TM

Newtree Group Holdings Limited
友川集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations decreased by approximately 46.9% to HK$122.1 million.
- Gross profit from continuing operations decreased by approximately 37.9% to HK$27.2 million.
- Gross profit margin from continuing operations increased from 19.1% to 22.3%, mainly due to acquisition of Money Lending Business during the year ended 31 March 2017.
- Loss for the year attributable to owners of the Company amounted to approximately HK$190.4 million.
- Basic and diluted loss per share from continuing and discontinued operations amounted to approximately HK9.88 cents.

ANNUAL RESULTS

The board (the "Board") of directors (the "Director(s)") of Newtree Group Holdings Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2017 with the comparative figures for the corresponding period in 2016 as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000 (restated)
Continuing operations			
Revenue	3	**122,100**	229,818
Cost of sales		**(94,914)**	(186,021)
Gross profit		**27,186**	43,797
Other income	4	**1,846**	5,504
Other gains and losses	5	**(83,995)**	(219,361)
Selling and distribution expenses		**(3,128)**	(3,894)
Administrative expenses		**(78,374)**	(87,270)
Finance costs	6	**(8,932)**	(23,906)
Share of loss of an associate		**—**	(995)
Loss before income tax from continuing operations		**(145,397)**	(286,125)
Income tax (expense) credit	7	**(1,639)**	5,011
Loss for the year from continuing operations		**(147,036)**	(281,114)
Discontinued operations			
Loss for the year from discontinued operations	9	**(46,245)**	(11,611)
Loss for the year	8	**(193,281)**	(292,725)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation		**(3,769)**	(3,411)
— Fair value gain (loss) on available-for-sale financial assets		**2,200**	(16,300)
		(1,569)	(19,711)
Items that were reclassified to profit or loss:			
— Exchange differences reclassified to profit or loss upon disposal of subsidiaries		**—**	464
— Reclassification adjustment of available-for-sale investment reserve upon impairment of assets		**2,800**	2,200
		2,800	2,664
Other comprehensive income for the year, net of income tax		**1,231**	(17,047)
Total comprehensive income for the year, net of income tax		**(192,050)**	(309,772)

	Notes	**2017** **HK$'000**	2016 HK$'000 (restated)
Loss for the year attributable to:			
Owners of the Company		**(190,400)**	(284,394)
Non-controlling interests		**(2,881)**	(8,331)
		(193,281)	(292,725)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(189,169)**	(301,441)
Non-controlling interests		**(2,881)**	(8,331)
		(192,050)	(309,772)
Loss per share attributable to owners of the Company	11		
From continuing and discontinued operations			
Basic and diluted (HK cents)		**(9.88)**	(24.41)
From continuing operations			
Basic and diluted (HK cents)		**(7.48)**	(23.41)
From discontinued operations			
Basic and diluted (HK cents)		**(2.40)**	(1.00)

Consolidated Statement of Financial Position

At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**9,408**	12,176
Prepaid lease payments		**5,049**	5,503
Other intangible assets	13	**49,818**	60,056
Goodwill	14	**84,285**	158,717
Interest in an associate		**—**	14,400
Available-for-sale financial assets	16	**156,200**	154,000
Loan receivables	17	**8,000**	—
		312,760	404,852
CURRENT ASSETS			
Contingent consideration receivable		**—**	—
Inventories		**12,423**	20,159
Prepaid lease payments		**164**	173
Loan receivables	17	**19,260**	—
Trade and other receivables and prepayments	19	**124,274**	162,907
Bond receivable	18	**10,842**	—
Pledged bank deposit		**—**	7,809
Bank balances and cash		**25,636**	27,811
		192,599	218,859
Assets held for sale		**33,558**	—
		226,157	218,859
CURRENT LIABILITIES			
Trade and other payables and accruals	20	**155,995**	167,375
Trust receipt loan		**—**	752
Tax payable		**6,623**	11,634
Convertible bonds	21	**—**	122,340
		162,618	302,101
Liabilities directly associated with assets held for sale		**3,558**	—
		166,176	302,101
NET CURRENT ASSETS (LIABILITIES)		**59,981**	(83,242)
TOTAL ASSETS LESS CURRENT LIABILITIES		**372,741**	321,610
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**8,319**	10,031
NET ASSETS		**364,422**	311,579
CAPITAL AND RESERVES			
Share capital		**23,788**	9,370
Reserves		**347,510**	306,204
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**371,298**	315,574
Non-controlling interests		**(6,876)**	(3,995)
TOTAL EQUITY		**364,422**	311,579

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Legal reserve HK$'000 (Note (i))	Convertible bonds equity reserve HK$'000	Share option reserve HK$'000	Available-for-sale investment reserve HK$'000	Special reserve HK$'000 (Note (ii))	Exchange reserve HK$'000	Other reserves HK$'000 (Note (iii))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2015	9,026	877,804	49	5,947	—	9,100	678	15,206	(8,046)	(305,808)	603,956	4,336	608,292
Loss for the year	—	—	—	—	—	—	—	—	—	(284,394)	(284,394)	(8,331)	(292,725)
Other comprehensive income, net of income tax:													
— Exchange differences arising on translation	—	—	—	—	—	—	—	(3,411)	—	—	(3,411)	—	(3,411)
— Changes in fair value of available-for-sale financial assets	—	—	—	—	—	(16,300)	—	—	—	—	(16,300)	—	(16,300)
— Exchange differences reclassified to profit or loss upon disposal of subsidiaries	—	—	—	—	—	—	—	464	—	—	464	—	464
— Reclassification adjustment of available-for-sale investment reserve upon impairment of assets	—	—	—	—	—	2,200	—	—	—	—	2,200	—	2,200
Total comprehensive income for the year	—	—	—	—	—	(14,100)	—	(2,947)	—	(284,394)	(301,441)	(8,331)	(309,772)
Issue of shares pursuant to settlement of earn-out consideration	344	12,715	—	—	—	—	—	—	—	—	13,059	—	13,059
Disposal of subsidiaries	—	—	—	—	—	—	—	—	2,046	(2,046)	—	—	—
Transactions with owners	344	12,715	—	—	—	—	—	—	2,046	(2,046)	13,059	—	13,059
At 31 March 2016	9,370	890,519	49	5,947	—	(5,000)	678	12,259	(6,000)	(592,248)	315,574	(3,995)	311,579
Loss for the year	—	—	—	—	—	—	—	—	—	(190,400)	(190,400)	(2,881)	(193,281)
Other comprehensive income, net of income tax:													
— Exchange differences arising on translation	—	—	—	—	—	—	—	(3,769)	—	—	(3,769)	—	(3,769)
— Changes in fair value of available-for-sale financial assets	—	—	—	—	—	2,200	—	—	—	—	2,200	—	2,200
— Reclassification adjustment of available-for-sale investment reserve upon impairment of assets	—	—	—	—	—	2,800	—	—	—	—	2,800	—	2,800
Total comprehensive income for the year	—	—	—	—	—	5,000	—	(3,769)	—	(190,400)	(189,169)	(2,881)	(192,050)
Issue of shares pursuant to open offer	14,055	216,450	—	—	—	—	—	—	—	—	230,505	—	230,505
Transaction cost attributable to issue of open offer shares	—	(11,079)	—	—	—	—	—	—	—	—	(11,079)	—	(11,079)
Acquisition of subsidiary	313	13,750	—	—	—	—	—	—	—	—	14,063	—	14,063
Recognition of equity-settled share-based payments	—	—	—	—	9,004	—	—	—	—	—	9,004	—	9,004
Issue of shares upon exercise of share options	50	3,171	—	—	(821)	—	—	—	—	—	2,400	—	2,400
Lapse of share options	—	—	—	—	(56)	—	—	—	—	56	—	—	—
Transfer to accumulated losses upon redemption of convertible bonds (Note 21)	—	—	—	(5,947)	—	—	—	—	—	5,947	—	—	—
Transactions with owners	14,418	222,292	—	(5,947)	8,127	—	—	—	—	6,003	244,893	—	244,893
At 31 March 2017	23,788	1,112,811	49	—	8,127	—	678	8,490	(6,000)	(776,645)	371,298	(6,876)	364,422

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.

Notes to the Consolidated Financial Statements

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 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) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business"); (v) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("Education Business"); and (vi) provision of money lending services ("Money Lending Business"). The Group was also engaged in (i) sales and distribution of jewelries and watches ("Jewelries and Watches Business") which was discontinued during the year and (ii) the business of trading of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business") which was discontinued during the year ended 31 March 2016, further details of which are set out in Note 9.

During the year, the Group entered into a conditional disposal agreement (the "Disposal Agreement") with an independent third party to dispose of the entire equity interest in Tiger Global Group Limited ("Tiger Global"), its subsidiary and associate (collectively referred to as the "Tiger Global Group"). The disposal is not completed as at 31 March 2017. Tiger Global Group is principally engaged in Jewelries and Watches Business of the Group, a separate major line of business which is presented as discontinued operation. Further details of which are set out in Note 9(b).

