44. Contingent liabilities

Financial guarantee issued

As at the end of the reporting period, the Group has issued the guarantee to a bank in respect of borrowings made by Kwan Lun, an associate of the Group. Under the guarantee, the Group is liable for a maximum of HK$9,100,000 borrowings of Kwan Lun from the bank. As at 31 March 2016, the Directors do not consider it is probable that a claim will be made against the Group under any of the guarantees. The maximum liability of the Group at 31 March 2016 under the guarantee issued represents the amount drawn down by the associate of HK$6,974,000 (2015: Nil).

45. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follow:

	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,910	3,149
Interests in subsidiaries	487,314	596,030
	489,224	599,179
CURRENT ASSETS		
Prepayments	2,497	2,899
Refundable deposits	–	27,500
Bank balances and cash	196	1,233
	2,693	31,632
CURRENT LIABILITIES		
Other payables and accruals	3,226	4,180
Amounts due to subsidiaries	71,548	53,075
Promissory note	–	9,000
Convertible bonds	122,340	106,479
	197,114	172,734
NET CURRENT LIABILITIES	(194,421)	(141,102)
NET ASSETS	294,803	458,077
CAPITAL AND RESERVES		
Share capital	9,370	9,026
Reserves	285,433	449,051
TOTAL EQUITY	294,803	458,077

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 28 June 2016 and are signed on its behalf by:

Mr. Wong Wai Sing
DIRECTOR

Mr. Chum Hon Sing
DIRECTOR

45. Statement of Financial Position of the Company *(Continued)*

Details of the changes in Company's individual components of equity between the beginning and the end of the year and set as below:

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2014	414,488	654	–	(91,040)	324,102
Loss and total comprehensive income for the year	–	–	–	(344,314)	(344,314)
Acquisition of subsidiaries (Note 41)	317,782	–	–	–	317,782
Issue of shares pursuant to placing agreements	150,489	–	–	–	150,489
Transaction cost attributable to issue of placing shares	(4,955)	–	–	–	(4,955)
Issue of convertible bonds (Note 29)	–	–	5,947	–	5,947
Transactions with owners	463,316	–	5,947	–	469,263
At 31 March 2015	877,804	654	5,947	(435,354)	449,051
Loss and total comprehensive income for the year	–	–	–	(176,333)	(176,333)
Issue of shares pursuant to settlement of earn-out consideration (Note 22)	12,715	–	–	–	12,715
Transactions with owners	12,715	–	–	(176,333)	(163,618)
At 31 March 2016	890,519	654	5,947	(611,687)	285,433

Financial Summary

Results

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing and discontinued operations					
Revenue	**249,629**	550,237	581,271	565,152	259,094
(Loss) profit for the year	**(292,725)**	(259,125)	(137,428)	6,802	(35,105)
Total comprehensive income for the year attributable to owners of the Company	**(300,941)**	(252,409)	(134,399)	5,793	(28,495)

Assets and Liabilities

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**623,711**	1,161,296	627,135	518,072	428,965
Total liabilities	**(312,132)**	(553,004)	(237,189)	(122,038)	(38,374)
Net assets	**311,579**	608,292	389,946	396,034	390,591