During the year, the Group acquired entire equity interest in Chengxin Finance Limited ("Chengxin") from an independent third party. Chengxin is principally engaged in Money Lending Business.

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 Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, 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 receivable 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 consolidated financial statements for the year ended 31 March 2016 related to discontinued operations have been reclassified and restated to conform with the current year presentations and accounting treatment.

2. Adoption of New and Revised 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 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Amendments to HKAS 1	Disclosure Initiatives
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Annual Improvements to HKFRSs 2012-2014 Cycle	Amendments to a number of HKFRSs

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:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to a number of HKFRSs[4]

1 Effective for annual periods beginning on or after 1 January 2017

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

* 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").

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.

The Group is still in the process of assessing the impact of HKFRS 9 (2014), HKFRS 15 and HKFRS 16. The Directors believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

3. 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
- 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
- Money Lending Business — Provision of money lending services
- Jewelries and Watches Business — Sales and distribution of jewelries and watches[1] (discontinued operation)
- MTBE Business — Trading of MTBE products[2] (discontinued operation)

1. On 28 March 2017, the Group entered into a disposal agreement with an independent third party, to dispose of the entire equity interest of Tiger Global Group, which carried out the whole Group's Jewelries and Watches Business. Accordingly, the Jewelries and Watches Business segment was classified as a discontinued operation. Details of which are set out in Note 9(b).

2. The Group completed the disposal of the MTBE Business on 11 December 2015. Accordingly, the MTBE Business segment was classified as a discontinued operation, details of which are set out in Note 9(a).

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

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 2017	**Hygienic Disposables Business HK$'000**	**Coal Business HK$'000**	**Household Consumables Business HK$'000**	**Digital Technology Business HK$'000**	**Education Business HK$'000**	**Money Lending Business HK$'000**	**Total HK$'000**
Revenue from external customers	**47,027**	**—**	**55,141**	**521**	**17,905**	**1,506**	**122,100**
Segment (loss) profit	**(5,295)**	**(28,817)**	**3,734**	**(6,321)**	**(3,457)**	**1,248**	**(38,908)**
Bank interest income							**21**
Exchange differences							**(172)**
Interest income from bond receivable							**842**
Interest income from other receivables							**921**
Amortisation of other intangible assets							**(821)**
Loss on disposal of property, plant and equipment							**(45)**
Gain on disposal of available-for-sale financial assets							**547**
Impairment loss on available-for-sale financial assets							**(2,800)**
Impairment loss on goodwill							**(53,155)**
Central administration costs							**(51,827)**
Loss before income tax from continuing operations							**(145,397)**

	Continuing operations					
For the year ended 31 March 2016	Hygienic Disposables Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Total HK$'000 (restated)
Revenue from external customers	53,414	79,058	63,908	11,105	22,333	229,818
Segment (loss) profit	(53,110)	(48,435)	4,301	6,534	6,957	(83,753)
Bank interest income						21
Exchange differences						53
Amortisation of other intangible assets						(947)
Dividend income from investment in available-for-sale financial assets						4,871
Fair value loss on contingent consideration receivables/earn-out consideration payable						(37,377)
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 other intangible assets						(50,132)
Central administration costs						(81,318)
Loss before income tax from continuing operations						(286,125)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit from continuing operations represents the (loss from) profit earned by each segment without allocation of central administration costs, interest income from bond receivable, interest income from other receivables, amortisation of other intangible assets, impairment loss on other intangible assets, fair value loss 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 on disposal of property, plant and equipment, gain on disposal of a subsidiary, gain on disposal of available-for-sale financial assets, impairment loss on available-for-sale financial assets, and income tax (expense) credit. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

	2017 HK$'000	2016 HK$'000
Continuing operations		
Hygienic Disposables Business	**47,206**	47,282
Coal Business	**78,833**	106,825
Household Consumables Business	**13,783**	17,634
Digital Technology Business	**2,337**	3,342
Education Business	**3,575**	4,761
Money Lending Business	**27,853**	—
Discontinued operation		
Jewelries and Watches Business	**33,558**	14,068
Total segment assets	**207,145**	193,912
Goodwill	**84,285**	158,717
Other intangible assets	**49,818**	60,056
Available-for-sale financial assets	**156,200**	154,000
Interest in an associate	**—**	14,400
Bond receivable	**10,842**	—
Amounts due from related companies	**364**	2,490
Pledged bank deposit	**—**	7,809
Bank balances and cash	**25,636**	27,811
Unallocated corporate assets	**4,627**	4,516
Consolidated total assets	**538,917**	623,711

Segment liabilities

	2017	2016
	HK$'000	HK$'000
Continuing operations		
Hygienic Disposables Business	**9,675**	7,477
Coal Business	**134,783**	147,219
Household Consumables Business	**3,407**	5,967
Digital Technology Business	**301**	446
Education Business	**4,386**	3,319
Money Lending Business	**43**	—
Discontinued operation		
Jewelries and Watches Business	**3,558**	357
Total segment liabilities	**156,153**	164,785
Tax payable	**6,623**	11,634
Convertible bonds	**—**	122,340
Deferred tax liabilities	**8,319**	10,031
Unallocated corporate liabilities	**3,400**	3,342
Consolidated total liabilities	**174,495**	312,132

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, bond receivable, interest in an associate, 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, convertible bonds, deferred tax liabilities and unallocated corporate liabilities.

Other segment information

For the year ended 31 March 2017	Continuing operations: Hygienic Disposables Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Money Lending Business HK$'000	Unallocated Corporate Office HK$'000	Total HK$'000
Capital additions	561	—	—	—	14	—	—	575
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	1,231	—	186	—	26	—	1,342	2,785
Loss on disposal of property, plant and equipment	45	—	—	—	—	—	—	45
Impairment loss on trade and other receivables	721	26,406	221	945	2,299	—	—	30,592
Impairment loss on goodwill	—	—	—	53,155	—	—	—	53,155
Written off of trade receivables	—	—	101	—	—	—	—	101
Written back of impairment loss on trade receivables	(2,300)	—	—	—	(23)	—	—	(2,323)

For the year ended 31 March 2016	Continuing operations: Hygienic Disposables Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Unallocated Corporate Office HK$'000	Total HK$'000 (restated)
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 on trade and other receivables	39,568	51,919	—	—	30	—	91,517
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)

Revenue from major products and services

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

	2017 HK$'000	2016 HK$'000 (restated)
Continuing operations		
Sales of goods from		
— Hygienic Disposables Business	**47,027**	53,414
— Household Consumables Business	**55,141**	63,908
Trading income from Coal Business	**—**	79,058
Services income from		
— Digital Technology Business	**521**	11,105
— Education Business	**17,905**	22,333
Interest income from Money Lending Business	**1,506**	—
	122,100	229,818

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 by geographical market, irrespective of the origin of the goods.

	Revenue by geographical market	
	2017 HK$'000	2016 HK$'000 (restated)
Continuing operations		
The People's Republic of China (the "PRC")	**9,683**	91,276
United Kingdom	**92,165**	106,337
Norway	**8,868**	10,571
Macau	**282**	2,763
Hong Kong	**9,967**	18,458
United States of America	**462**	—
Singapore	**—**	413
Estonia	**673**	–
	122,100	229,818

As at 31 March 2017, approximately HK$12,917,000, HK$14,286,000, HK$120,972,000 and HK$385,000 of the non-financial assets classified as non-current under continuing operations are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

As at 31 March 2016, approximately HK$14,319,000, HK$16,075,000, HK$153,866,000 (restated) and HK$360,000 of the non-financial assets classified as non-current under continuing operations 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:

	2017	2016
	HK$'000	HK$'000
		(restated)
Customer A[1]	**27,182**	N/A
Customer B[2]	**17,975**	N/A
Customer C[3]	**N/A**	79,058

[1] Revenue is from Hygienic Disposables Business.

[2] Revenue is from Household Consumables Business.

[3] Revenue is from Coal Business.

4. Other Income

	2017	2016
	HK$'000	HK$'000
		(restated)
Continuing operations		
Bank interest income	**21**	21
Dividend income from investment in available-for-sale financial assets	**—**	4,871
Interest income from bond receivable	**842**	—
Interest income from other receivables	**921**	—
Service income	**—**	534
Sundry	**62**	78
	1,846	5,504

During the year ended 31 March 2016, the promissory note was settled by netting off with dividend income receivable from investment in available-for-sale financial assets by approximately HK$4,871,000. No cash was received for the dividend income.

5. Other Gains and Losses

	2017	2016
	HK$'000	HK$'000
		(restated)
Continuing operations		
Exchange differences	**(172)**	53
Loss on disposal of property, plant and equipment	**(45)**	(5)
Fair value loss on contingent consideration receivables/ earn-out consideration payable	**—**	(37,377)
Gain on disposal of a subsidiary	**—**	4,775
Gain on disposal of available-for-sale financial asset (Note 16)	**547**	—
Impairment loss on trade and other receivables (Note 19)	**(30,592)**	(91,517)
Impairment loss on available-for-sale financial assets (Note 16)	**(2,800)**	(2,200)
Impairment loss on property, plant and equipment (Note 12)	**—**	(2,903)
Impairment loss on other intangible assets (Note 13)	**—**	(50,132)
Impairment loss on goodwill (Note 14)	**(53,155)**	(40,113)
Written back of impairment loss on trade receivables	**2,323**	83
Written off of trade receivables	**(101)**	(25)
	(83,995)	(219,361)

6. Finance Costs

	2017	2016
	HK$'000	HK$'000
Continuing operations		
Interests on bank and other borrowings:		
— Interest expenses on trust receipt loans	**10**	45
— Effective interest expenses on convertible bonds (Note 21)	**8,922**	23,861
	8,932	23,906

7. Income Tax Expense (Credit)

	2017 HK$'000	2016 HK$'000 (restated)
Continuing operations		
Current tax:		
— Hong Kong Profits Tax	**206**	999
— PRC Enterprise Income Tax ("PRC EIT")	**790**	1,168
— Other jurisdictions	**790**	1,166
	1,786	3,333
(Over) under-provision in respect of prior years:		
— Hong Kong Profits Tax	**(41)**	69
— PRC EIT	**—**	38
— Other jurisdictions	**37**	(13)
	(4)	94
Deferred taxation:		
— Current year	**(143)**	(8,438)
	(143)	(8,438)
	1,639	(5,011)

(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 2017 and up to the date of approval for issuance 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 years of assessment 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 (2016: HK$53,585,000). 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 announcement, the Group has purchased tax reserve certificates of HK$4,287,000 (2016: 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 2017.

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 possibility of payment for these assessment is not probable. 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.

(ii) PRC EIT

PRC EIT is calculated at 25% (2016: 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 validity 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.

8. Loss for the Year

	2017	2016
	HK$'000	HK$'000
		(restated)
Continuing operations		
The Group's loss for the year has been arrived at after charging:		
Directors' remuneration	**16,119**	32,265
Other staff costs	**25,857**	27,491
Retirement benefit scheme contributions[1]	**2,048**	1,879
Equity-settled share-based payment expenses — Other staff	**2,867**	—
Total staff costs	**46,891**	61,635
Auditor's remuneration	**1,449**	1,296
Cost of inventories sold	**85,952**	176,036
Depreciation of property, plant and equipment	**2,616**	3,028
Amortisation of other intangible assets (included in cost of sales)	**821**	947
Amortisation of prepaid lease payments (included in administrative expenses)	**169**	210

[1] No forfeited contributions available for offset against existing contributions during the year (2016: Nil).

9. Discontinued Operations

(a) MTBE Business

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 (Offshore) Chemical Resources Trading Company Limited ("Sino-Singapore", together with its subsidiary are referred to as the "Sino-Singapore Group") at a cash consideration of HK$16,000,000. Sino-Singapore Group carried out all of the Group's MTBE Business operation, a separate major line of business, which was classified as a discontinued operation accordingly. The disposal was completed on 11 December 2015.

The disposal of MTBE Business enabled 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.

Gain on disposal of approximately HK$4,775,000 was recognised in profit or loss under other gains and losses during the year ended 31 March 2016.

(b) Jewelries and Watches Business

On 28 March 2017, the Group had through its wholly-owned subsidiary, Star Guardian Holdings Limited ("Star Guardian"), entered into the Disposal Agreement with an independent third party in relation to the disposal of entire equity interest in the Tiger Global Group at a total consideration of HK$30,000,000 (the "Disposal"). Tiger Global Group represents the whole Jewelries and Watches Business segment of the Group in the business of sales and distribution of jewelries and watches, a separate major line of business which was classified as discontinued operation.

In view of the unsatisfactory performance of Tiger Global Group over the past years which had been affected by intensified competition in the market, Directors had considered that the Disposal is expected to allow the Group to realise its investment in Tiger Global Group, eliminate from the Group the uncertainty of future performance of the sales and distribution of jewelries and watches, reallocate its resources to other business segments and strengthen the capital base of the Group.

At the end of the reporting period, the Disposal was still in progress. All assets and liabilities under the Tiger Global Group were classified as assets held for sale and liabilities directly associated with assets held for sale.

The comparative financial performance and cash flows from this discontinued operation have been re-presented as part of discontinued operations for the year ended 31 March 2016.

The results of MTBE Business for the period from 1 April 2015 up to the disposal date and Jewelries and Watches Business for the years ended 31 March 2016 and 2017 have been presented separately as a single line item in the consolidated statement of comprehensive income, details of which are as follow:

	2017	2016		
	Jewelries and Watches Business HK$'000	Jewelries and Watches Business HK$'000	MTBE Business HK$'000	Total HK$'000 (restated)
Revenue	**365**	16,945	2,866	19,811
Cost of sales	**(937)**	(7,134)	(2,808)	(9,942)
Gross (loss) profit	**(572)**	9,811	58	9,869
Other income	**532**	152	27	179
Other gains and losses	**(3)**	(19,383)	—	(19,383)
Selling and distribution expenses	**(9)**	(41)	(22)	(63)
Administrative expenses	**(1,208)**	(2,046)	(18)	(2,064)
Share of (loss) profit of an associate	**(111)**	371	—	371
(Loss) profit before income tax from discontinued operations	**(1,371)**	(11,136)	45	(11,091)
Income tax credit (expense)	**113**	(1,334)	11	(1,323)
(Loss) profit after income tax from discontinued operations	**(1,258)**	(12,470)	56	(12,414)
Loss recognised on the measurement to fair value less costs of disposal of the disposal group	**(44,987)**	—	—	—
Gain on disposal of subsidiary (including reclassification of exchange reserve from equity to profit or loss on disposal of subsidiary)	**—**	—	803	803
(Loss) profit for the year from discontinued operations	**(46,245)**	(12,470)	859	(11,611)
(Loss) profit from discontinued operations attributable to: — Owners of the Company	**(46,245)**	(12,470)	859	(11,611)
Cash flows from discontinued operations				
Net cash used in operating activities	**(15)**	(47)	(1,576)	(1,623)
Net cash generated from financing activities	**7**	5	1,408	1,413
Net decrease in bank balances and cash	**(8)**	(42)	(168)	(210)

10. Dividends

No dividend has been paid or declared by the Company during the year (2016: Nil). The Directors do not recommend the payment of a final dividend for the year (2016: Nil).

11. Loss per Share

The calculations of basic loss per share from continuing and discontinued operations, continuing operations and discontinued operations are based on the loss for the year attributable to the owners of the Company and the weighted average number of respective ordinary shares in issue during the year. The basic loss per share for the year ended 31 March 2016 has been adjusted to reflect the bonus element of the Open Offer (as defined in Management Discussion and Analysis, subsection headed "Significant Events and Material Acquisition and Disposal") during the year ended 31 March 2017.

The calculations of diluted loss per share from continuing and discontinued operations, continuing operations and discontinued operations are based on the respective loss for the years attributable to the owners of the Company and the adjusted weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 March 2017, the Company has outstanding share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. As at 31 March 2016, the Company has outstanding convertible bonds. The convertible bonds were assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. The diluted loss per share for the year ended 31 March 2016 has been adjusted to reflect the bonus element of the Open Offer during the year ended 31 March 2017.

As the Company's outstanding share options (2016: convertible bonds) had an anti-dilutive effect to the basic loss per share calculation for the year ended 31 March 2017, the exercise or conversion of the above potential ordinary shares is not assumed in the computation of diluted loss per share.

(i) From continuing and discontinued operations

The calculations of basic and diluted loss per share attributable to owners of the Company for the years are based on the following data:

	2017	2016
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**(190,400)**	(284,394)
		(restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,927,781,130**	1,165,306,513

(ii) Continuing operations

The calculation of the basic and diluted loss per share attributable to owners of the Company for the years are based on the following data:

	2017	2016
	HK$'000	HK$'000
		(restated)
Loss for the year from continuing operations attributable to owners of the Company	**(144,155)**	(272,783)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,927,781,130**	1,165,306,513

(iii) Discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the Company for the years are based on the following data:

	2017	2016
	HK$'000	HK$'000
		(restated)
Loss for the year from discontinued operations attributable to owners of the Company	**(46,245)**	(11,611)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,927,781,130**	1,165,306,513

12. 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 2015	36,196	44,233	1,636	8,541	3,670	94,276
Additions	—	86	—	—	277	363
Disposals	—	—	(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
Additions	—	—	116	445	14	575
Disposals	—	—	(517)	(2,699)	(359)	(3,575)
Exchange realignment	(1,772)	(2,232)	(72)	(350)	(100)	(4,526)
At 31 March 2017	32,336	39,519	1,068	5,619	3,340	81,882
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 April 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 disposals	—	—	(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
Charge for the year	954	42	17	1,216	387	2,616
Elimination on disposals	—	—	(517)	(2,699)	(192)	(3,408)
Exchange realignment	(1,336)	(2,208)	(63)	(266)	(93)	(3,966)
At 31 March 2017	24,660	39,359	937	4,756	2,762	72,474
NET CARRYING VALUES						
At 31 March 2017	7,676	160	131	863	578	9,408
At 31 March 2016	9,066	226	41	1,718	1,125	12,176

The Group has pledged certain buildings to secure general banking facilities granted to the Group.

The Group recorded a continuous loss in the segment of Hygienic Disposables Business and with a loss of major customers, which resulted in a drop in its revenue significantly and increase in loss during the year ended 31 March 2016. As a result, the property, plant and equipment which related to this segment, were then assessed for impairment as at 31 March 2016. 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 this CGU being higher than its recoverable amount which amounted to approximately HK$9,248,000 as at 31 March 2016, an impairment had been allocated to write down the assets of this CGU on pro-rata basis unless the individual asset had a higher fair value less cost of disposal. Accordingly, an impairment of approximately HK$2,903,000 was recognised in the profit or loss under other gains and losses during the year ended 31 March 2016. Impairment assessment is also performed for the year ended 31 March 2017 and no impairment is required.

13. 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 2015	57,346	33,292	9,339	9,800	55,006	164,783
Disposal of subsidiaries	—	(33,292)	—	—	—	(33,292)
Exchange realignment	—	—	(278)	—	—	(278)
At 31 March 2016	57,346	—	9,061	9,800	55,006	131,213
Reclassification to assets held for sale	—	—	—	(9,800)	—	(9,800)
Exchange realignment	—	—	(1,183)	—	—	(1,183)
At 31 March 2017	57,346	—	7,878	—	55,006	120,230
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 April 2015	16,210	25,990	2,957	352	—	45,509
Charge for the year	—	—	947	688	—	1,635
Disposal of subsidiaries	—	(25,990)	—	—	—	(25,990)
Impairment (Note 15)	41,136	—	—	—	8,996	50,132
Exchange realignment	—	—	(129)	—	—	(129)
At 31 March 2016	57,346	—	3,775	1,040	8,996	71,157
Charge for the year	—	—	821	686	—	1,507
Reclassification to assets held for sale	—	—	—	(1,726)	—	(1,726)
Exchange realignment	—	—	(526)	—	—	(526)
At 31 March 2017	57,346	—	4,070	—	8,996	70,412
NET CARRYING VALUES						
At 31 March 2017	—	—	3,808	—	46,010	49,818
At 31 March 2016	—	—	5,286	8,760	46,010	60,056

The Coal Sales Contract represented 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 Coal Sales Contract was fully impaired during the year ended 31 March 2016.

The MTBE Sales Contract represented 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. During the year ended 31 March 2016, Sino-Singapore Group has been disposed of together with the MTBE Sales Contract.

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 in prior year and has been allocated to the Jewelries and Watches Business CGU. A disposal agreement for the disposal of the entire equity interest in Tiger Global was entered on 28 March 2017 and the Exclusive License was reclassified to assets held for sale as at 31 March 2017.

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") in prior year and has been allocated to the Education Business CGU.

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. Based on historical records, the Group is able to renew the License Agreements with the license owner without any additional cost.

Particulars regarding impairment testing on other intangible assets are set out in Note 15.

14. 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	Money Lending Business CGU HK$'000	Total HK$'000
COST						
At 1 April 2015 and 31 March 2016	9,774	43,072	113,633	61,319	—	227,798
Acquisition of a subsidiary	—	—	—	—	21,795	21,795
Reclassification to assets held for sale	—	(43,072)	—	—	—	(43,072)
At 31 March 2017	9,774	—	113,633	61,319	21,795	206,521
ACCUMULATED IMPAIRMENT LOSSES						
At 1 April 2015	—	—	7,762	21,206	—	28,968
Impairment (Note 15)	—	—	—	40,113	—	40,113
At 31 March 2016	—	—	7,762	61,319	—	69,081
Impairment (Note 15)	—	43,072	53,155	—	—	96,227
Reclassification to assets held for sale	—	(43,072)	—	—	—	(43,072)
At 31 March 2017	—	—	60,917	61,319	—	122,236
NET CARRYING VALUES						
At 31 March 2017	9,774	—	52,716	—	21,795	84,285
At 31 March 2016	9,774	43,072	105,871	—	—	158,717

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 in proportion to the estimated fair value of the respective CGUs as at the date of completion of the acquisition.

A disposal agreement for the disposal of the entire equity interest in Tiger Global was entered on 28 March 2017 and goodwill allocated to the Jewelries and Watches Business was reclassified to assets held for sale as at 31 March 2017.

Goodwill arising in current year related to the acquisition of Chengxin during the year and has been allocated to Money Lending Business CGU. Goodwill was arisen from a number of factors including the expected fast growing money lending business in Hong Kong. The benefit was not recognised separately from goodwill because it 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 15.

15. Impairment Testing on Other Intangible Assets and Goodwill

For the purpose of impairment testing, other intangible assets and goodwill set out in Notes 13 and 14 respectively have been allocated to five individual CGUs, comprising a subsidiary in Household Consumables Business, subsidiary in Jewelries and Watches Business, subsidiaries in Digital Technology Business, subsidiaries in Education Business and a subsidiary in Money Lending Business. Other intangible assets and goodwill had been allocated to five individual CGUs for the purpose of impairment testing as at 31 March 2016, comprising the above four CGUs (excluding Money Lending Business CGU which was acquired during the year ended 31 March 2017), and a subsidiary in Coal Business. However, all other intangible assets allocated to Coal Business were fully impaired as at 31 March 2016 and all other intangible assets allocated to MTBE Business had been disposed of during the year ended 31 March 2016. Goodwill and other intangible assets allocated to Jewelries and Watches Business have been reclassified under the assets held for sale as at 31 March 2017 after the impairment testing. The carrying amounts of other intangible assets and goodwill as at 31 March 2017 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	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Household Consumables Business CGU (Unit A)	**3,808**	5,286	**—**	—	**—**	—	**—**	—	**9,774**	9,774
Coal Business CGU (Unit B)	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Jewelries and Watches Business CGU (Unit C)	**—**	—	**—**	—	**—**	8,760	**—**	—	**—**	43,072
Digital Technology Business CGU (Unit D)	**—**	—	**—**	—	**—**	—	**—**	—	**52,716**	105,871
Education Business CGU (Unit E)	**—**	—	**—**	—	**—**	—	**46,010**	46,010	**—**	—
Money Lending Business CGU (Unit F)	**—**	—	**—**	—	**—**	—	**—**	**—**	**21,795**	—
	3,808	5,286	**—**	—	**—**	8,760	**46,010**	46,010	**84,285**	158,717

During the year ended 31 March 2017, the Group determines that there is no impairment of other intangible assets in respect of the Household Consumables Business CGU and Education Business CGU. There is no impairment of goodwill in respect of the Household Consumable Business CGU and Money Lending Business CGU as at 31 March 2017. The Group has reclassified the other intangible asset of Jewelries and Watches Business CGU to assets held for sale 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 (2016: a five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2016: 3%). The post-tax rate used to discount the forecast cash flows is 15.07% (2016: 16.10%).

Unit B
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 considered that there was uncertainty in the recovery of the trade receivables and the future trading transaction with the sole customer. A full impairment of approximately HK$41,136,000 was made against the net carrying amount of the Coal Sales Contract and the related deferred tax liabilities amounting to approximately HK$6,787,000 were credited to the profit or loss under income tax expenses during the year ended 31 March 2016.

The Coal Sales Contract under the Coal Business CGU was fully impaired as at 31 March 2016.

Unit C
The recoverable amount of this unit as at 31 March 2017 has been determined based on its fair value less cost of disposal of approximately HK$30,000,000 which is the consideration for the Disposal. As a result, the goodwill allocated to Jewelries and Watches Business CGU is fully impaired by approximately HK$43,072,000 which is charged to profit or loss and presented as discontinued operations in the current year.

Save as disclosed in these consolidated financial statements, the Jewelries and Watches Business was classified as discontinued operations for the year ended 31 March 2017 and the respective goodwill and other intangible assets, the Exclusive License under the Jewelries and Watches Business CGU was reclassified to the assets held for sale as at 31 March 2017.

As at 31 March 2016, the recoverable amount of this unit had 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 valuer. That calculation covered a period of 13 years. The calculation used cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projection period were extrapolated using an estimated growth rate of 3%. The pre-tax rate used to discount the forecast cash flows was 17.43%.

Unit D

The recoverable amount of this unit as at 31 March 2017 has been determined to be approximately HK$53,000,000 based on a value-in-use calculation (2016: value-in-use calculation) with reference to a professional valuation performed by Asset Appraisal Limited ("AAL"), an independent firm of professionally qualified valuers (2016: 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 (2016: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2016: 3%). The pre-tax rate used to discount the forecast cash flows is 14.82% (2016: 12.44%).

Based on the impairment assessment of the Digital Technology Business CGU, the goodwill allocated to Digital Technology Business CGU is partially impaired by approximately HK$53,155,000 (2016: Nil) which was charged to profit or loss under other gains and losses in current year. The above impairment loss was 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 market participants, loss of digital competitiveness and the change in customers' needs.

Unit E

The recoverable amount of this unit as at 31 March 2017 has been determined based on a value-in-use calculation (2016: value-in-use calculation) with reference to a professional valuation performed by AAL (2016: 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 (2016: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2016: 3%). The pre-tax rate used to discount the forecast cash flows is 15.46% (2016: 22.41%).

For the year ended 31 March 2016, the Group was of the opinion, based on the impairment assessment of the Education Business CGU, the recoverable amount of this unit has been determined to be approximately HK$56,019,000 and the goodwill allocated to Education Business CGU was fully impaired by approximately HK$40,113,000 which was charged to profit or loss under other gains and losses. The License Agreements included in other intangible assets was partially impaired by approximately HK$8,996,000 and the corresponding decrease in related deferred tax liabilities amounting to approximately HK$1,485,000. These amounts were charged to the profit or loss under other gains and losses and credited to income tax expenses respectively during year ended 31 March 2016.

The impairment losses during year ended 31 March 2016 were 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.

Unit F

The recoverable amount of this unit as at 31 March 2017 has been determined based on a value-in-use calculation with reference to a professional valuation performed by AAL. 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. Cash flows beyond the projection period are extrapolated using zero growth rate. The pre-tax rate used to discount the forecast cash flows is 14.38%.

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 both years ended 31 March 2017 and 2016. The recoverable amount of Unit C as at 31 March 2017 was based on the fair-value-less-cost-of-disposal calculation determined by the consideration for the Disposal for the year ended 31 March 2017. The fair-value-less-costs-of-disposal is classified as a Level 3 fair value measurement.

16. Available-for-sale Financial Assets

As at 31 March 2017, available-for-sale financial asset represented investments in unlisted equity securities issued by Goldbell Holdings Limited ("Goldbell"), a company incorporated in the British Virgin Islands with limited liabilities, and the investments represent approximately 10% of the entire issued share capital of Goldbell ("10% of Goldbell").

As at 31 March 2016, other than 10% of Goldbell, available-for-sale financial assets also represented 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 represented 10% of the entire issued share capital of China Energy ("10% of China Energy"), which was fully impaired as at 31 March 2016. The 10% of China Energy, together with the shareholder's loan of HK$1,950,000 was disposed at a cash consideration of HK$2,500,000 on 27 January 2017. After deducting the transaction cost attributable to the disposal, gain on disposal of available-for-sale financial asset of approximately HK$547,000 was recognised in other gains and losses during the year.

Available-for-sale financial assets are measured at fair value as at 31 March 2017 and 2016.

	2017 **HK$'000**	2016 HK$'000
Unlisted equity securities	**156,200**	154,000

	10% of China Energy HK$'000	**10% of Goldbell** HK$'000	**Total** HK$'000
Net carrying value at 1 April 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
Change in fair value	—	2,200	2,200
Net carrying value at 31 March 2017	—	156,200	156,200

(a) 10% of China Energy

As at 31 March 2016, 10% of China Energy as 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 the 10% of China Energy 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.

(b) 10% of Goldbell

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 acquisition was completed on 16 July 2014.

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 are in the opinion that the value of the option to require the Vendors to purchase the Sales Shares from the Group was insignificant as at 31 March 2017 and 2016.

As at 31 March 2017, 10% of Goldbell was individually determined to be impaired on the basis of the prolonged decline in its fair value below cost for several years which indicated that the investment cost may not be fully recovered. During the year ended 31 March 2017, a fair value gain of approximately HK$2,200,000 on the investment was recognised in available-for-sale investment reserve whereas an impairment loss of approximately HK$2,800,000 was then recognised in profit or loss under other gains and losses.

17. Loan Receivables

	2017 HK$'000	2016 HK$'000
Loan receivables		
— Collateralised	**3,000**	—
— Non-collaterised	**24,200**	—
	27,200	—
Accrued interest receivables	**60**	—
	27,260	—
Analysed for reporting purposes as:		
Non-current assets	**8,000**	—
Current assets	**19,260**	—
	27,260	—

The loan receivables in the Group's Money Lending Business are all denominated in HK$. The loan periods granted to customers are mainly ranging from one year to two years.

The loans provided to customers bore fixed monthly interest rate ranging from 12% to 36% per annum for the period from the acquisition date of Chengxin to 31 March 2017. The effective interest rates of the above loan receivables ranging from 13% to 36% per annum.

As at 31 March 2017, no impairment provisions were recognised for financial reporting purpose based on individual and collective assessment of credit risks of the loans.

Ageing analysis of loan receivables prepared based on loan commencement date as set out in the relevant contracts is as follows:

	2017 HK$'000	2016 HK$'000
0–90 days	**3,500**	—
91–180 days	**15,000**	—
181–365 days	**8,000**	—
Over 365 days	**700**	—
	27,200	—

18. Bond Receivable

	2017 HK$'000	2016 HK$'000
Unlisted debt instruments, at amortised cost, issued by a listed company	**10,000**	—
Accrued interest receivables	**842**	—
	10,842	—

On 24 November 2016, the Company subscribed a bond with an aggregate principal amount of HK$10,000,000 (the "Bond"). The Bond bears interest at 2% monthly and matures one year from the date of subscription. It can be redeemed by the Bond issuer at any time before maturity at 100% of the outstanding principal amount.

19. Trade and Other Receivables and Prepayments

	2017 HK$'000	2016 HK$'000
Trade receivables	**264,172**	269,877
Less: impairment loss recognised	**(159,284)**	(131,129)
	104,888	138,748
Bills receivables	**2,227**	355
Prepayments and deposits	**7,344**	8,518
Other receivables	**2,709**	3,143
Taxes recoverable	**4,760**	4,356
Amount due from a non-controlling owner of a subsidiary (Note (i))	**88**	88
Amounts due from related companies (Note (ii))	**2,128**	2,490
Amounts due from related parties (Note (iii))	**130**	1,506
Amount due from an associate (Note (iv))	**—**	3,703
Trade and other receivables and prepayments	**124,274**	162,907

Notes:

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

(ii) As at 31 March 2017, the amounts are due from companies which directors of certain subsidiaries have direct equity interest (2016: 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.

(iii) The balance represents amounts due from the directors of the subsidiaries, which are unsecured, interest-free and repayable on demand.

(iv) The amount due from an associate is unsecured, interest-free and repayment on demand. A disposal agreement for the disposal of the entire equity interest in Tiger Global was entered on 28 March 2017 and the amount due from an associate was reclassified to assets held for sale as at 31 March 2017.

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:

	2017	2016
	HK$'000	HK$'000
Trade and bills receivables:		
0–30 days	**9,229**	10,493
31–60 days	**2,266**	3,584
61–90 days	**426**	4,526
Over 90 days	**95,194**	120,500
	107,115	139,103

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$97,887,000 (2016: HK$123,800,000) 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.

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

	2017	2016
	HK$'000	HK$'000
0–30 days	**2,578**	5,684
31–60 days	**498**	21,764
61–90 days	**1,056**	10,895
Over 90 days	**93,755**	85,457
	97,887	123,800

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

	2017	2016
	HK$'000	HK$'000
At 1 April	**131,129**	155,972
Impairment loss during the year (Note 5)	**30,592**	58,045
Amount written back	**(2,323)**	(83)
Bad debts written off	**(80)**	(105)
Disposal of subsidiaries	**—**	(82,700)
Exchange realignment	**(34)**	—
At 31 March	**159,284**	131,129

Impaired receivables mainly related to balances due from the sole customer of the Group in its Coal Business amounting to gross amount of approximately HK$156,878,000 (2016: HK$158,309,000) as at 31 March 2017 and net carrying amount of approximately HK$77,992,000 (2016: HK$105,848,000) as at 31 March 2017. In 2013, the Group had entered into a master agreement with the sole customer, a State-Owned Enterprise in the PRC. Due to prolonged delay in repayment of receivables from this customer casts doubts on the recoverability, the Group temporarily suspended the trading transactions with this customer. No sales recorded during 31 March 2017. Based on impairment assessment of the trade receivables due by the sole customer, taking into account the latest negotiations with the customer for repayment schedule of the outstanding amounts, impairment loss of approximately HK$26,405,000 (2016: HK$51,919,000) was recognised for this customer in profit or loss under other gains and losses.

Moreover, during the year ended 31 March 2016, prepayments and deposits consisted prepayments to independent suppliers for the acquisition of major raw materials used by the Group for the production of the existing Hygienic Disposables Business 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 was recognised to other gains and losses for the year ended 31 March 2016.

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

20. Trade and Other Payables and Accruals

	2017 HK$'000	2016 HK$'000
Trade payables	**141,711**	154,005
Customer deposits	**1,081**	1,259
Other payables and accruals	**8,908**	7,816
Amount due to a related party (Note)	**4,295**	4,295
	155,995	167,375

Note: The related party is a close family member of a Director.

The amount due to a related party is unsecured, interest-free and repayable on demand.

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

	2017 HK$'000	2016 HK$'000
0–30 days	**3,919**	7,247
31–60 days	**2,271**	195
61–90 days	**325**	105
Over 90 days	**135,196**	146,458
	141,711	154,005

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

21. 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.

On 17 May 2016, the Company and the bondholders entered into the Deed of Amendments which both parties agreed to amend certain terms and conditions of the Convertible Bonds, among others (i) to extend the maturity date of the Convertible Bonds to 31 August 2016; and (ii) unless previously redeemed, converted or purchased and cancelled under the terms of the Convertible Bonds, 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 31 August 2016. The amendments became effective on the same date.

On 16 August 2016, the Open Offer was completed and pursuant to the terms of the Convertible Bonds, the conversion price of the Convertible Bonds was adjusted from HK$3.20 per share to HK$2.52 per share and accordingly, the number of conversion shares to be issued upon exercise of the conversion rights attached to the outstanding Convertible Bonds should be increased from 31,250,000 shares to 39,682,539 shares.

On 16 August 2016, approximately HK$131,262,000 was paid to bondholders for the redemption of the Convertible Bonds. Upon the settlement of all convertible bonds, the remaining value of the convertible bonds equity reserve of approximately HK$5,947,000 was released to accumulated losses.

Details of the Convertible Bonds are set out in the announcements of the Company dated 11 June 2014, 19 June 2014, 17 May 2016 and 15 August 2016 and the circular of the Company dated 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.

The Convertible Bonds recognised were calculated as follows:

	2017	2016
	HK$'000	HK$'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
Transfer to accumulated losses upon redemption	**(5,947)**	—
At the end of the year	**—**	5,947
Liability component		
At the beginning of the year	**122,340**	106,479
Effective interest expenses (Note 6)	**8,922**	23,861
Interest paid	**(31,262)**	(8,000)
Redemption	**(100,000)**	—
At the end of the year	**—**	122,340

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% (2016: 23.24%) per annum.

The Convertible Bonds were guaranteed by Mr. Wong Wai Sing, an executive Director of the Company, (the "Guarantor") who unconditionally and irrevocably guaranteed 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 would pay that sum to or to the order of the Convertible Bonds holder. Upon the settlement of all convertible bonds, the guarantee was released.

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) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business"); (v) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("Education Business"); and (vi) provision of money lending services ("Money Lending Business"). The Group was also engaged in (i) sales and distribution of jewelries and watches ("Jewelries and Watches Business") which was discontinued during the year; and (ii) business of trading of Methyl Tertiary Butyl Ether products ("MTBE Business") which was discontinued during the year ended 31 March 2016. Details are disclosed in Note 9 to this announcement.

For the year under review, the Group recorded a net loss attributable to owners of the Company of approximately HK$190.4 million (2016: approximately HK$284.4 million).

Revenue

The Group's revenue from continuing operations decreased by approximately HK$107.7 million or 46.9% from approximately HK$229.8 million for the year ended 31 March 2016 to approximately HK$122.1 million for the corresponding period in 2017.

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 2017, with comparative figures for the corresponding period in 2016.

	Year ended 31 March			
	2017 HK$'000	**2017 %**	2016 HK$'000 (restated)	2016 %
By segment:				
Hygienic Disposables Business	**47,027**	**38.5**	53,414	23.3
Coal Business	**—**	**—**	79,058	34.4
Household Consumables Business	**55,141**	**45.2**	63,908	27.8
Digital Technology Business	**521**	**0.4**	11,105	4.8
Education Business	**17,905**	**14.7**	22,333	9.7
Money Lending Business	**1,506**	**1.2**	—	—
Total	**122,100**	**100.0**	229,818	100.0

	Year ended 31 March			
	2017	**2017**	2016	2016
	HK$'000	**%**	HK$'000 (restated)	%
By geographical locations:				
The People's Republic of China (the "PRC")	**9,683**	**7.9**	91,276	39.7
United Kingdom	**92,165**	**75.4**	106,337	46.3
Norway	**8,868**	**7.3**	10,571	4.6
Macau	**282**	**0.2**	2,763	1.2
Hong Kong	**9,967**	**8.2**	18,458	8.0
United States of America	**462**	**0.4**	—	—
Singapore	**—**	**—**	413	0.2
Estonia	**673**	**0.6**	—	—
Total	**122,100**	**100.0**	229,818	100.0

The Group's revenue from continuing operations on the Hygienic Disposables Business decreased by approximately HK$6.4 million or 12.0% from approximately HK$53.4 million for the year ended 31 March 2016 to approximately HK$47.0 million for the corresponding period in 2017 mainly due to the substantial decrease in demand for the hygienic disposables products in Europe and the loss of major customers in financial year 2015/16, which lead to a significant decrease in sales. Due to the uncertainty in the recovery of the trade receivable from the sole customer and therefore the Company decided to suspend the trading transactions temporarily for the Coal Business as a result no revenue was recorded. The revenue from the Household Consumables Business decreased by approximately HK$8.8 million or 13.7% from approximately HK$63.9 million for the year ended 31 March 2016 to approximately HK$55.1 million for the corresponding period in 2017 was mainly due to the continuous depreciation of Great British Pound ("GBP") after United Kingdom voted to leave the European Union in June 2016. The GBP currency rate during the year has been dropped sharply by approximately 13.3% compared with the corresponding period in 2016. By excluding the effect of the depreciation of GBP, the revenue for both years remains similar. The revenue from the Digital Technology Business decreased by approximately HK$10.6 million or 95.3% from approximately HK$11.1 million for the year ended 31 March 2016 to approximately HK$0.5 million for the year ended 31 March 2017, was mainly due to the intense competition among the industry, changing needs of customers and rapid development in information technology which resulted in decrease in sales volume. The Group had changed its sales mix and increased cost in developing new products with a view of regaining the competitiveness, the initiative has yet to deliver significant positive results, and therefore the segment resulted in an operating loss during the year. The revenue from Education Business decreased by approximately HK$4.4 million or 19.8% from approximately HK$22.3 million for the year ended 31 March 2016 to approximately HK$17.9 million for the year ended 31 March 2017, was mainly due to the revenue from provision educational technology solutions through online education programs shrank for the current year. The revenue from the provision of English language proficiency tests in both Hong Kong and PRC remains stable for both years.

Since Money Lending Business was acquired during the year, no comparative information for this business is shown.

Gross profit and gross profit margin

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 2017, with comparative figures for the corresponding period in 2016.

	Year ended 31 March			
	2017	**2017**	2016	2016
	HK$'000	**%**	HK$'000 (restated)	%
By segment:				
Hygienic Disposables Business	**4,979**	**10.6**	4,363	8.2
Coal Business	**—**	**—**	3,483	4.4
Household Consumables Business	**10,399**	**18.9**	11,527	18.0
Digital Technology Business	**(2,727)**	**—**	8,417	75.8
Education Business	**13,029**	**72.8**	16,007	71.7
Money Lending Business	**1,506**	**100.0**	—	—
Overall	**27,186**	**22.3**	43,797	19.1

The Group's gross profit from continuing operations decreased by approximately HK$16.6 million or 37.9% from approximately HK$43.8 million for the year ended 31 March 2016 to approximately HK$27.2 million for the corresponding period in 2017. The Group's gross profit margin on the Hygienic Disposables Business increased from approximately 8.2% for the year ended 31 March 2016 to approximately 10.6% for the corresponding period in 2017 primarily due to the fall of global oil prices, resulting in the lowered cost of raw materials. Gross profit margin for Coal Business decreased by 100% as resulted from the temporary suspension of trading transactions in this segment. The gross profit margin for the Household Consumables Business slightly increased from 18.0% for the year ended 31 March 2016 to 18.9% for the corresponding period in 2017 mainly due to the positive results from the change in product mix for higher profit margin contribution products. The gross profit margin for the Digital Technology Business decreased from approximately 75.8% for the year ended 31 March 2016 to a gross loss for the year ended 31 March 2017 primarily due to the significant fall in sales volume while majority of the cost of sales comprised of labour cost which remain constant over the sales volume. The gross profit margin for the Education Business slightly increased from approximately 71.7% for the year ended 31 March 2016 to approximately 72.8% for year ended 31 March 2017 due to the increase of the enrollment of English language proficiency tests in the PRC. Since Money Lending Business was acquired during the year, no comparative information for the business is shown. The gross profit margin for Money Lending Business is 100% for the year ended 31 March 2017. In view of the prospect and future profitability of Money Lending Business, the Group is confident that the overall gross profit margin would be improved in the coming year by the positive gross profit margin contribution from the Money Lending Business.

Other income

Other income from continuing operations mainly consists of bank interest income, interest income from bond receivable and other receivables and sundry income. Other income decreased by approximately HK$3.7 million or 66.5% from approximately HK$5.5 million for the year ended 31 March 2016 to approximately HK$1.8 million for the corresponding period in 2017 as no dividend income from the Group's unlisted equity investment in Goldbell Holdings Limited ("Goldbell") was received/receivable during the year of which approximately HK$4.9 million was recorded during the previous year.

Other gains and losses

For the year ended 31 March 2017, the other gains and losses from continuing operations mainly comprises of impairment loss on trade and other receivables of approximately HK$30.6 million due to certain debtors with prolonged delay in repayment which casts doubts on their recoverability, impairment loss on goodwill of approximately HK$53.2 million arising from Digital Technology Business and impairment loss on available-for-sale financial assets of approximately HK$2.8 million partially offset by written back of impairment loss on trade receivables of approximately HK$2.3 million and gain on disposal of available-for-sale financial asset of approximately HK$0.5 million, while for the corresponding year in 2016, the other gains and losses mainly comprises of 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, fair value loss on contingent consideration receivables/earn-out consideration payable of approximately HK$37.4 million, impairment loss on property, plant and equipment of approximately HK$2.9 million for the Hygienic Disposables Business partially offset by gain on disposal of a subsidiary of approximately HK$4.8 million.

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

Selling and distribution expenses

Selling and distribution expenses from continuing operations mainly consist of transportation expenses, custom and inspection fees and commissions paid to sales agents. The selling and distribution expenses decreased by approximately HK$0.8 million or 19.7% from approximately HK$3.9 million for the year ended 31 March 2016 to approximately HK$3.1 million for the corresponding period in 2017 mainly due to the 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 fees, consultancy fees and rental expenses. The administrative expenses decreased by approximately HK$8.9 million or 10.2% from approximately HK$87.3 million for the year ended 31 March 2016 to approximately HK$78.4 million for the corresponding period in 2017 mainly due to decrease in staff costs and directors' remuneration of approximately HK$14.8 million and partially offset by the increase in advertising and promotion fee of approximately HK$3.0 million.

Finance costs
Finance costs from continuing operations consist of interest expenses on convertible bonds and interest expenses on trust receipt loans. The finance costs decreased by approximately HK$15.0 million or 62.6% from approximately HK$23.9 million for the year ended 31 March 2016 to approximately HK$8.9 million for corresponding period in 2017 as the convertible bonds were fully redeemed in August 2016.

Loss before income tax
The Group recorded a loss before income tax from continuing operations of approximately HK$145.4 million for the year ended 31 March 2017 as compared to approximately HK$286.1 million for the year ended 31 March 2016. The decrease in loss in 2017 was mainly due to the substantial decrease in impairment loss on trade and other receivables and other intangible assets amounting to approximately HK$111.0 million; decrease in fair value loss on contingent consideration receivables /earn-out consideration payable amounting to approximately HK$37.4 million; and decrease in finance costs of approximately HK$15.0 million, due to the redemption of convertible bonds in August 2016. These positive drivers were partially offset by the increase in impairment losses on goodwill and available-for-sale financial assets totally amounting to approximately HK$13.6 million and decrease in gross profit of approximately HK$16.6 million primarily arised from no profit contribution from the Coal Business and segmental loss resulted from Digital Technology Business.

Income tax expense (credit)
The Group recorded a income tax expense from continuing operations of approximately HK$1.6 million during the year ended 31 March 2017 (as compare to the income tax credit of approximately HK$5.0 million during the year ended 31 March 2016). There was no change in applicable tax rates for the Company's subsidiaries for both years. The subsidiaries operating in Hong Kong were subject to Hong Kong Profits Tax at a rate of 16.5% (2016: 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 entities was 25% from 1 January 2008 onwards, the majority subsidiaries operating in the PRC was subject to a tax rate of 25% (2016: 25%) except for a subsidiary which was recognised as a high and new technology enterprise is subject to a preferential tax rate of 15% (2016: 15%). For the subsidiary operating in Macau, profit was exempted from Macao Complementary Tax for both years.

The major reason for the significant change in income tax charge for the year was mainly due to the deferred tax credit related to the amortisation and impairment loss on other intangible assets which decreased from approximately HK$8.4 million for the year ended 31 March 2016 to approximately HK$0.3 million in the corresponding period in 2017.

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 improved by approximately HK$112.2 million from a loss of approximately HK$301.4 million for the year ended 31 March 2016 to a loss of approximately HK$189.2 million for the corresponding period in 2017.

Trade receivables
The amount of trade receivables before allowance for bad and doubtful debts amounting to approximately HK$264.2 million as at 31 March 2017, which slightly decreased by 2.1% as compared to approximately HK$269.9 million as at 31 March 2016. As at 31 March 2017, allowance for bad and doubtful debts of trade receivables amounted to approximately HK$159.3 million was made as compared to an allowance of approximately HK$131.1 million as at 31 March 2016. For long outstanding receivables, follow up actions have been 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 8.0% from approximately HK$154.0 million as at 31 March 2016 to approximately HK$141.7 million as at 31 March 2017. The decrease was mainly come from the decrease in sales volume for Hygienic Disposables Business in the current year.

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 and fund raising by issue of the Company's new shares. The Group's current ratio as at 31 March 2017 was approximately 1.4 (as at 31 March 2016: 0.7). The gearing ratio as at 31 March 2017 was nil (as at 31 March 2016: approximately 39.0%), calculated as total borrowings (including convertible bonds and trust receipt loan) over equity attributable to owners of the Company.

Currency and interest rate exposure
Certain sales transactions of the Group are denominated in foreign currencies, which expose the Group to foreign currency risks. Currently, 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 2017. 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 Dollar ("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.

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

As at 31 March 2017, there were no outstanding trust receipt loan as all the trust receipt loan has been settled during the year (as at 31 March 2016: approximately HK$0.8 million was outstanding and it was denominated in USD, and secured by a pledged bank deposit, corporate guarantee in the amount of USD3.5 million executed by the Company, and legally notarised livranca (i.e. promissory note) in the amount of USD3.5 million 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

Certain buildings and leasehold land with carrying value of approximately HK$10.2 million (as at 31 March 2016: a bank deposit of approximately HK$7.8 million and certain buildings and leasehold land with carrying value of approximately HK$10.9 million) have been pledged as securities for certain banking facilities granted to the Group.

Contingent Liabilities

As at 31 March 2017, 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 (as at 31 March 2016: approximately HK$9.1 million). Save as aforesaid or otherwise mentioned herein, the Group did not have any material contingent liabilities.

Operating Lease Commitments

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

	2017 **HK$'000**	2016 HK$'000
As Lessee		
Within one year	**4,391**	7,340
In the second to fifth years inclusive	**4,076**	4,462
	8,467	11,802

SIGNIFICANT EVENTS AND MATERIAL ACQUISITION AND DISPOSAL

(i) Placing of 1,405,519,920 new ordinary shares by way of open offer and fully redemption of convertible bonds

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 (the "Shareholders") on the basis of three offer shares for every two existing shares held on the record date, 22 July 2016 (the "Open Offer"). On 16 August 2016, the Open Offer was completed and subsequently, the convertible bonds were fully redeemed.

The gross proceeds from the Open Offer were approximately HK$230.5 million and estimated net proceeds were approximately HK$219.7 million. The actual net proceeds from the Open Offer were HK$219.4 million which were used by the Company as to: (i) approximately HK$131.3 million for the redemption of convertible bonds due 2016 and payment of accrued interests thereon; (ii) HK$35 million for acquisition of Chengxin Finance Limited as disclosed in subsection "Acquisition of Chengxin Finance Limited"; (iii) HK$10 million for the subscription of the bond as disclosed in subsection "Subscription of HK$10 million unlisted straight bonds"; and (iv) approximately HK$43.1 million for general working capital the Group for which payment of suppliers of approximately HK$9.2 million, staff costs and directors' remuneration of approximately HK$16.3 million, payment of rental expenses, management fees and rates of approximately HK$6.7 million, legal and professional fees and corporate expenses of approximately HK$8.4 million and other office expenses of approximately HK$2.5 million.

Further details are set out in the announcements of the Company dated 17 May 2016, 15 July 2016, 15 August 2016 and the circular and prospectus of the Company dated 24 June 2016 and 25 July 2016 respectively.

(ii) Subscription of HK$10 million unlisted straight bonds

On 24 November 2016, the Company announced to apply HK$10 million of the unutilised proceeds from the Open Offer to subscribe straight bonds which were issued by a Hong Kong listed company with a term of one year (the "Bonds"). The Bonds bear interest at the rate of 2% per month, payable monthly in arrears. Further details are set out in the announcement of the Company dated 24 November 2016.

(iii) Acquisition of Chengxin Finance Limited

On 15 December 2016, the Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with an independent vendor to acquire the entire equity interest in Chengxin Finance Limited ("Chengxin Finance") at a total consideration of HK$50 million. The consideration was satisfied by a cash consideration of HK$35 million and HK$15 million by the allotment and issuance of an aggregate of 31,250,000 fully paid ordinary shares (the "Consideration Shares"). The Board resolved to apply HK$35 million of the unutilised proceeds from the Open Offer to payment of the cash consideration.

Conditions precedent to the completion of the acquisition of Chengxin Finance and issuance of the Consideration Shares were set out in the announcement of the Company dated 15 December 2016.

Acquisition of Chengxin Finance was completed on 29 December 2016 and the Consideration Shares were issued on the same date.

Pursuant to the Sale and Purchase Agreement, the vendor guaranteed that the net profit before taxation of Chengxin Finance for the years ending 31 December 2017 and 31 December 2018 will not be less than HK$5 million and HK$5 million respectively (the "Profit Guarantee"). In case the Profit Guarantee is not fulfilled, the vendor shall compensate the Group in the amount pursuant to the terms and conditions in the Sale and Purchase Agreement.

Chengxin Finance was principally engaged in provision of money lending services and a licensed money lender. The acquisition was completed on 29 December 2016 and Chengxin Finance became a wholly-owned subsidiary of the Company since then. Further details are set out in the announcements of the Company dated 15 December 2016 and 29 December 2016.

(iv) Disposal of Tiger Global Group Limited

On 28 March 2017, Star Guardian Holdings Limited, a wholly-owned subsidiary of the Company, entered into a disposal agreement with an independent third party to dispose the entire equity interest in Tiger Global Group Limited, at a cash consideration of HK$30 million. Tiger Global together with its subsidiary and associated company carried out all of the Group's Jewelries and Watches Business operation. Accordingly, the Group's Jewelries and Watches Business was classified as a discontinued operation in the consolidated statement of comprehensive income for the year ended 31 March 2017. The assets and liabilities of Tiger Global Group as at 31 March 2017 are classified as "Assets held for sale" and "Liabilities directly associated with assets held for sale" respectively.

The disposal of Jewelries and Watches Business could enable the Group to free up its resources and redirect them to other existing businesses which may have higher growth potential to maximise the benefit of the Shareholders. The actual gain or loss as a result of the disposal is subject to final audit to be performed by the auditors.

As at date of this announcement, the disposal is not yet completed. Further details are set out in the announcements of the Company dated 28 March 2017 and 29 March 2017.

IMPAIRMENTS

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

(a) Impairment losses were recognised on goodwill of approximately HK$53.2 million in relation to the Digital Technology Business. An independent professional valuer was engaged to perform impairment assessment and 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 is considered necessary. The impairment loss was mainly attributable to the increase in competition among other market participants, loss of digital competitiveness and the change in customers' needs which all led to slowdown in our development growth rate in our cash flow projection.

(b) Impairment losses were recognised on available-for-sale financial assets of approximately HK$2.8 million. An independent professional valuer was engaged to assess the fair value of the available-for-sale financial assets. The decline in fair value was mainly due to the continuous declining in gold prices for the past two years.

(c) Impairment losses were recognised on trade and other receivables of approximately HK$30.6 million for several customers who 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.

(d) Impairment losses were recognised on goodwill and interest in an associate of approximately HK$43.1 million and HK$1.9 million respectively in relation to the Jewelries and Watches Business. The recoverable amount of this unit of business has been determined based on its fair value less cost of disposal of approximately HK$30.0 million based on the consideration for the Disposal.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 5 May 2017, Tary Limited and Ramber Industrial Limited, both are wholly-owned subsidiaries of the Company, as vendors, the Company, as vendors' guarantor, and the independent third parties, as purchasers, entered into a disposal agreement in relation to the disposal of the entire equity interest in Brighten Tree Limited and the sale loans, at a cash consideration of HK$85 million. Brighten Tree Limited together with its subsidiary carried out part of the Group's Hygienic Disposables Business operation.

The Hygienic Disposables Business has been making losses for the past three years and the Board considered that it is appropriate and in the interests of the Group and the Shareholders to terminate this loss-making business and to reallocate more resources on other business segments of the Group.

Disposal of Brighten Tree Limited was completed on 25 May 2017.

Further details are set out in the announcements of the Company dated 5 May 2017 and 25 May 2017.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 March 2017, the Group employed a total of 144 employees (31 March 2016: 143). 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. Discretionary 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, medical scheme and share option scheme to its employees. Staff costs, including directors' emoluments under the continuing operations, for the year ended 31 March 2017 amounted to approximately HK$46.9 million (31 March 2016: approximately HK$61.6 million).

The Company adopted the share option scheme adopted on 26 February 2015, where share options to subscribe for shares of the Company may be granted to the eligible participants of the Group.

PROSPECT

The Group has been actively seeking opportunities to diversify its business portfolio by exploring various investments in different sectors, with a target to find new growth drivers to support the long term development of the Group.

Household Consumables Business

The Group's Household Consumables Business primarily targets the wholesale and retail customers in the Europe region. Despite the ever-changing macroeconomic dynamics in the Europe region which may hinder our Household Consumables Business, the Directors are still optimistic in its potential growth. Through product mix optimisation and strategic marketing orientation, the profitability in this segment has been improving in recent years. Striving to increase our Shareholders' value, additional resources may be devoted in this segment aiming to increase its market shares, trading volume, distribution channel and overall profitability.

Coal Business

In consideration of the long term overdue of the account receivable by our customer, the Group has continued to suspend the trading with our customer till respective account receivable being lessen to an acceptable level. As substantial financial resources have been deployed in this segment, the Group will continue to monitor the market development and interact closely with both supplier and customer in reviewing our operating position with an aim to have a sustainable development in this business segment.

Digital Technology Business

Persistent demands by enterprise in exploring new technologies has driven the growth in digital technology sector for years. However, the rapid changing in demand of users, emerging of disruptive and sophisticated ideas and advancement of innovation information technology like big data, cloud computing, etc. put very high pressure on the digital technology market players. Going forward, the Group will continue to strive for innovative ideas and technologies to improve the efficiency and maintain the Group's competitive edge in this dynamic industry.

Education Business

The never ending demand for education-related products and services in Hong Kong and the PRC drives the continuous growth in this industry as a whole. The Company believes that the positive industry outlook will attract more entrants, which could induce more intense competition. Although the segment recorded a loss during the current year, the Group is optimistic that the overall market size will continue to grow and that our Education Business segment could ride on such industry expansion.

Money Lending Business

The Group has acquired Money Lending Business in December 2016. Based on its current financial performance, the Board is confident that Money Lending Business will continue to contribute a stable and favorable income stream to the Group in future years. With the continual growth in the money lending business market in Hong Kong, the Board believes that Money Lending Business will provide an excellent platform for the Group to expand, explore and capitalise this business market. Nevertheless, with the current volatile stock market, fluctuations of the property market in Hong Kong as well as other uncertainties in macro-economy, the Group will continue to develop this business under prudent credit management and balanced approach.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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's value and safeguarding interests of the Shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles with emphasis 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 (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.

Mr. Wong Wai Sing ("Mr. Wong") has been appointed as the chairman of the Board ("Chairman") and chief executive officer of the Company ("CEO") since 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.

An independent non-executive Director was unable to attend the annual general meeting of the Company held on 26 September 2016 (the "2016 AGM") and extraordinary general meeting of the Company held on 14 July 2016 due to other business engagements.

The Company will request all the independent non-executive Directors and other non-executive Director(s) 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 board should attend the annual general meeting.

Mr. Wong, the Chairman, was unable to attend the 2016 AGM due to other commitment and Mr. Wong appointed Mr. Wong Jeffrey, an executive Director, to act as his representative at the 2016 AGM and to take the chair of the 2016 AGM and to ensure that proceedings of the meeting would be conducted in order. The Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). 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 2017.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Save as disclosed under the subsection "Significant events and material acquisition and disposal" in the section "Management Discussion and Analysis", 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 2017.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year, but represents an extract from those consolidated financial statements. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, and the final results of the Group for the year ended 31 March 2017. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2017 as set out in this announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

The annual results announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.newtreegroupholdings.com). The annual report for the year ended 31 March 2017 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Stock Exchange's website and Company's website in due course.

By Order of the Board
Newtree Group Holdings Limited
Wong Wai Sing
Chairman and Executive Director

Hong Kong, 23 June 2017

As at the date of this announcement, the executive Directors are Mr. Wong Wai Sing, Mr. Chan Kin Lung, Mr. Lee Chi Shing, Caesar, Ms. Yick Ming Ching, Dawnibilly and Mr. Wong Jeffrey; the non-executive Director is Ms. Lin Fang; and the independent non-executive Directors are Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian.