友川集團控股有限公司

NEWTREE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

2018/2019

INTERIM REPORT

Contents

Corporate Information

Executive Directors
Mr. Wong Wai Sing *(Chairman and Chief Executive Officer)*
Mr. Chan Kin Lung
Mr. Lee Chi Shing, Caesar
Mr. Wong Jeffrey

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

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

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

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

Authorised Representatives
Mr. Wong Jeffrey
Ms. Chan Chiu Wing

Company Secretary
Ms. Chan Chiu Wing

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

Company's Website
www.newtreegroupholdings.com

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Cayman Islands

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Principal Share Registrar and Transfer Office in Cayman Islands
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KY1-1110, Cayman Islands

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

Principal Bankers
Bank of China, Macau Branch
Bank of East Asia, Limited
Bank of Communications Co. Ltd. Hong Kong Branch

Auditor
Moore Stephens CPA Limited
801-806 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

Management Discussion and Analysis

The board (the "Board") of directors (the "Director(s)") of Newtree Group Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together referred to as the "Group") for the six months ended 30 September 2018 (the "Interim Period").

Business and Financial Review

During the Interim Period, the Group has been engaged in (i) wholesale and retail of household consumables ("Household Consumables Business"); (ii) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business"); (iii) trading of coal products ("Coal Business"); (iv) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("Education Business"); and (v) provision of money lending services ("Money Lending Business"). The Group was also engaged in (i) sales and distribution of jewelries and watches; and (ii) manufacture and trading of clinical and household hygienic disposables and trading of related raw materials, which were disposed during the year ended 31 March 2018.

For the Interim Period, the Group recorded a net loss attributable to the owners of the Company of approximately HK$2.5 million (six months ended 30 September 2017: profit of approximately HK$55.4 million).

Continuing Operations

Revenue

The Group's revenue from continuing operations increased by approximately HK$12.0 million or 25.1% from approximately HK$47.8 million for the six months ended 30 September 2017 to approximately HK$59.8 million for the Interim Period.

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 Interim Period, with comparative figures for the corresponding period in 2017:

	Six months ended 30 September			
	2018 HK$'000 (unaudited)	**2018 %**	2017 HK$'000 (unaudited)	2017 %
By segment:				
Household Consumables Business	**22,818**	**38**	26,952	56
Digital Technology Business	**1,110**	**2**	2,813	6
Coal Business	**–**	**–**	–	–
Education Business	**9,609**	**16**	8,561	18
Money Lending Business	**26,301**	**44**	9,496	20
Total	**59,838**	**100**	47,822	100
By geographical location:				
United Kingdom (the "UK")	**22,818**	**38**	26,952	56
Hong Kong	**30,893**	**52**	13,356	28
The People's Republic of China (the "PRC")	**6,127**	**10**	7,490	16
Macau	**–**	**–**	24	–
Total	**59,838**	**100**	47,822	100

Business and Financial Review *(Continued)*

Continuing Operations *(Continued)*

Revenue *(Continued)*

The Group's revenue from Household Consumables Business decreased by approximately HK$4.1 million or 15.3% from approximately HK$27.0 million for the six months ended 30 September 2017 to approximately HK$22.8 million for the Interim Period was mainly due to decrease in sales volume resulted from the slowdown of economy in the UK and Brexit-related uncertainty over the business environment.

No revenue was generated from Coal Business for both the Interim Period and the six months ended 30 September 2017. During the Interim Period, the trading transactions were still under suspension whereas the long outstanding trade receivables from the sole customer were under repayment. The Directors are expected that once the respective trade receivable being lessen to an acceptable level, the trading is expected to be resumed.

Revenue from Digital Technology Business decreased by approximately HK$1.7 million or 60.5% from approximately HK$2.8 million for the six months ended 30 September 2017 to approximately HK$1.1 million during the Interim Period was mainly due to intense competition among the industry and rapid development in information technology which resulted in decrease in sales volume.

Revenue from Education Business increased by approximately HK$1.0 million or 12.2% from approximately HK$8.6 million for the six months ended 30 September 2017 to approximately HK$9.6 million during the Interim Period was mainly due to the increase in revenue from the provision of English language proficiency tests in both Hong Kong and the PRC.

During the Interim Period, Money Lending Business generated significant revenue by providing loan financing services in Hong Kong. Approximately HK$26.3 million loan interest income was generated representing an increase of approximately HK$16.8 million from approximately HK$9.5 million for the six months ended 30 September 2017. The increase in revenue was due to increase in average loan to customers from approximately HK$128.0 million for the six months ended 30 September 2017 to approximately HK$282.8 million for the Interim Period.

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 Interim Period, with comparative figures for the corresponding period in 2017:

	Six months ended 30 September			
	2018 HK$'000 (unaudited)	**2018 %**	2017 HK$'000 (unaudited)	2017 %
By segment:				
Household Consumables Business	**4,430**	**19.4**	5,225	19.4
Coal Business	**–**	**–**	–	–
Digital Technology Business	**483**	**43.5**	2,118	75.3
Education Business	**7,635**	**79.5**	5,228	61.1
Money Lending Business	**26,301**	**100.0**	9,496	100.0
Overall	**38,849**	**64.9**	22,067	46.1

Business and Financial Review *(Continued)*
Continuing Operations *(Continued)*
Gross Profit and Gross Profit Margin (Continued)
Gross profit from continuing operations increased by approximately HK$16.8 million or 76.1% from approximately HK$22.1 million for the six months ended 30 September 2017 to approximately HK$38.8 million for the Interim Period.

The Group's gross profit margin for Household Consumables Business remained constant at approximately 19.4% for both the Interim Period and the six months ended 30 September 2017.

No gross profit margin for Coal Business for both the Interim Period and the six months ended 30 September 2017 as resulted from the temporary suspension of trading transactions in this segment.

Gross profit margin for Digital Technology Business decreased from approximately 75.3% for the six months ended 30 September 2017 to approximately 43.5% for the Interim Period primarily due to decrease in sales volume resulted from keen competition in the PRC while cost of services which primarily comprised of labour cost remains constant over the sales volume.

The gross profit margin for Education Business increased from approximately 61.1% for the six months ended 30 September 2017 to approximately 79.5% for the Interim Period as increase in number of participants per each English language proficiency test held in both Hong Kong and PRC which resulted in higher profit margin.

The gross profit margin for Money Lending Business is 100% for the Interim Period and the six months ended 30 September 2017 which contributed a positive impact to the Group's gross profit margin.

Other Income
For the Interim Period, other income from continuing operations mainly consists of bank interest income and rental income. Other income significantly decreased by approximately HK$3.1 million as no bond interest income and dividend income from the unlisted equity investment were recognised during the Interim Period.

Other Gains and Losses
For the Interim Period, other gains and losses from continuing operations mainly comprise of net gain in fair value change on contingent consideration receivables, financial assets at FVTPL, derivative financial asset and promissory note of approximately HK$1.0 million in total, reversal of impairment loss on trade and loan receivables of approximately HK$10.5 million, impairment loss on loan receivables of approximately HK$4.4 million and loss on early redemption of promissory note of approximately HK$2.0 million. Other gains and losses increased by approximately HK$4.1 million as for corresponding period in 2017, the other gains and losses only comprised of fair value gain on financial assets at FVTPL of approximately HK$1.0 million and impairment loss on trade receivables of HK$0.1 million.

Selling and Distribution Expenses
Selling and distribution expenses from continuing operations mainly consist of transportation expenses and commission paid to sales agents. Approximately HK$0.3 million was recognised during the Interim Period which remains similar compared with the corresponding period in 2017.

Business and Financial Review *(Continued)*

Continuing Operations *(Continued)*

Administrative Expenses

Administrative expenses from continuing operations mainly consist of staff costs (including directors' remuneration), legal and professional fee, consultancy fee and rental expenses. Administrative expenses increased by approximately HK$4.4 million or 16.5% from approximately HK$26.6 million for the six months ended 30 September 2017 to approximately HK$31.0 million for the Interim Period mainly due to the increase in total staff costs of approximately HK$4.1 million.

Finance Costs

Finance costs from continuing operations mainly represent interest expenses on convertible bonds. The finance costs increased by approximately HK$13.6 million or 296% from approximately HK$4.6 million for the six months ended 30 September 2017 to approximately HK$18.2 million for the Interim Period as the convertible bonds were issued in August 2017, only approximately 2-month interest expenses were accounted for the six months ended 30 September 2017, while for the Interim Period 6-month interest expenses was recognised.

Profit before Income Tax

The Group recorded a profit before income tax from continuing operations of approximately HK$2.3 million for the Interim Period as compared to a loss of approximately HK$5.6 million during the six months ended 30 September 2017. The result of turnaround performance in 2018 mainly due to increase in gross profit of approximately HK$16.8 million primarily arising from Money Lending Business; share of profit of associates by approximately HK$7.9 million which were newly acquired on February 2018; and increase in other gains and losses by approximately HK$4.1 million. The above positive drivers were partially offset by the increase in finance cost and staff cost of approximately HK$13.6 million and HK$4.1 million respectively.

Income Tax Expense

The Group recorded income tax expense of approximately HK$4.1 million during the Interim Period as compared to approximately HK$2.5 million during the six months ended 30 September 2017. There was no significant change in applicable tax rates of the Company's subsidiaries during the Interim Period. The subsidiaries operating in Hong Kong were subject to Hong Kong Profits Tax at a rate of 16.5% (six months ended 30 September 2017: 16.5%). For the subsidiaries operating in the PRC, pursuant to the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Regulation on the implementation of the EIT Law, the majority subsidiaries operating in the PRC was subject to a tax rate of 25% (six months ended 30 September 2017: 25%) except for a subsidiary which was recognised as a high and new technology enterprise is subject to a preferential tax rate of 15% (six months ended 30 September 2017: 15%). For the subsidiary operating in Macau, profit was exempted from Macao Complementary Tax for both periods.

The increase in income tax expense was mainly resulted from increase profit from Money Lending Business as compared with the same period of corresponding year.

Impairment Loss on Goodwill

The management performs regular review on the carrying values of the Group's business units to determine any potential impairment loss. During the Interim Period, no impairment loss on goodwill was recognised. The management assessed the recoverable amount of each of the individual business unit based on a value-in-use/fair-value-less-costs-of-disposal calculation with reference to professional valuation performed by independent professional appraisal firms. Details of the impairment testing on other intangible assets and goodwill are set out in Note 19 to the unaudited condensed consolidated financial statements of this report.

Business and Financial Review *(Continued)*

Total Comprehensive Income for the Period Attributable to Owners of the Company

The total comprehensive income for the period attributable to owners of the Company amounted to loss of approximately HK$5.0 million for the Interim Period as compared to a profit of approximately HK$44.7 million for the six months ended 30 September 2017.

Liquidity, Financial Resources and Gearing

The Group's principal source of working capital was cash generated from our business operations and fund raising by issue of convertible bonds and promissory notes. As at 30 September 2018, the Group held cash and bank balances of approximately HK$18.7 million (31 March 2018: approximately HK$67.0 million).

On 15 February 2018, the Group issued unsecured, interest-free promissory notes in principal amount of HK$8.5 million (the "Promissory Note 1") and HK$15.5 million (the "Promissory Note 2") as part of the consideration for the acquisition of 20% equity interest in Alpha Youth Limited. The promissory notes are repayable on the date falling 2 years after the date of issue and can be early redeemed by the Company at all or part of the outstanding principal amount of the promissory notes.

During the Interim Period, Promissory Note 1 was early redeemed in full and as at 30 September 2018, only Promissory Note 2 is outstanding.

The Group entered into a short term secured loan facility agreement with a financial institution in September 2018 for approximately HK$73.2 million. The borrowing is HK$ denominated and bears annual interest rate of 24.0%. The facility was fully utilised and was used for as a partial cash consideration settlement for the acquisition of entire equity interest of Treasure Profit (as defined in below section) on 28 September 2018.

After the reporting period, in November 2018, the short term secured loan was fully repaid. The Group had re-financed with a bank for a long term secured loan for HK$43.5 million with lower interest rate and a longer repayment period.

The Group's current ratio as at 30 September 2018 was 1.0 (as at 31 March 2018: 1.4). The gearing ratio as at 30 September 2018 was 83.9% (as at 31 March 2018: 58.5%), calculated as total borrowings (including the Convertible Bonds 2019 (as defined below), promissory note and borrowings) over equity attributable to owners of the Company.

Capital Structure

(A) *Share Capital*

As at 30 September 2018 and 31 March 2018, the Company has 2,378,783,201 ordinary shares in issue with total shareholders' equity of the Group amounted to approximately HK$360.7 million (31 March 2018: HK$384.3 million). There was no change in the share capital structure of the Company during the Interim Period.

(B) *Share Option*

On 29 August 2016, the Company granted 57,900,000 share options under the share option scheme of the Company adopted on 26 February 2015 (the "Share Option Scheme") to certain eligible participants (as defined under the Share Option Scheme) at an exercise price of HK$0.48 per share, which were vested immediately on the date of grant (i.e. 29 August 2016) and will expire on 28 August 2019, of which 52,300,000 share options were outstanding as at 30 September 2018. Further details of the Share Option Scheme and movement of share options are set out in section "Share Option Scheme" under Other Information in this report.

Business and Financial Review *(Continued)*

Capital Structure *(Continued)*

(C) Convertible Bonds

On 4 August 2017, the Company, as issuer, and Lead Thrive Investments Limited, as subscriber, entered into a subscription agreement in relation to the issuance of 8% per annum guaranteed convertible bonds in the aggregate principal amount of HK$200 million with an initial conversion price at HK$0.46 per share due on 10 August 2019 (the "Convertible Bonds 2019"). The Convertible Bonds 2019 was issued on 11 August 2017.

During the Interim Period, no Convertible Bonds 2019 has been converted into shares of the Company. As at 30 September 2018, the aggregate outstanding principal amount of the Convertible Bonds 2019 was HK$200.0 million.

Further details are set out in the announcements of the Company dated 4 August 2017, 11 August 2017 and 21 September 2017.

Currency and Interest Rate Exposure

Certain sales transactions of the Group are denominated in foreign currencies, which expose the Group to foreign currency risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. Certain monetary financial assets are denominated in foreign currencies as at 30 September 2018. The exposure in exchange rate risks mainly arose from fluctuations of United States Dollar ("US$"), Renminbi ("RMB"), GBP and Macau Pataca ("MOP") to Hong Kong Dollar ("HK$"). The Group's currency risk exposure in relation to the monetary financial assets are expected to be minimal as US$ is pegged with HK$. Also, the Group does not have significant monetary financial assets denominated in MOP and RMB.

The Directors consider the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the interest rate fluctuation on bank balances is minimal. The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

Charge on Assets

As at 30 September 2018, the Group had pledged investment properties totalling HK$146.3 million (31 March 2018: Nil) to secure the Group's borrowing of approximately HK$73.2 million (31 March 2018: Nil).

Contingent Liabilities

Saved as aforesaid or otherwise mentioned herein, the Group did not have any material contingent liabilities as at 30 September 2018 and 31 March 2018.

Capital Commitment

As at 30 September 2018, the Group had the following commitments:

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Capital commitment contracted but not provided for:		
Equity interest in Treasure Profit Limited	**–**	109,740

Operating Lease Commitments

The Group as Lessee

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

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Within one year	4,560	2,759
In the second to fifth years, inclusive	5,457	3,272
	10,017	6,031

The Group as Lessor

As at 30 September 2018, the Group had future minimum lease receivables under non-cancellable operating leases as follows:

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Within one year	2,410	–
In the second to fifth years, inclusive	1,032	–
	3,442	–

Significant Acquisition

On 27 March 2018, the Group entered into acquisition agreement with an independent vendor to acquire the entire equity interest in Treasure Profit Limited ("Treasure Profit') at an aggregate cash consideration of approximately HK$146.3 million. Treasure Profit is principally engaged in property investment and is the sole owner of a commercial property located in Hong Kong. The acquisition was completed on 28 September 2018.

Further details are set out in the announcements of the Company dated 27 March 2018 and 28 September 2018.

Significant Investment

The Group completed the acquisition of Alpha Youth Limited (together with its subsidiaries are referred as "Alpha Youth Group") in February 2018 and became an associate of the Group. Alpha Youth Group is principally engaged in the production and sale of concrete business in Hainan Province, the PRC.

During the Interim Period, Alpha Youth Group contributed approximately HK$7.9 million to the Group. Alpha Youth Group will seize the business opportunities by taking full advantage of its years of experience, expertise and penetration in the concrete business in Haikou City with an aim to sustain sound momentum for growth and seize the greatest market share in the industry. Alpha Youth Group will continue to closely monitor and review the current manufacturing process, with an aim to enhance the efficiency, profitability, quality of products and maintain its competitive edge.

The Group would consider to exercise its call option to acquire the remaining 80% of the issued share capital of Alpha Youth Limited if the performance of Alpha Youth Group meets the expectation of the management.

Employee and Remuneration Policy

As at 30 September 2018, the Group employed a total of 77 employees (30 September 2017: 84). During the six months ended 30 September 2018, staff costs, including directors' emoluments under the continuing operations, amounted to approximately HK$18.2 million (30 September 2017: approximately HK$14.2 million).

The Group firmly believes that staff is the most important resources and provides its staff with sound working conditions. The salaries and benefits of the Group's employees are maintained at a competitive level and the Group periodically review the performance of the employees for determining the level of salary adjustment and promotion of the employees. 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 and medical benefits.

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

Prospects

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

During the Interim Period, there was a slight decrease in revenue while the gross profit margin remained constant. The Company is still optimistic in its potential growth and it has deployed resources to expand the sales team and diversify the Company's income stream. We aim to enhance the efficiency in utilization of resources to increase its profit margin. In addition, the Group is identifying and introducing new products to expand its product and client base.

Coal Business

The overdue account receivable was under repayment at a slow pace during the Interim Period. The resumption of the business will only be considered when the respective account receivable being lessen to an acceptable level. The Group will take into account the recent market development, its profitability and the Group's operating and strategic position when considering its resumption.

Digital Technology Business

The rapid changing demand of mobile users and netizens, advancement of innovation information technology and intense competition had put very high pressure on the profitability of the business. The Group is exploring opportunities and in the process of identifying potential partners, through cooperation and collaboration of the Group's resources and the partners' expertise, to seize new markets in the 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. Market researches on talent education and early childhood education has been conducted to analyse the feasibility and profitability in order to expand the business scale.

Prospects *(Continued)*

Money Lending Business

Money Lending Business continues to contribute a stable and favorable income stream to the Group. 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. With the current volatile stock market, fluctuations of the property market in Hong Kong and increasingly stringent compliance requirements, the Group will continue to develop this business under prudent credit control procedures and strategies to balance between business growth and risk management.

Update on Remedial Measures

The consolidated financial statements of the Group for the year ended 31 March 2018 had been subject to the qualified opinion (the "Qualified Opinion") by the auditor of the Company (the "Auditor") as detailed in the Company's annual report for the year ended 31 March 2018 (the "Annual Report"). Further to the management response and relevant remedial measures taken and to be taken by the management as set out in the announcement of the Company dated 24 August 2018, the management of the Company wishes to update on certain remedial measures taken by the management during the Interim Period:

The preliminary review results from the independent professional firm of certified public accountant is carrying on the whole loan monitoring process as well as the documentation and retention of clients' documents with an aim to inbuilt more creditability and risk assessment factors in each of the monitoring procedures of Money Lending Business has been obtained. Taking the advice and suggestions from such firm of certified public accountants the Company has adopted a revised compliance and reporting procedures during the Interim Period to enhance the monitoring system.

In order to address the Auditor's concern and with a view to remove the audit qualifications for the consolidated financial statements of the Group for the year ending 31 March 2019, the Company is to carrying out the following measures: (i) for existing loans with an expiry date on or before 31 March 2019 which the Auditor has concern, the Group will not renew the expiry date of such loans to a date falling after 31 March 2019; and (ii) for existing loans with an expiry date after 31 March 2019 which the Auditor has concern, the Group will negotiate with the relevant borrowers for full prepayment on or before 31 March 2019 and if the relevant borrowers refuse to make full prepayment before 31 March 2019, the Group will make the necessary credit assessment to determine the recoverable amount and make all necessary provisions. Up to the date of this report, certain amounts of loan which the Auditor has concern has been settled. The Group will continue to negotiate with those borrower for early repayment and settlement arrangement. An addition impairment on loan receivable of HK$23 million has been made in the Interim Period.

With the above actions taken, the management of the Company believes that similar qualified opinion will not be issued in the Group's consolidated financial statements for the year ending 31 March 2019. For further details, please refer to the Annual Report and the announcement of the Company dated 24 August 2018.

Other Information

Compliance with the Code on Corporate Governance Practice

The Company is committed to the establishment of good governance practices and procedures. The Company has met the code provisions set out in the Corporate Governance Code ("CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Throughout the Interim Period, the Company has adopted the CG Code as its corporate governance code of practices and in compliance with the mandatory code provisions set out in the CG Code except for the deviations set out as below:

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 separated and should not be performed by the same individual.

During the Interim Period, Mr. Wong Wai Sing ("Mr. Wong") held the role of chairman and chief executive officer of the Company.

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. As the Board meets regularly to consider matters relating to business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be undermined.

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 2018 (the "2018 AGM") due to other business engagements.

The Company will request all the independent non-executive Directors and other non-executive Director(s) (if any) 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, being the chairman of the Board, was unable to attend the 2018 AGM due to other commitment and Mr. Wong appointed Mr. Wong Jeffrey, an executive Director, to act as his representative at the 2018 AGM and to take the chair of the 2018 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.

Model Code for Securities Transactions

The Company had adopted a code of conduct regarding directors' securities transactions with terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company had made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Interim Period.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were set out as follows:

Long position in the shares and underlying shares of the Company

Name of Directors	Capacity	Total number of shares held	Total number of underlying shares held *(Note 2)*	Approximate percentage of shareholding in the Company *(Note 3)*
Mr. Wong Wai Sing *(Note 1)*	Beneficial owner and interest of a controlled corporation	473,334,000	–	19.89%
Mr. Chan Kin Lung	Beneficial owner	–	10,000,000	0.42%
Mr. Lee Chi Shing, Caesar	Beneficial owner	5,000,000	–	0.21%
Mr. Wong Jeffrey	Beneficial owner	–	10,000,000	0.42%
Mr. Kwok Kam Tim	Beneficial owner	–	800,000	0.03%
Dr. Hui Chik Kwan	Beneficial owner	–	800,000	0.03%
Mr. Tso Ping Cheong, Brian	Beneficial owner	–	800,000	0.03%

Notes:

1. Mr. Wong Wai Sing holds 22,294,000 shares in personal capacity. He also beneficially owned the entire issued share capital of Twin Star Global Limited, which is interested in 451,040,000 shares of the Company.

2. All are options granted by the Company on 29 August 2016 under the Share Option Scheme adopted by the Company on 26 February 2015.

3. As at 30 September 2018, the number of issued shares of the Company was 2,378,783,201.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executive of the Company had registered an interest or short position in the shares, underlying shares and debentures of the Company, or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

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

Substantial Shareholders

As at 30 September 2018, the following persons (not being a Director or chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares and underlying shares

Name	Nature of interest	Total number of shares or underlying shares held	Approximate percentage of interest in the Company *(Note 3)*
Twin Star Global Limited *(Note 1)*	Beneficial owner	451,040,000 shares	18.96%
Lead Thrive Investments Limited *(Note 2)*	Beneficial owner	434,782,608 underlying shares	18.27%
Mr. Fu Sze Shing *(Note 2)*	Beneficial owner	18,000,000 shares	19.03%
	Interest of a controlled corporation	434,782,608 underlying shares	

Notes:

1. Twin Star Global Limited is wholly owned by Mr. Wong Wai Sing, the chairman of the Board and an executive Director. Accordingly, Mr. Wong Wai Sing is deemed to be interested in the shares held by Twin Star Global Limited.

2. These underlying shares of the Company represent a maximum of 434,782,608 new shares that may be issued upon full conversion of the Convertible Bonds 2019 which are beneficially owned by Lead Thrive Investments Limited whose entire issued share capital is beneficially owned by Mr. Fu Sze Shing. By virtue of the SFO, Mr. Fu Sze Shing is deemed to be interested in the underlying shares held by Lead Thrive Investments Limited.

3. As at 30 September 2018, the number of issued shares of the Company was 2,378,783,201.

Save as disclosed herein, the Company has not been notified of any other person (other than the Directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 September 2018.

Other Information

Share Option Scheme

The Company has adopted a Share Option Scheme on 26 February 2015 for the purpose of providing incentives and rewards to those at the sole determination of the Board, have contributed or will contribute to the Company or its subsidiaries. Detailed terms of the Share Option Scheme were disclosed in the annual report 2017/18 of the Company.

Details of the share options movements during the Interim Period under the Share Option Scheme are as follows:

				Number of share options					
Name or category of grantees	**Date of grant of share options**	**Exercise price** *(HK$)*	**Exercise period** *(Note 2)*	**Balance as at 01.04.2018**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Cancelled during the period**	**Balance as at 30.09.2018**
Directors									
Mr. Chan Kin Lung	29/08/2016 *(Note 1)*	HK$0.48	29/08/2016 – 28/08/2019	10,000,000	–	–	–	–	10,000,000
Mr. Wong Jeffrey	29/08/2016 *(Note 1)*	HK$0.48	29/08/2016 – 28/08/2019	10,000,000	–	–	–	–	10,000,000
Mr. Kwok Kam Tim	29/08/2016 *(Note 1)*	HK$0.48	29/08/2016 – 28/08/2019	800,000	–	–	–	–	800,000
Dr. Hui Chik Kwan	29/08/2016 *(Note 1)*	HK$0.48	29/08/2016 – 28/08/2019	800,000	–	–	–	–	800,000
Mr. Tso Ping Cheong, Brian	29/08/2016 *(Note 1)*	HK$0.48	29/08/2016 – 28/08/2019	800,000	–	–	–	–	800,000
Sub-Total				22,400,000	–	–	–	–	22,400,000
Employees									
In aggregate	29/08/2016 *(Note 1)*	HK$0.48	29/08/2016 – 28/08/2019	30,100,000	–	–	(200,000)	–	29,900,000
Sub-Total				30,100,000	–	–	(200,000)	–	29,900,000
Total				52,500,000	–	–	–	–	52,300,000

Notes:

1. The closing price of the shares immediately before 29 August 2016, on which those options were granted, was HK$0.40 per share.

2. The exercise period of the share options is 29 August 2016 to 28 August 2019 (both days inclusive).

3. Subsequent to the end of the Interim Period and as at the date of this report, 45,000,000 share options were exercised by certain Directors and employees.

Other Information

Purchase, Sales or Redemption of Listed Securities

Save as those disclosed in this report, during the Interim Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange.

Audit Committee and Review of Interim Financial Statements

The audit committee of the Company (the "Audit Committee") was established on 17 December 2010 with latest written terms of reference revised on 26 November 2015 in compliance with the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the Company's financial reporting process and internal control systems.

The Audit Committee comprises three independent non-executive Directors, being Mr. Kwok Kam Tim (the chairman of the Audit Committee), Mr. Tso Ping Cheong, Brian and Dr. Hui Chik Kwan. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, including the review of the unaudited condensed consolidated financial statements of the Group for the Interim Period, with the management of the Group.

Interim Dividend

The Board does not recommend the payment of interim dividends for the Interim Period (six months ended 30 September 2017: Nil).

Changes to Information in Respect of Directors

During the Interim Period and up to the date of this report, pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in the information of the Directors and chief executive of the Company.

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

Hong Kong, 27 November 2018

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Continuing operations			
Revenue	*6*	**59,838**	47,822
Cost of sales		**(20,989)**	(25,755)
Gross profit		**38,849**	22,067
Other income	*7*	**27**	3,167
Other gains and losses	*8*	**5,009**	940
Selling and distribution expenses		**(271)**	(584)
Administrative expenses		**(30,995)**	(26,616)
Finance costs	*9*	**(18,167)**	(4,585)
Share of profit of associates		**7,858**	–
Profit (loss) before income tax from continuing operations		**2,310**	(5,611)
Income tax expense	*10*	**(4,067)**	(2,479)
Loss for the period from continuing operations	*11*	**(1,757)**	(8,090)
Discontinued operations			
Profit for the period from discontinued operations	*13*	**–**	63,401
(Loss) profit for the period		**(1,757)**	55,311
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation		**(2,463)**	2,048
		(2,463)	2,048
Item that was reclassified to profit or loss:			
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries		**–**	(12,693)
		–	(12,693)
Other comprehensive income for the period, net of income tax		**(2,463)**	(10,645)
Total comprehensive income for the period, net of income tax		**(4,220)**	44,666
(Loss) profit for the period attributable to:			
Owners of the Company		**(2,484)**	55,389
Non-controlling interests		**727**	(78)
		(1,757)	55,311

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(5,014)**	44,727
Non-controlling interests		**794**	(61)
		(4,220)	44,666
(Loss) Earnings per share attributable to owners of the Company	*14*		
From continuing and discontinued operations			
Basic (HK cents)		**(0.1044)**	2.33
Diluted (HK cents)		**(0.1040)**	2.33
From continuing operations			
Basic (HK cents)		**(0.1044)**	(0.34)
Diluted (HK cents)		**(0.1040)**	(0.34)
From discontinued operations			
Basic and diluted (HK cents)		**N/A**	2.67

Unaudited Condensed Consolidated Statement of Financial Position

At 30 September 2018

	Notes	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,277	1,343
Investment properties	16	146,320	–
Other intangible assets	17	48,770	49,432
Goodwill	18	79,465	79,465
Interests in associates	20	105,569	97,711
Deposit		–	36,580
		381,401	264,531
CURRENT ASSETS			
Contingent consideration receivable	21	–	1,335
Inventories		6,082	5,610
Loan receivables	22	256,480	283,136
Trade and other receivables and prepayments	23	17,513	45,201
Derivative financial asset	24	22,756	28,854
Financial assets at fair value through profit or loss	24	42,527	23,655
Bank balances and cash		18,703	67,013
		364,061	454,804
CURRENT LIABILITIES			
Trade and other payables and accruals	25	72,410	104,680
Tax payable		7,888	3,948
Convertible bonds	26	216,825	206,784
Borrowings	27	73,160	–
		370,283	315,412
NET CURRENT (LIABILITIES) ASSETS		(6,222)	139,392
TOTAL ASSETS LESS CURRENT LIABILITIES		375,179	403,923
NON-CURRENT LIABILITIES			
Deferred tax liabilities		8,380	8,833
Promissory notes	28	12,613	18,118
		20,993	26,951
NET ASSETS		354,186	376,972
CAPITAL AND RESERVES			
Share capital	30	23,788	23,788
Reserves		336,891	360,471
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		360,679	384,259
Non-controlling interests		(6,493)	(7,287)
TOTAL EQUITY		354,186	376,972

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

	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
At 1 April 2017 (audited)	23,788	1,112,811	49	–	8,127
Profit for the period	–	–	–	–	–
Other comprehensive income, net of income tax:					
– Exchange differences arising on translation	–	–	–	–	–
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries *(Note 35(b))*	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–
Issue of convertible bond *(Note 26)*	–	–	–	–	–
Transaction with owners	–	–	–	8,535	–
At 30 September 2017 (unaudited)	23,788	1,112,811	49	8,535	8,127
At 1 April 2018 (audited)	**23,788**	**1,112,811**	**49**	**7,127**	**8,127**
Impact on initial application of HKFRS 9	**–**	**–**	**–**	**–**	**–**
At 1 April 2018 (restated)	**23,788**	**1,112,811**	**49**	**7,127**	**8,127**
Profit (loss) for the period	**–**	**–**	**–**	**–**	**–**
Other comprehensive income, net of income tax:					
– Exchange differences arising on translation	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**
Lapse of share options *(Note 29)*	**–**	**–**	**–**	**–**	**(28)**
Transaction with owners	**–**	**–**	**–**	**–**	**(28)**
At 30 September 2018 (unaudited)	**23,788**	**1,112,811**	**49**	**7,127**	**8,099**

Notes:

(i) In accordance with the provisions of the 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 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.

Attributable to owners of the Company						
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
678	8,490	(6,000)	(776,645)	371,298	(6,876)	364,422
–	–	–	55,389	55,389	(78)	55,311
–	2,031	–	–	2,031	17	2,048
–	(12,693)	–	–	(12,693)	–	(12,693)
–	(10,662)	–	55,389	44,727	(61)	44,666
–	–	–	–	8,535	–	8,535
–	–	–	–	8,535	–	8,535
678	(2,172)	(6,000)	(721,256)	424,560	(6,937)	417,623
678	**(380)**	**(6,000)**	**(761,941)**	**384,259**	**(7,287)**	**376,972**
–	**–**	**–**	**(18,566)**	**(18,566)**	**–**	**(18,566)**
678	**(380)**	**(6,000)**	**(780,507)**	**365,693**	**(7,287)**	**358,406**
–	**–**	**–**	**(2,484)**	**(2,484)**	**727**	**(1,757)**
–	**(2,530)**	**–**	**–**	**(2,530)**	**67**	**(2,463)**
–	**(2,530)**	**–**	**(2,484)**	**(5,014)**	**794**	**(4,220)**
–	**–**	**–**	**28**	**–**	**–**	**–**
–	**–**	**–**	**28**	**–**	**–**	**–**
678	**(2,910)**	**(6,000)**	**(782,963)**	**360,679**	**(6,493)**	**354,186**

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
OPERATING ACTIVITIES			
Cash generated from (used in) operating activities		**56,050**	(254,661)
Income taxes paid		**(534)**	(2,192)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**55,516**	(256,853)
INVESTING ACTIVITIES			
Net cash inflow on disposal of subsidiaries and an associate		**–**	96,849
Net cash outflow on acquisition of a subsidiary		**(146,219)**	–
Purchase of property, plant and equipment		**(210)**	(9)
Purchase of financial assets at fair value through profit or loss		**(52,673)**	(46,712)
Proceeds from disposal of financial assets at fair value through profit or loss		**43,234**	27,016
Proceeds from disposal of property, plant and equipment		**–**	187
Dividend income from available-for-sale financial assets		**–**	955
Interest received		**14**	1,808
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		**(155,854)**	80,094
FINANCING ACTIVITIES			
Proceed from other borrowings	*27*	**73,160**	–
Proceed from issuance of convertible bonds	*26*	**–**	200,000
Repayment of promissory note	*28*	**(8,500)**	–
Advance (to) from related parties		**(3,254)**	(3,031)
Interest paid		**(8,126)**	(1)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**53,280**	196,968
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(47,058)**	20,209
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**67,013**	25,640
Effect of foreign exchange rate changes		**(1,252)**	509
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash		**18,703**	46,358
Analysis of cash and cash equivalents			
Bank balances and cash		**18,703**	46,358

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 address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is at Suites 2804–07, 28/F., Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are (i) wholesale and retail of household consumables ("Household Consumables Business"); (ii) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business"); (iii) trading of coal products ("Coal Business"); (iv) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("Education Business"); and (v) provision of money lending services ("Money Lending Business"). The Group was also engaged in the businesses of (i) sales and distribution of jewelries and watches ("Jewelries and Watches Business"); and (ii) manufacture and trading of clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business") which were discontinued, further details of which are set out in Note 13.

This unaudited condensed consolidated financial information is presented in Hong Kong Dollar ("HK$"), unless otherwise stated.

2. Basis of Preparation and Going Concern Assumption

These unaudited condensed consolidated financial statements ("Interim Financial Statements") of the Group for the Interim Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange and in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements have been prepared on the historical cost basis except for contingent consideration receivable, derivative financial asset, financial assets at fair value through profit or loss ("FVTPL") and promissory notes which are measured at fair values.

The Interim Financial Statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2018 ("Annual Report"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The Interim Financial Statements have not been audited.

2. Basis of Preparation and Going Concern Assumption *(Continued)*

Going Concern Assumption

In preparing the unaudited condensed consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group notwithstanding that the Group's current liabilities exceeded its current assets of approximately HK$6,222,000 as at 30 September 2018 and the Group incurred an unaudited consolidated net loss attributable to owners of the Company of approximately HK$2,484,000 for the six months ended 30 September 2018.

The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration that the Directors have adopted a prudent approach in applying the Group's cash onto the capital expenditure, negotiated with a number of commercial banks for refinancing the existing loan facility for a longer repayable period.

Besides, based on the Group's cash flow forecasts, the Directors are of the opinion that the Group will be able to meet its financial obligations as they fall due in the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing unaudited condensed consolidated financial statements.

3. Accounting Policies

Except as described below, the accounting policies applied to prepare this Interim Financial Statements are consistent with the Annual Report.

(a) Relevant new standards and amendments to existing standards effective for the financial year beginning 1 January 2018:

		Effective for annual periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendments)	Clarifications to HKFRS 15	1 January 2018

3. Accounting Policies *(Continued)*

(a) Relevant new standards and amendments to existing standards effective for the financial year beginning 1 January 2018: *(Continued)*

The impact of the adoption of those standards and new accounting policies are disclosed in Note 4 below.

		Effective for annual periods beginning on or after
HKAS 28 (Amendment)	Investments in associate and joint ventures	1 January 2018
HKAS 40 (Amendment)	Transfer of investment property	1 January 2018
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HK (IFRIC) – Int 22	Foreign currency transactions and advance consideration	1 January 2018

The adoption of above amendments to standards that are effective for the first time for this Interim Period did not result in a significant impact to financial position and results of the Group.

(b) The following new standards and amendments to existing standards have been published but not yet effective and which the Group has not early adopted:

		Effective for annual periods beginning on or after
HKFRS 9 (Amendments)	Financial Instruments	1 January 2019
HKFRS 16	Revenue from Contracts with Customers	1 January 2019
HK (IFRIC) – Int 23	Uncertainty over income tax treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between and investor and its associate and joint venture	To be determined

Management is in the process of making an assessment of the financial impact of adoption of these new standards and amendments to existing standards. The management will adopt the new standards and amendments to standards when they become effective.

3. Accounting Policies *(Continued)*

(b) The following new standards and amendments to existing standards have been published but not yet effective and which the Group has not early adopted: *(Continued)*

Impact of HKFRS 16 Leases

HKFRS 16, "Leases" was issued in January 2016. It provides new provisions for the accounting treatment of leases which no longer allows lessees to recognise leases outside of the consolidated statement of financial position. Instead, all non-current leases must be recognised in the form of assets (for the right-of-use) and financial liabilities (for the payment obligations) in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from such reporting obligation.

The new standard will therefore result in a derecognition of prepaid operating leases, increase in right-of-use assets and increase in lease liabilities in the consolidated statement of financial position. In the consolidated statement of comprehensive income, as a result, the annual rental and amortisation expenses of prepaid operating leases under otherwise identical circumstances will decrease, while depreciation of right-of-use assets and interest expense arising from the lease liabilities will increase. Given that the total non-cancellable operating lease commitments account for 2.6% and 0.5% of the total liabilities and total assets of the Group respectively as at 30 September 2018, the Directors expect that the adoption of HKFRS 16 as compared with the current accounting policy would not result in significant impact on the Group's financial position.

The new standard is not expected to apply until the financial year beginning on or after 1 January 2019.

4. Effects of The Adoption of HKFRS 9 and HKFRS 15

(a) Impact on the financial statements

The Group applied the modified retrospective approach to adopt HKFRS 9 and HKFRS 15 without restating comparative information. The reclassifications and the adjustments arising from the new accounting policies are therefore not reflected in the restated the statement of financial position as at 31 March 2018, but the recognised in opening of the statement of financial position on 1 April 2018.

The following tables show the adjustments recognised for each individual line items. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

	31 March 2018 (Audited) HK$'000	**HKFRS 9** HK$'000	**HKFRS 15** HK$'000	**1 April 2018 (Restated) HK$'000**
Statement of financial position (extract)				
Current assets				
Loan receivables	283,136	(18,566)	–	**264,570**
Total current assets	454,804	(18,566)	–	**436,238**
Net assets	376,972	(18,566)	–	**358,406**
Reserves	360,471	(18,566)	–	**341,905**
Non-controlling interests	(7,287)	–	–	**(7,287)**
Total equity	376,972	(18,566)	–	**358,406**

4. Effects of The Adoption of HKFRS 9 and HKFRS 15 *(Continued)*

(b) HKFRS 9 – impact of adoption

HKFRS 9 replaces the provision of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

The total impact on the Group's accumulated losses as at 1 April 2018 is as follows:

	31 March 2018 (HKAS 39) HK$'000	Increase in provision for impairment of loan receivables HK$'000	1 April 2018 (HKFRS 9) HK$'000
Accumulated losses	(761,941)	(18,566)	**(780,507)**
Non-controlling interests	(7,287)	–	**(7,287)**
	(769,228)	(18,566)	**(787,794)**

Impairment of financial assets

The Group has three types of financial assets at amortised cost subject to HKFRS 9's new expected credit loss model:

- Trade receivables and other receivables (excluding prepayments)
- Loan receivables
- Amounts due from related parties

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The Group makes estimates and assumption concerning the futures which are discussed below:

The provision for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the customers' past settlement pattern, existing market conditions as well as forward looking estimates at the end of each reporting period.

For loan receivables, the Group applies the general approach, which requires an amount equal to 12-month expected credit losses to be recognised as the loss allowance for the financial instrument if the credit risk on a financial instrument has not increased significantly since initial recognition and expected lifetime losses to be recognised if the credit risk on that financial instrument has increased significantly since initial recognition.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

For amounts due from related parties already in place at 2018, the Group has determined that reliably assessing the probability of default at the initial recognition of each amounts due from related parties and would result in undue cost and effort. As permitted by HKFRS 9, the credit provision will be determined based on whether credit risk is low only at each reporting date, until the loan is derecognised.

4. Effects of The Adoption of HKFRS 9 and HKFRS 15 *(Continued)*

(c) HKFRS 9 – accounting policies

(i) Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains and losses, together with foreign exchange gains and losses.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised other gains and losses in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(iii) Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

4. Effects of The Adoption of HKFRS 9 and HKFRS 15 *(Continued)*

(d) HKFRS 15 – impact of adoption

HKFRS 15 establishes a comprehensive framework for determine whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The adoption of HKFRS 15 did not result in significant changes to the Group's accounting policies regarding the recognition of interest income charged from loan receivables and revenue from provision of services and sales of products or significant impact on the Group's condensed consolidated financial statements.

5. Estimates

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Report.

6. 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:

- 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
- Hygienic Disposables Business – Manufacture and trading of clinical and household hygienic disposables and trading of related raw materials[1] (discontinued operation)
- Jewelries and Watches Business – Sales and distribution of jewelries and watches[2] (discontinued operation)

1 The Group completed the disposal of the Brighten Tree Limited on 25 May 2017, which held the manufacturing arm of Hygienic Disposables Business. Accordingly, the Hygienic Disposables Business segment was classified as a discontinued operation during the six months ended 30 September 2017, details of which are set out in Note 13.

2 The Group completed the disposal of the entire equity interest of Tiger Global Group, which carried out the whole Group's Jewelries and Watches Business, on 30 June 2017. Accordingly, the Jewelries and Watches Business segment was classified as a discontinued operation during the six months ended 30 September 2017. Details of which are set out in Note 13.

6. Revenue and Segment Information *(Continued)*

Segment revenues and results

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

	Continuing operations					
	Coal Business HK$'000 (unaudited)	Household Consumables Business HK$'000 (unaudited)	Digital Technology Business HK$'000 (unaudited)	Education Business HK$'000 (unaudited)	Money Lending Business HK$'000 (unaudited)	Total HK$'000 (unaudited)
For the six months ended 30 September 2018						
Revenue from external customers	–	22,818	1,110	9,609	26,301	59,838
Segment profit (loss)	6,957	1,534	(928)	2,294	22,618	32,475
Bank interest income						14
Exchange differences						(81)
Amortisation of other intangible assets						(421)
Fair value gains on financial assets at FVTPL and derivative financial assets, net						3,335
Fair value loss on contingent consideration receivable						(1,335)
Fair value loss on promissory note						(962)
Loss on early redemption of promissory note						(2,033)
Share of profit of associates						7,858
Central administration costs						(36,540)
Profit before income tax from continuing operations						2,310
For the six months ended 30 September 2017						
Revenue from external customers	–	26,952	2,813	8,561	9,496	47,822
Segment profit (loss)	(785)	2,394	91	(309)	8,975	10,366
Bank interest income						9
Exchange differences						3
Amortisation of other intangible assets						(413)
Fair value gains on financial assets at FVTPL						980
Dividend income from investment in available-for-sale financial assets						1,955
Interest income from bond receivable						1,203
Central administration costs						(19,714)
Loss before income tax from continuing operations						(5,611)

6. Revenue and Segment Information *(Continued)*

Segment revenues and results *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) from continuing operations represent the profit earned by (loss from) each segment without allocation of central administration costs, amortisation of other intangible assets, dividend income from investment in available-for-sale financial assets, interest income from bond receivable, fair value loss on contingent consideration receivable, fair value loss on promissory note, loss on early redemption of promissory note, net fair value gains on financial assets at FVTPL and derivative financial asset, bank interest income, exchange differences, share of profit of associates and income tax expense. 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

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Coal Business	88	28,230
Household Consumables Business	13,976	14,570
Digital Technology Business	664	907
Education Business	2,512	3,033
Money Lending Business	256,615	283,955
Total segment assets	273,855	330,695
Goodwill	79,465	79,465
Other intangible assets	48,770	49,432
Investment properties	146,320	–
Interest in associates	105,569	97,711
Deposit	–	36,580
Derivative financial asset	22,756	28,854
Financial assets at FVTPL	42,527	23,655
Contingent consideration receivable	–	1,335
Amounts due from related companies	4,892	1,638
Bank balances and cash	18,703	67,013
Unallocated corporate assets	2,605	2,957
Consolidated total assets	745,462	719,335

6. Revenue and Segment Information *(Continued)*

Segment assets and liabilities *(Continued)*

Segment liabilities

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Coal Business	**49,061**	85,173
Household Consumables Business	**2,684**	2,639
Digital Technology Business	**1,652**	1,907
Education Business	**3,154**	7,756
Money Lending Business	**3**	127
Total segment liabilities	**56,554**	97,602
Tax payable	**7,888**	3,948
Borrowings	**73,160**	–
Convertible bonds	**216,825**	206,784
Promissory notes	**12,613**	18,118
Deferred tax liabilities	**8,380**	8,833
Unallocated corporate liabilities	**15,856**	7,078
Consolidated total liabilities	**391,276**	342,363

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, investment properties, interests in associates, contingent consideration receivable, derivative financial asset, financial assets at FVTPL, amounts due from related companies, deposit, bank balances and cash and unallocated corporate assets.

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

6. Revenue and Segment Information *(Continued)*

Other segment information

The following is an analysis of other segment information from continuing operations:

	Continuing operations						
	Coal Business HK$'000 (unaudited)	Household Consumables Business HK$'000 (unaudited)	Digital Technology Business HK$'000 (unaudited)	Education Business HK$'000 (unaudited)	Money Lending Business HK$'000 (unaudited)	Unallocated HK$'000 (unaudited)	Total HK$'000 (unaudited)
For the six months ended 30 September 2018							
Capital additions	–	10	–	200	–	–	210
Depreciation of property, plant and equipment	–	87	–	64	–	80	231
Impairment loss on loan receivables	–	–	–	–	4,413	–	4,413
Reversal of impairment loss on trade receivables	(8,761)	(2)	–	–	–	–	(8,763)
Reversal of impairment loss on loan receivables	–	–	–	–	(1,735)	–	(1,735)
For the six months ended 30 September 2017							
Capital additions	–	9	–	–	–	–	9
Depreciation of property, plant and equipment	–	88	–	13	–	106	207
Impairment loss on trade receivables	–	10	–	–	–	–	10
Written-off of trade receivables	–	11	–	–	–	–	11
Reversal of impairment loss on trade receivables	–	(5)	–	–	–	–	(5)

These segment information has been included in the measures of segment results or assets.

6. Revenue and Segment Information *(Continued)*

Revenue from major products and services

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

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Continuing operations		
Sales of goods from Household Consumables Business	**22,818**	26,952
Services income from		
– Digital Technology Business	**1,110**	2,813
– Education Business	**9,609**	8,561
Interest income from Money Lending Business	**26,301**	9,496
	59,838	47,822

Information about geographical areas

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

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

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
United Kingdom	**22,818**	26,952
Hong Kong	**30,893**	13,356
The People's Republic of China (the "PRC")	**6,127**	7,490
Macau	**–**	24
	59,838	47,822

As at 30 September 2018, approximately HK$105,642,000, HK$13,037,000, HK$262,408,000 and HK$314,000 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 2018, approximately HK$97,794,000, HK$13,820,000, HK$116,016,000 and HK$321,000 of the non-financial assets classified as non-current under continuing operations are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

6. Revenue and Segment Information *(Continued)*

Information about major customer

During Interim Period, no individual customer from continuing operations contributing over 10% of the total sales of the Group.

For illustrative purpose, revenue from customer from continuing operations for six months ended 30 September 2017 contributing over 10% of the total sales of the Group from continuing operations and respective comparative figure during Interim Period are as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Customer A[1]	**3,968**	8,702

[1] Revenue from Household Consumables Business

7. Other Income

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Continuing operations		
Bank interest income	**14**	9
Dividend income from investment in available-for-sale financial assets	**–**	1,955
Interest income from bond receivable	**–**	1,203
Rental income	**13**	–
	27	3,167

8. Other Gains and Losses

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Continuing operations		
Exchange differences	**(81)**	3
Fair value loss on contingent consideration receivable	**(1,335)**	–
Fair value gains on financial assets at FVTPL	**9,433**	980
Fair value loss on promissory note	**(962)**	–
Fair value loss on derivative financial asset	**(6,098)**	–
Impairment loss on loan receivables	**(4,413)**	–
Impairment loss on trade receivables	**–**	(10)
Written-off of trade receivables	**–**	(11)
Reversal of impairment loss on trade receivables	**8,763**	5
Reversal of impairment loss on loan receivables	**1,735**	–
Loss on early redemption of promissory note	**(2,033)**	–
Others	**–**	(27)
	5,009	940

9. Finance Costs

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Continuing operations		
Interests on other borrowings:		
– Interest expenses on other borrowings	**192**	1
– Effective interest expenses on convertible bonds	**17,975**	4,584
	18,167	4,585

10. Income Tax Expense

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Continuing operations		
Income tax expense represents:		
Current tax:		
– Hong Kong Profits Tax	**3,318**	1,413
– PRC Enterprise Income Tax ("PRC EIT")	**244**	634
– Other jurisdictions	**324**	504
	3,886	2,551
Under-provision in respect of prior years:		
– Hong Kong Profits Tax	**588**	–
Deferred taxation	**(407)**	(72)
	4,067	2,479

(i) Hong Kong

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

(ii) PRC EIT

PRC EIT is calculated at 25% (30 September 2017: 25%) of the estimated assessable profits of subsidiaries operating in the PRC for both periods ended except for a subsidiary of the Company. On 24 November 2015, one of the subsidiaries was recognised as a high and new technology enterprise ("HNTE") with a valid period of three years. In accordance with relevant laws and regulations in the PRC, the subsidiary is entitled to the preferential tax rate of 15% corporate income tax rate for HNTE from 1 January 2015 to 31 December 2017. As at 30 September 2018, the subsidiary is under renewal of the qualification of HNTE and during the renewal period, the subsidiary is still entitled to subject a 15% corporate income tax rate.

(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 Limited-Macao Commercial Offshore is exempted from Macao Complementary Tax.

(iv) Other jurisdictions

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

11. Loss for the Period

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Continuing operations		
The Group's loss for the period has been arrived at after charging:		
Directors' remuneration	**7,512**	4,392
Other staff costs	**10,180**	8,846
Retirement benefit scheme contributions	**528**	916
Total staff costs	**18,220**	14,154
Cost of inventories sold	**17,953**	21,273
Depreciation of property, plant and equipment	**231**	207
Amortisation of other intangible assets (included in cost of sales)	**421**	413

12. Dividends

The Directors do not recommend for payment of a dividend for the Interim Period (30 September 2017: Nil).

13. Discontinued Operations

(a) Jewelries and Watches Business

On 28 March 2017, the Group had through its indirectly wholly-owned subsidiary, Star Guardian Holdings Limited ("Star Guardian") entered into a disposal agreement with an independent third party in relation to the disposal of entire equity interest in the Tiger Global Group Limited ("Tiger Global", together with its subsidiary and associate are referred to as the "Tiger Global Group"), at a total consideration of HK$30,000,000 (the "Tiger Global Disposal"). The Tiger Global Disposal was entered into by the Group in view of the unsatisfactory performance of Tiger Global Group over the past years which had been affected by intensified competition in the market. The Directors considered that the Tiger Global Disposal would 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. Details of the Tiger Global Disposal are set out in the announcements of the Company dated 28 March 2017, 29 March 2017 and 30 June 2017.

13. Discontinued Operations *(Continued)*

(a) Jewelries and Watches Business *(Continued)*

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.

The Tiger Global Disposal was completed on 30 June 2017. Details of assets and liabilities disposed of, and the calculation of the gain on disposal are disclosed in Note 35(a).

The financial performance and cash flows of Jewelries and Watch Business for the period from 1 April 2017 up to 30 June 2017 are classified and included as part of discontinued operations for the six months ended 30 September 2017.

(b) Hygienic Disposables Business

On 5 May 2017, the Group had, through its indirectly wholly-owned subsidiaries, Tary Limited and Ramber Industrial Limited ("Ramber"), entered into a disposal agreement with independent third parties to dispose of its entire equity interest in Brighten Tree Limited, together with its subsidiary (the "Brighten Tree Group") and the aggregate advance owned by the Brighten Tree Group (the "Brighten Tree Group Shareholders' Loan"), at a cash consideration of HK$85,000,000 (the "Brighten Tree Disposal"). Brighten Tree Group held the manufacturing arm of Hygienic Disposables Business of the Group. Upon completion of the Brighten Tree Disposal, the Group ceased to be engaged in Hygienic Disposables Business. The Brighten Tree Disposal was completed on 25 May 2017.

The Brighten Tree Disposal enabled the Group to free up the resources, terminate the loss-making business and redirect it to other businesses segment which may have higher growth potential to maximise the benefit of the shareholders of the Company. Details of the Brighten Tree Disposal are set out in the announcements of the Company dated 5 May 2017 and 25 May 2017.

Details of asset and liabilities disposed of, and the calculation of the gain on disposal are disclosed in Note 35(b).

13. Discontinued Operations *(Continued)*

The results of Jewelries and Watches Business and Hygienic Disposables Business for the period from 1 April 2017 up to their respective dates of disposal have been presented separately as a single line item in the unaudited condensed consolidated statement of comprehensive income, details of which are as follows:

	Six months ended 30 September 2017		
	Jewelries and Watches Business HK$'000 (unaudited)	Hygienic Disposables Business HK$'000 (unaudited)	Total HK$'000 (unaudited)
Revenue	1	12,069	12,070
Cost of sales	(172)	(11,318)	(11,490)
Gross (loss) profit	(171)	751	580
Other income	–	–	–
Other gains and losses	–	2,773	2,773
Selling and distribution expenses	–	(261)	(261)
Administrative expenses	(155)	(4,583)	(4,738)
Finance costs	–	–	–
Share of loss of an associate	(227)	–	(227)
Loss before income tax from discontinued operations	(553)	(1,320)	(1,873)
Income tax credit	28	–	28
Loss after income tax from discontinued operations	(525)	(1,320)	(1,845)
Gain on disposal of subsidiaries and an associate (including reclassification of exchange reserve from equity to profit or loss on disposal of subsidiaries)	525	64,721	65,246
Profit for the period from discontinued operations	–	63,401	63,401
Profit from discontinued operations attributable to:			
– Owners of the Company	–	63,401	63,401
Cash flows from discontinued operations			
Net cash generated from operating activities	15	3,876	3,891
Net increase in bank balances and cash	15	3,876	3,891

14. (Loss) Earnings per Share

The calculations of basic (loss) earnings per share from (i) continuing and discontinued operations; (ii) continuing operations; and (iii) discontinued operations are based on the (loss) profit for the period attributable to the owners of the Company and the weighted average number of respective ordinary shares in issue during the period.

The calculations of diluted (loss) earnings per share from (i) continuing and discontinued operations; (ii) continuing operations; and (iii) discontinued operations are based on the respective (loss) profit for the period 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.

14. (Loss) Earnings per Share *(Continued)*

As at 30 September 2018, the Company has outstanding share options and convertible bonds (30 September 2017: outstanding share options and convertible bonds). For the 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 period) 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. The convertible bonds were assumed to have been converted into ordinary shares, and the net (loss) profit is adjusted to eliminate the interest expenses less the tax effect.

For the six months ended 30 September 2018, the Company's outstanding share options had dilutive effect to the basic loss per share calculation. The potential ordinary shares are assumed to have been exercised into ordinary shares. For the Company's outstanding convertible bonds, it had an anti-dilutive effect to the basic loss per share calculation and thus no conversion of respective potential ordinary shares is assumed in the computation of the diluted loss per share.

For the six months ended 30 September 2017, the Company's outstanding shares options and convertible bonds had an anti-dilutive effect to the basic (loss) earnings per share calculation. The exercise or conversion of the above potential ordinary shares is not assumed in the computation of the diluted (loss) earnings per share.

(i) From continuing and discontinued operations

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

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
(Loss) profit for the period attributable to owners of the Company	**(2,484)**	55,389
Weighted average number of ordinary shares in issue during the period	**2,378,783,201**	2,378,783,201
Effect of dilutive potential ordinary shares – Share options	**8,373,803**	–
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,387,157,004**	2,378,783,201

14. (Loss) Earnings per Share *(Continued)*

(ii) Continuing operations

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

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss for the period from continuing operations attributable to owners of the Company	**(2,484)**	(8,012)
Weighted average number of ordinary shares in issue during the period	**2,378,783,201**	2,378,783,201
Effect of dilutive potential ordinary shares – Share options	**8,373,803**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**2,387,157,004**	2,378,783,201

(iii) Discontinued operations

The calculation of the basic and diluted earnings per share attributable to owners of the Company for the six months ended 30 September 2017 are based on the following data:

	Six months ended 30 September 2017 HK$'000 (unaudited)
Profit for the period from discontinued operations attributable to owners of the Company	63,401
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,378,783,201

15. Property, Plant and Equipment

During the Interim Period, the Group incurred expenditures on property, plant and equipment of approximately HK$210,000 (30 September 2017: approximately HK$9,000).

During the six months ended 30 September 2017, property, plant and equipment with a net carrying value amounting to approximately HK$7,747,000 was disposed of upon the disposal of Hygienic Disposables Business, which is set out in Note 35(b).

16. Investment Properties

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2017 HK$'000 (audited)
At Beginning of the period/year	**–**	–
Acquisition from subsidiary *(Note 34)*	**146,320**	–
At end of the period/year	**146,320**	–

The investment properties are located in Hong Kong under medium-term leases.

As at 30 September 2018, the investment properties are pledged to secure the borrowings (Note 27) of the Group.

(a) Fair value measurement

As at 30 September 2018, the fair value of the investment properties was measured at level 3 of fair value hierarchy using significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the period.

(b) Valuation process of investment properties

The Group engages an independent firm of professionally qualified valuers, Asset Appraisal Limited ("AAL") to determine the fair value of the investment properties as at 28 September 2018, which is the acquisition completion date of Treasure Profit, whom is the sole owner of the investment properties. Discussions of valuation processes and results have been held between the management and the valuer that there is no material variance over the fair value of investment properties between 28 September 2018 and 30 September 2018.

17. Other Intangible Assets

	Coal Sales Contract HK$'000	Customer Network HK$'000	License Agreements HK$'000	Total HK$'000
COST				
At 1 April 2017 (audited)	57,346	7,878	55,006	120,230
Exchange realignment	–	1,049	–	1,049
At 31 March 2018 (audited)	57,346	8,927	55,006	121,279
Exchange realignment	–	(648)	–	(648)
At 30 September 2018 (unaudited)	**57,346**	**8,279**	**55,006**	**120,631**
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 April 2017 (audited)	57,346	4,070	8,996	70,412
Charge for the year	–	848	–	848
Exchange realignment	–	587	–	587
At 31 March 2018 (audited)	57,346	5,505	8,996	71,847
Charge for the period	–	421	–	421
Exchange realignment	–	(407)	–	(407)
At 30 September 2018 (unaudited)	**57,346**	**5,519**	**8,996**	**71,861**
NET CARRYING VALUES				
At 30 September 2018 (unaudited)	**–**	**2,760**	**46,010**	**48,770**
At 31 March 2018 (audited)	–	3,422	46,010	49,432

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 and its 90% owned subsidiary (collectively the "China Coal Group") in prior year and has been allocated to the Coal Business cash generating unit ("CGU"). The Coal Sales Contract was fully impaired in prior years.

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 Customer Network is amortised on a straight-line basis over 10 years.

17. Other Intangible Assets *(Continued)*

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 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. Base 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 19.

18. Goodwill

	Household Consumables 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 2017 (audited), 31 March 2018 (audited) and 30 September 2018 (unaudited)	**9,774**	**113,633**	**61,319**	**21,795**	**206,521**
ACCUMULATED IMPAIRMENT LOSSES					
At 1 April 2017 (audited)	–	60,917	61,319	–	122,236
Impairment	–	4,820	–	–	4,820
At 31 March 2018 (audited) and 30 September 2018 (unaudited)	**–**	**65,737**	**61,319**	**–**	**127,056**
NET CARRYING VALUES					
At 30 September 2018 (unaudited)	**9,774**	**47,896**	**–**	**21,795**	**79,465**
At 31 March 2018 (audited)	9,774	47,896	–	21,795	79,465

18. Goodwill *(Continued)*

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 DigiSmart Group and has been allocated to the Digital Technology Business CGU and Education Business CGU on proportion to the estimated fair value of the respective CGUs as at the date of completion of the acquisition; and (iii) the acquisition of Chengxin Finance Limited ("Chengxin") and has been allocated to the Money Lending Business CGU.

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

19. Impairment Testing on Other Intangible Assets and Goodwill

For the purpose of impairment testing, other intangible assets and goodwill set out in Notes 17 and 18 respectively have been allocated to four individual CGUs, comprising a subsidiary in Household Consumables Business, subsidiaries in Digital Technology Business, subsidiaries in Education Business and a subsidiary in Money Lending Business. For other intangible assets allocated to Coal Business and goodwill allocated to Education Business were fully impaired in prior years.

During the Interim Period, the Group determines that there is no impairment of other intangible assets in respect of the above four individual CGUs. There is no impairment of goodwill in respect of the Household Consumable Business CGU, Digital Technology Business CGU and Money Lending Business CGU as at 30 September 2018.

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

Household Consumables Business CGU

The recoverable amount of this unit has been determined based on a fair-value-less-costs-of-disposal (31 March 2018: fair-value-less-costs-of-disposal) calculation with reference to a professional valuation performed by Greater China Appraisal Limited, an independent firm of professionally qualified valuers for the Interim Period. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which 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 4.5-year period (31 March 2018: a 5-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (31 March 2018: 3%). The post-tax rate used to discount the forecast cash flows is 14.40% (31 March 2018: 14.00%).

Digital Technology Business CGU

The recoverable amount of this unit as at 30 September 2018 based on a value-in-use (31 March 2018: value-in-use) calculation with reference to a professional valuation performed by Asset Appraisal Limited ("AAL"), an independent firm of professionally qualified valuers for the Interim Period. 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 4.5-year period (31 March 2018: 5-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (31 March 2018: 3%). The pre-tax rate used to discount the forecast cash flows is 16.73% (31 March 2018: 16.43%).

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

Digital Technology Business CGU *(Continued)*

Based on the impairment assessment of Digital Technology Business CGU, no impairment loss on goodwill was recognised for Digital Technology during Interim Period.

As at 31 March 2018, the Group was of the opinion, based on the impairment assessment of the Digital Technology Business CGU, the recoverable amount of this unit has been determined to be approximately HK$49,300,000 and the goodwill allocated to Digital Technology Business CGU was partially impaired by approximately HK$4,820,000 which was charged to the profit or loss under other gains and losses. The above impairment loss was mainly attributable to the unfavorable changes in estimated discount rate and a fall in annual growth rate over the 5-year forecast period due to the increase in competition among other market participants, loss of digital competitiveness and the change in customers' needs.

Education Business CGU

The recoverable amount of this unit as at 30 September 2018 has been determined based on a value-in-use (31 March 2018: value-in-use) calculation with reference to a professional valuation performed by AAL and 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 4.5-year period (31 March 2018: 5-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (31 March 2018: 3%). The pre-tax rate used to discount the forecast cash flows is 23.89% (31 March 2018: 20.84%).

Money Lending Business CGU

The recoverable amount of this unit as at 30 September 2018 has been determined based on a value-in-use (31 March 2018: 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 4.5-year period (31 March 2018: a 5-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (31 March 2018: zero growth rate). The pre-tax rate used to discount the forecast cash flow is 19.20% (31 March 2018: 16.13%).

The recoverable amount of Household Consumables Business CGU were based on the fair value less costs of disposal calculation determined by income approach using discounted cash flow projections for the six months ended 30 September 2018 and year ended 31 March 2018. It is classified as a level 3 fair value measurement.

For Digital Technology Business CGU, Education Business CGU and Money Lending Business CGU, for which no impairment loss was recognised during the six months ended 30 September 2018, reasonably possible changes in key assumptions on which the management had based its determination of the CGUs' recoverable amounts would not cause the CGUs' carrying amounts to exceed their respective recoverable amount.

20. Interests in Associates

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Share of net assets	**50,217**	50,217
Goodwill	**46,058**	46,058
Share of post-tax gain on associates	**9,294**	1,436
	105,569	97,711

On 15 February 2018, the Group acquired 20% equity interest in Alpha Youth Limited and its subsidiaries ("Alpha Youth Group") with at an agreed consideration of HK$119,000,000. The consideration was settled by cash of HK$95,000,000 and promissory notes with principal amount of HK$24,000,000. Alpha Youth Group is principally engaged in the production and sales of concrete in Hainan providence, the PRC.

As part of the acquisition, if the actual audited consolidated net profit after tax and before all items which are one-off, non-operating in nature and not incur in the ordinary and usual courses of business of Hainan Huasheng for the periods from 1 January 2017 to 31 December 2017 and from 1 January 2018 to 31 December 2018 (the "Hainan Huasheng Actual Profit"), is less than RMB42,000,000 and RMB47,000,000 (the "Alpha Youth Profit Guarantee") respectively, the vendor will compensate the Group for the shortfall on a dollar for dollar basis for an amount equivalent to the difference between the Alpha Youth Profit Guarantee and the Hainan Huasheng Actual Profit multiplied by 12 times and 20% of the equity sharing of the Group. Pursuant to the acquisition agreement, the compensation shall not exceed the nominal consideration. The possible range of face value of this contingent consideration receivable is between nil to HK$119,000,000.

As a security for the contingent consideration receivable as describe above, the promissory notes with principal amount of HK$24,000,000 were held in escrow by an escrow agent jointly appointed by the Group and the vendor (the "Escrow Agent") upon the completion of the acquisition of the Alpha Youth Group. In the event that the vendor needs to pay the compensation to the Group, the Group has the right to set off such compensation amount against the face value of the promissory notes on a dollar for dollar basis. The Group will cancel the original promissory notes and issue new promissory notes with the balance after the set-off (if any) to the vendor. If the face value of the promissory notes is not sufficient to cover the compensation amount, the vendor shall pay the remaining balance in cash to the Group within 14 days after confirming the amount of the Hainan Huasheng Actual Profit.

If the Hainan Huasheng Actual Profit is equal to or more than the Alpha Youth Profit Guarantee for the periods from 1 January 2017 to 31 December 2017 and from 1 January 2018 to 31 December 2018 respectively, the Group and the vendor shall procure the Escrow Agent to release the promissory notes in the principal amount of HK$8,500,000 and HK$15,500,000 respectively, within 10 days after confirming the amount of the Hainan Huasheng Actual Profit for the periods from 1 January 2017 to 31 December 2017 and from 1 January 2018 to 31 December 2018, respectively.

20. Interests in Associates *(Continued)*

In addition, as part of the acquisition, the Group and the vendor entered into an option deed, pursuant to which the vendor granted the Group the right to acquire all of the remaining 80% equity interest in Alpha Youth Group at the sole discretion of the Group within two years from the completion date (the "Call Option"). The exercise price of the Call Option is determined with reference to 80% of the valuation of Alpha Youth Group at the time of exercise of the Call Option and is capped to RMB481,066,000. If the exercise price is below RMB320,710,000, the vendor has the right to refuse the exercise of the Call Option by the Group.

Further details are set out in the Company's circular dated 25 January 2018 and announcements dated 21 September 2017, 6 October 2017, 7 November 2017, 7 December 2017, 14 February 2018, 15 February 2018 and 18 April 2018 respectively.

Particulars of the associates as at 30 September 2018 are set out below, of which are unlisted corporate entities whose quoted market price is not available.

Name of associate	Place and date of incorporation/ establishment	Issued and fully paid share capital/paid up capital	Attributable equity interest held by the Group as at		Principal activities and place of operation
			30.09.2018	31.03.2018	
			%	%	
Alpha Youth Limited	The British Virgin Islands (the "BVI") 10 May 2016	USD200	**20**	20	Investment holding
Grace Wisdom Holdings Limited	Hong Kong 12 April 2016	HK$100	**20**	20	Investment holding
Hainan Huasheng Concrete Company Limited* (海南華盛混凝土有限公司) ("Hainan Huasheng")	The PRC 23 May 2006	RMB20,000,000	**20**	20	Production and sales of concrete in the PRC

* The English name of Hainan Huasheng represent management's best effort at translating the Chinese name of Hainan Huasheng as no English name has been registered.

21. Contingent Consideration Receivables

The balance represents the Alpha Youth Profit Guarantee in relation to the acquisition of Alpha Youth Group. Details of the Alpha Youth Profit Guarantee are disclosed in Note 20. The amount is classified as financial assets at FVTPL and measured at fair value.

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
At beginning of the period/year	**1,335**	–
Acquisition of interests in associates	**–**	3,189
Fair value loss recognised in profit or loss during the period/year *(Note 8)*	**(1,335)**	(1,854)
At end of the period/year	**–**	1,335

The fair value of the Alpha Youth Profit Guarantee as at 30 September 2018 was calculated using Monte-Carlo Simulator Analysis evaluated by GW Financial Advisory Services Limited, an independent qualified professional valuer not connected to the Group.

The Alpha Youth Profit Guarantee for the period from 1 January 2017 to 31 December 2017 has been fulfilled. Further details are set out in the announcement of the Company dated 18 April 2018.

As at 30 September 2018, the fair value of the Alpha Youth Profit Guarantee was approximately zero (31 March 2018: HK$1,335,000). Hence, a fair value loss of approximately HK$1,335,000 (six months ended 30 September 2017: HK$ Nil) was recognised in the profit or loss under other gains and losses during Interim Period.

Details of the fair value measurement are set out in Note 33.

22. Loan Receivables

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Loan receivables		
– Collateralised	**144,450**	115,830
– Non-collateralised	**131,240**	165,718
	275,690	281,548
Accrued interest receivables	**23,617**	23,171
	299,307	304,719
Less: Impairment allowance recognised	**(42,827)**	(21,583)
	256,480	283,136

22. Loan Receivables *(Continued)*

The loan receivables in the Group's Money Lending Business are all denominated in Hong Kong Dollar. The loan periods granted to customers are mainly ranging from three months to one year (31 March 2018: one year to two years).

The loans provided to customers bore fixed monthly interest rate ranging from 12% to 45% (31 March 2018: 8% to 39%) per annum as at 30 September 2018. The effective interest rates of the above loan receivables ranging from 8% to 44% (31 March 2018: 8% to 44%) per annum as at 30 September 2018.

Ageing analysis of loan receivables (net of allowance of doubtful debt) prepared based on initial loan commencement as set out in the relevant contracts is as follows:

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
0–90 days	**7,350**	50,298
91–180 days	**20,500**	15,000
181–365 days	**37,319**	186,827
Over 365 days	**167,694**	7,840
	232,863	259,965

The movement of allowance for doubtful debts in respect of loan receivables was as follows:

Comparative amounts at 31 March 2018 represent the provision for impairment loss on loan receivables under HKAS 39.

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
At beginning of the period/year	**21,583**	–
Adjustment for HKFRS 9 adoption	**18,566**	–
Balance at 1 April per HKFRS 9	**40,149**	–
Write back of allowances	**(1,735)**	–
Provision for impairment loss	**4,413**	21,583
At end of the reporting period/year	**42,827**	21,583

23. Trade and Other Receivables and Prepayments, and Deposit

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Non-current assets		
Deposit for acquisition of a subsidiary	–	36,580
Current assets		
Trade receivables	160,980	200,809
Less: Impairment loss recognised	(153,029)	(163,361)
	7,951	37,448
Prepayments and deposits	4,245	5,131
Other receivables	337	896
Amount due from a non-controlling owner of a subsidiary *(Note i)*	88	88
Amounts due from related parties *(Note ii)*	4,892	1,638
	17,513	45,201

Notes:

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

ii. The amounts are due from directors of the subsidiaries or companies which directors of certain subsidiaries have direct equity interest. The amounts due are unsecured, interest-free and repayable on demand.

The Group generally allows an average credit period of 30 to 90 days (31 March 2018: 30 to 90 days) to its trade customers.

The ageing analysis of the Group's trade receivables (net of allowance for doubtful debts) based on the invoice date at the end of the reporting period is as follows:

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Trade receivables:		
0–30 days	3,347	5,459
31–60 days	2,105	1,664
61–90 days	1,038	1,948
Over 90 days	1,461	28,377
	7,951	37,448

23. Trade and Other Receivables and Prepayments, and Deposit *(Continued)*

Deposit for acquisition of a subsidiary

On 27 March 2018, the Group entered into a sale and purchase agreement (the "Agreement") with an independent third party vendor for the purpose of acquisition of entire equity interest in Treasure Profit Limited with an aggregate cash consideration of HK$146,320,000. Treasure Profit Limited is principally engaged in property investment and is the sole owner of a property in Hong Kong.

As at 31 March 2018, a deposit amounting to HK$36,580,000 has been paid to the vendor. On 28 September 2018, the remaining cash consideration of HK$109,740,000 had been settled. Further details are set out in the Company's announcements dated 27 March 2018 and 28 September 2018.

24. Financial Assets at FVTPL and Derivative Financial Asset

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Listed investments		
– Equity securities listed in Hong Kong *(Note (i))*	**42,527**	23,655
Derivative financial asset *(Note (ii))*	**22,756**	28,854
	65,283	52,509

Notes:

(i) The fair value of all equity securities is based on their current bid prices in an active market.

(ii) As at 30 September 2018, the balance represents the Call Option in relation to the acquisition of Alpha Youth Group. For details of the Call Option are set out in Note 20.

For details of the fair value measurement are set out in Note 33.

Changes in fair values of financial assets at FVTPL are recognised in other gains and losses in the condensed consolidated statement of comprehensive income. These financial assets at FVTPL are classified as held for trading.

	Listed investments HK$'000	**Derivative financial asset** HK$'000	**Total** HK$'000
At 1 April 2017 (audited)	–	–	–
Call option in acquisition of Alpha Youth Group	–	17,115	17,115
Purchase	92,162	–	92,162
Changes in fair value *(Note 8)*	4,213	11,739	15,952
Disposal	(72,720)	–	(72,720)
At 31 March 2018 (audited) and 1 April 2018 (audited)	23,655	28,854	52,509
Purchase	52,673	–	52,673
Changes in fair value *(Note 8)*	9,433	(6,098)	3,335
Disposal	(43,234)	–	(43,234)
At 30 September 2018 (unaudited)	**42,527**	**22,756**	**65,283**

24. Financial Assets at FVTPL and Derivative Financial Asset *(Continued)*

The fair value of the Call Option at 30 September 2018 and 31 March 2018 was calculated using the Monte-Carlo Stimulator Analysis evaluated by GW Financial Advisory Services Limited, an independent qualified professional valuer not connected to the Group. The inputs into the valuation were as follows:

Assumptions	**At 30 September 2018 (unaudited)**	At 31 March 2018 (audited)
Years remaining *(Note a)*	**1.38**	1.88
Equity interest *(Note a)*	**80.00%**	80.00%
Valuation cap *(Note a)*	**120.00%**	120.00%
100% equity value of the Alpha Youth Group as contained in the Company's circular dated 25 January 2018 *(Note a)*	**501,110,000**	501,110,000
Strike price *(RMB)*	**481,066,000**	481,066,000
Normalised net profit of Hainan Huasheng *(RMB)*	**56,676,000**	49,452,000
Risk-free rate *(Note b)*	**3.04%**	3.41%
Expected volatility of Hainan Huasheng *(Note c)*	**10.91%**	11.54%

Notes:

(a) Information in according to the terms and conditions of the option deed.

(b) The risk-free rate adopted was the yield rate of the PRC government bond as at the date of valuation.

(c) Expected volatility of Hainan Hasheng is based on the average volatility of revenue and net profit of Hainan Huasheng from the year of 2014 to 2022.

The fair value of the Call Option was approximately HK$22,756,000 and HK$28,854,000 as at 30 September 2018 and 31 March 2018 respectively. Hence the change in fair value of approximately HK$6,098,000 was recognised in the profit or loss under other gains and losses during the Interim Period.

The fair value of the Call Option classified as Level 3, was determined using Monte-Carlo Simulator Analysis. Valuation and significant unobservable inputs are as follows:

Valuation Technique	**Significant unobservable inputs**	**Relating of unobservable inputs to fair value**
Monte-Carlo Simulator Analysis	Expected volatility and normalized net profits of Hainan Huasheng	The higher expected volatility and normalised net profit of Hainan Huasheng, the higher fair value of the Call Option, and vice versa

25. Trade and Other Payables and Accruals

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Trade payables	51,148	89,375
Customer deposits	1,336	1,764
Other payables and accruals	19,926	13,541
	72,410	104,680

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

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
0–30 days	1,836	3,215
31–60 days	23	211
61–90 days	–	–
Over 90 days	49,289	85,949
	51,148	89,375

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

26. Convertible Bonds

On 11 August 2017, the Company issued 8% guaranteed convertible bonds with an aggregate principal amount of HK$200,000,000 (the "Convertible Bonds 2019").

The Convertible Bonds 2019 mature two years from the date of issue at 116% of its principal amount; or can be early redeemed by the Company or the holder at amount equal to all outstanding Convertible Bonds 2019 at 100% of the principal amount plus a premium of 8% per annum after the first anniversary of the date of issue (i.e. 11 August 2018); or can be converted into shares of the Company on and after 11 August 2017 to 10 August 2019 at the holder's option at the conversion price of HK$0.46 per share, which is subject to certain adjustments prescribed in the convertible bonds subscription agreement. Interest of 8% per annum is payable per repayment schedule is paid on 30 June and 31 December up until the bonds are converted or redeemed.

26. Convertible Bonds *(Continued)*

The fair value of the liability component and the equity conversion component were determined at date of issuance of the Convertible Bonds 2019 with reference to a professional valuation performed by AAL.

The fair value of the liability component, included in current liabilities, as the holders had an early redemption option effective on 11 August 2018, was calculated using a market interest rate for an equivalent non-convertible bond and subsequently measured at amortised cost. The residual amount of approximately HK$7,127,000, representing the value of the equity conversion component, was included in convertible bonds equity reserve.

There was no conversion of Convertible Bonds 2019 during the Interim Period.

The Convertible Bonds 2019 recognised at the end of the period/year were calculated as follows:

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Equity component		
Proceeds at the date of issuance	200,000	200,000
Liability component, at the date of issuance	(191,465)	(191,465)
Provision for deferred tax	(1,408)	(1,408)
Equity component, at the end of the period/year	7,127	7,127
Liability component		
At the beginning of the period/year	206,784	–
Issuance during the period/year	–	191,465
Effective interest expenses *(Note 9)*	17,975	21,588
Interest paid	(7,934)	(6,269)
At the end of the period/year	216,825	206,784

The effective interest rate of the liability component on initial recognition and the subsequent measure of interest expense on the Convertible Bonds 2019 was calculated using effective interest rate of 17.67% per annum.

The Convertible Bonds 2019 was 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 2019 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 2019 holders.

27. Borrowings

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
Other borrowings – secured and repayable within one year	73,160	–

During the six months ended 30 September 2018, the Group entered into a loan facility to finance the investment properties acquired through the acquisition of entire equity interest of Treasure Profit Limited. The total facility amounted HK$73,160,000 and was fully drawdown as at 30 September 2018. The loan is repayable in twelve monthly instalments, commencing from the drawdown date.

The loan is a fixed rate, HK$ denominated loan which is carried at amortised cost. Therefore it did not have any impact on the entity's exposure to foreign exchange and cash flow interest rate risk.

At 30 September 2018, the facility was secured and guaranteed by the following:

(i) the subsidiary's investment properties with an aggregate carrying value of approximately HK$146,320,000;

(ii) corporate guarantees for the loan with principal amount of approximately HK$73,160,000 executed by the Company;

(iii) personal guarantees for the loan with principal amount approximately HK$73,160,000 executed by Mr. Wong Wai Sing, director of the Company.

The existing loan facilities have been fully repaid subsequently to the end of the reporting period. The Group renegotiated the loan facility and re-financed with bank to take advantage of lower interest rates and longer repayment period.

28. Promissory Notes

	At 30 September 2018 HK$'000 (unaudited)	At 31 March 2018 HK$'000 (audited)
At the beginning of the period/year	18,118	–
Fair value of promissory notes issued for acquisition of interests in associates	–	17,795
Redemption during the period/year	(8,500)	–
Loss on early redemption *(Note 8)*	2,033	–
Fair value loss recognised in profit of loss *(Note 8)*	962	323
At the end of the period/year	12,613	18,118

On 15 February 2018, the Group completed the acquisition of 20% equity interest in Alpha Youth Group, for a nominal consideration of HK$119,000,000. Part of the consideration was satisfied by the Company's issue of promissory notes in principal amount of HK$8,500,000 (the "Promissory Note 1") and HK$15,500,000 (the "Promissory Note 2") in favour of Mr. Zhou Fengtang, the ultimate controlling shareholder of Alpha Youth Group. The promissory notes are unsecured, interest-free and repayable on the date falling two years after the date of issue. The promissory notes can be early redeemed by the Company at all or part of the outstanding principal amount of the promissory notes.

The Promissory Note 1 was early redeemed in full by the Company in cash resulting in a loss on early redemption of approximately HK$2,033,000 during the six months ended 30 September 2018.

The promissory notes are measured at fair value. For details of the fair value measurement are set out in Note 33.

The fair value of the promissory notes are determined at date of issuance with reference to a professional valuation performed by GW Financial Advisory Services Limited. The effective interest rate of the promissory notes on initial recognition and the subsequent measurement of interest expense on the promissory notes are calculated using effective interest rate of 16.13% per annum.

29. Share-based Payment Transactions

The Company operates an equity-settled, share-based compensation plan for the purpose of providing incentives and rewards to eligible participants for their contribution to the success of the Group's operations.

Under the Share Option Scheme, on 29 August 2016, a total of 57,900,000 shares options were granted, of which 37,400,000 shares options and 20,500,000 shares options were granted to the directors and certain employees of the Group respectively, at a cash consideration of HK$1 per grantee which entitle the grantees to subscribe for new ordinary shares of the Company at an exercise price of HK$0.48 per share. The vesting period for the option is immediate from the date of grant.

For details of the share option scheme, please refer to Note 37 of the Annual Report.

(a) The terms and conditions of the share options that existed as at 30 September 2018 and 31 March 2018 are as follows:–

					Number of outstanding options	
Date of grant	**Vesting period**	**Exercise period**	**Contractual exercise price**	**Contractual life of option**	**At 30 September 2018**	At 31 March 2018
Option granted to Directors						
29 August 2016	Immediately from the date of grant	29 August 2016 to 28 August 2019	HK$0.48	3 years	**22,400,000**	22,400,000
Option granted to employees						
29 August 2016	Immediately from the date of grant	29 August 2016 to 28 August 2019	HK$0.48	3 years	**29,900,000**	30,100,000

As at 30 September 2018, the Company had 52,300,000 (31 March 2018: 52,500,000) share options outstanding under the Share Option Scheme, which represented approximately 2.20% (31 March 2018: 2.21%) of the Company's shares in issue as at that date.

The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 52,300,000 (31 March 2018: 52,500,000) additional ordinary shares of the Company and additional share capital of HK$523,000 (31 March 2018: HK$525,000) and share premium of HK$24,581,000 (31 March 2018: HK$24,675,000) (before deducting any issue expenses).

29. Share-based Payment Transactions *(Continued)*

(b) The number and weighted average exercise price of share options are as follows:–

	30 September 2018 Weighted average exercise price (per share) HK$	30 September 2018 Outstanding options	30 September 2017 Weighted average exercise price (per share) HK$	30 September 2017 Outstanding options
At the beginning of the period	0.48	52,500,000	0.48	52,500,000
Granted *(Note (i))*	N/A	–	N/A	–
Exercised	N/A	–	N/A	–
Lapsed *(Note (ii))*	0.48	(200,000)	N/A	–
At the end of the period	0.48	52,300,000	0.48	52,500,000

Notes:

(i) The closing price of the Shares as stated in Stock Exchange's daily quotations sheets on 29 August 2016 is HK$0.48 per Share.

(ii) Share options lapsed during the six months ended 30 September 2018 was due to resignation of the grantee.

(iii) The fair value of the share options was calculated using the Binomial Model by Roma Appraisals Limited, an independent firm of professionally qualified valuers at the grant date. For details of the assumptions, please refer to Note 37(b) of the Annual Report.

As there is no options granted by the Group during the Interim Period, no expenses was recognised by the Group during the Interim Period.

(iv) The exercise price of the share options is determinable by the Directors, but may not be less than the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares. The options outstanding at 30 September 2018 have a weighted average remaining contractual life of approximately 1 year (31 March 2018: 1.4 years).

30. Share Capital

	Number of shares	**Nominal value** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2017 (audited), 31 March 2018 (audited) and 30 September 2018 (unaudited)	**10,000,000,000**	**100,000**
Issued and fully paid:		
At 1 April 2017 (audited), 31 March 2018 (audited) and 30 September 2018 (unaudited)	**2,378,783,201**	**23,788**

31. Related Party Disclosures

Saved as disclosed elsewhere in this report, details of transactions between the Group and other related parties are disclosed below:

Compensation of Key Management Personnel

The remuneration of Directors and other members of key management during the Interim Period was as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Fees, salaries and other allowances	**9,120**	5,172
Retirement benefit scheme contributions	**54**	54
	9,174	5,226

32. Pledge of Assets

At the end of the reporting period, the Group's credit facility from financial institution was secured by the investment properties with carrying amount of HK$146,230,000 (31 March 2018: HK$ nil).

33. Fair Value Measurement of Financial Instruments

Fair Value Estimation

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

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

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

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

33. Fair Value Measurement of Financial Instruments *(Continued)*
Fair Value Estimation *(Continued)*

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 30 September 2018 (unaudited)				
Assets				
Financial assets at FVTPL				
– Contingent consideration receivables	–	–	–	–
– Listed equity securities	42,527	–	–	42,527
– Derivative financial asset	–	–	22,756	22,756
	42,527	–	22,756	65,283
Liabilities				
Financial liabilities at FVTPL				
– Promissory notes	–	–	(12,613)	(12,613)
	42,527	–	10,143	52,670
At 31 March 2018 (audited)				
Assets				
Financial assets at FVTPL				
– Contingent consideration receivables	–	–	1,335	1,335
– Listed equity securities	23,655	–	–	23,655
– Derivative financial asset	–	–	28,854	28,854
	23,655	–	30,189	53,844
Liabilities				
Financial liabilities at FVTPL				
– Promissory notes	–	–	(18,118)	(18,118)
	23,655	–	12,071	35,726

Financial assets at FVTPL – Contingent consideration receivable

The fair value of the contingent consideration receivable was estimated by applying Monte-Carlo Simulator Analysis.

The expected volatility and normalised net profit of Hainan Huasheng applied to estimate the fair value is 10.91% and RMB56,676,000 respectively. Should the expected volatility or the normalised net profit increase or decrease by 3% there is immaterial effect over the fair value of contingent consideration receivable.

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

Fair Value Estimation *(Continued)*

Financial assets at FVTPL – Listed equity securities

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Financial assets at FVTPL – Derivative financial asset

The fair value of the derivative financial asset was estimated by applying Monte-Carlo Simulator Analysis. The expected volatility and normalised net profit of Hainan Huasheng applied to estimate the fair value is 10.91% (31 March 2018: 11.54%) and RMB55,676,000 (31 March 2018: RMB49,452,000) respectively. Should the expected volatility increase or decrease by 3%, the fair value of derivative financial asset would be increased by approximately HK$383,900 (31 March 2018: HK$358,000) or decreased by approximately HK$161,000 (31 March 2018: HK$385,000). Should the normalised net profit increase or decrease by 3%, the fair value of derivative financial asset would be increased by approximately HK$9,451,000 (31 March 2018: HK$8,889,000) or decreased by approximately HK$8,146,000 (31 March 2018: HK$7,689,000).

Financial liabilities at FVTPL – promissory notes

The fair value of the promissory notes was estimated by discounting the principal amount of HK$18,500,000 (31 March 2018: HK$24,000,000) by effective interest rate of 16.13% (31 March 2018: 16.13%) per annum. Should the effective interest rate increase or decrease by 1%, the fair value of the promissory notes would be decreased by approximately HK$772,000 (31 March 2018: HK$289,000) or increased by approximately HK$776,000 (31 March 2018: HK$298,000).

The movements for financial instruments of Level 3 fair value measurement is as follows:

	Contingent consideration receivable	**Derivative financial asset**	**Promissory notes**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2018 (audited)	1,335	28,854	(18,118)	12,071
Redemption	–	–	8,500	8,500
Total (losses) gains				
– included in profit or loss (included in other gains and losses)	(1,335)	(6,098)	(2,995)	(10,428)
At 30 September 2018	**–**	**22,756**	**(12,613)**	**10,143**

During the Interim Period, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (31 March 2018: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

34. Acquisition of a Subsidiary

On 28 September 2018, the Group acquired the entire equity interest of Treasure Profit Limited, with a cash consideration of HK$146,320,000. Treasure Profit Limited held a commercial property in Hong Kong and it is principally engaged in property investment in Hong Kong. The Board believes that the acquisition provide a long term investment return for the Group.

The following table summaries the consideration paid for the acquisition of Treasure Profit Limited and the fair value of assets and liabilities recognised at the acquisition date:

	HK$'000
Consideration	
Cash paid	146,320
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Investment properties	146,320
Prepayments, deposits and other receivables	486
Bank balance and cash	101
Other payables and accruals	(587)
Shareholder's loan	(63,299)
	83,021
Add: Assignment of the shareholder's loan	63,299
	146,320
Acquisition related costs (included in administrative expenses)	436
Cash consideration	146,320
Cash and bank in subsidiary acquired	(101)
Cash outflows on acquisition	146,219

The acquired business contributed revenue of approximately HK$13,200 and net profit of approximately HK$12,600 for the period from 28 September 2018 to 30 September 2018. If the acquisition had occurred on 1 April 2018, total revenue and profit for the period ended 30 September 2018 would have been approximately HK$1,455,000 and HK$1,283,000 respectively.

35. Disposals of Subsidiaries

(a) Disposal of Tiger Global Group on 30 June 2017

The disposal of Tiger Global Group was completed on 30 June 2017 (Note 13(a)). Upon completion, Tiger Global ceased to be a subsidiary of the Company and consolidated results, assets and liabilities of Tiger Global Group were ceased to be consolidated with those of the Group.

Details of the disposal of Tiger Global Group were set out in the announcements of the Company dated 28 March 2017, 29 March 2017 and 30 June 2017.

35. Disposals of Subsidiaries *(Continued)*

(a) Disposal of Tiger Global Group on 30 June 2017 *(Continued)*

The net assets of Tiger Global Group as at the date of disposal were as follows:

	HK$'000 (audited)
Other intangible asset	7,902
Interest in an associate	12,147
Inventories	3,576
Trade and other receivables and prepayments	9,404
Bank balances and cash	19
Other payables and accruals	(127)
Tax payable	(2,142)
Deferred tax liabilities	(1,304)
Net assets disposal of	29,475
Gain on disposal of subsidiaries and an associate	525
Total cash consideration received	30,000
Net cash inflow arising on disposal:	
Cash consideration	30,000
Bank balances and cash disposed of	(19)
	29,981

The gain on the disposal of Tiger Global Group was included in the profit for the six months ended 30 September 2017 from discontinued operations (Note 13) in the unaudited condensed consolidated statement of comprehensive income.

(b) Disposal of Brighten Tree Group on 25 May 2017

During the Interim Period, Tary Limited and Ramber, both are indirectly wholly-owned subsidiaries of the Company, entered into a disposal agreement with independent third parties to dispose of the entire equity interest in Brighten Tree Limited and the Brighten Tree Group Shareholders' Loan. Brighten Tree Group carried out the manufacturing arm of Hygienic Disposables Business operation of the Group.

The disposal of Brighten Tree Group was completed on 25 May 2017 (Note 13(b)). Upon completion, Brighten Tree Limited ceased to be a subsidiary of the Company and consolidated results, assets and liabilities of Brighten Tree Group were ceased to be consolidated with those of the Group.

Details of the disposal of Brighten Tree Group were set out in the announcements of the Company dated 5 May 2017 and 25 May 2017.

35. Disposals of Subsidiaries *(Continued)*

(b) Disposal of Brighten Tree Group on 25 May 2017 *(Continued)*

The net assets of Brighten Tree Group as at the date of disposal were as follows:

	HK$'000 (audited)
Property, plant and equipment	7,747
Prepaid lease payments	5,228
Inventories	6,649
Other receivables and prepayments	13,351
Bank balances and cash	5,668
Trade and other payables and accruals	(743)
Tax payable	(4,928)
Brighten Tree Group Shareholders' Loan	(39,165)
Net liabilities disposal of	(6,193)
Assignment of the Brighten Tree Group Shareholders' Loan	39,165
Reclassification adjustment of exchange reserve on disposal of Brighten Tree Limited	(12,693)
Gain on disposal of subsidiaries	64,721
Total cash consideration received	85,000
Net cash inflow arising on disposal:	
Cash consideration	85,000
Cost directly attributable to the disposal	(12,463)
Bank balances and cash disposed of	(5,668)
	66,869

The gain on the disposal of Brighten Tree Group was included in the profit for the six months ended 30 September 2017 from discontinued operations (Note 13) in the unaudited condensed consolidated statement of comprehensive income.

36. Significant Event After Reporting Period

On November 2018, the Group refinanced with a bank to obtain a credit facility with total amount of HK$43,500,000 which is fully drawdown in the same month. The facility is repayable in 240 monthly instalments, commencing on one month after the drawdown. The bank loan is HK$ denominated and bears a floating interest rate of 3.1% per annum below Prime rate or 1.5% per annum over 1-month Hong Kong Interbank Offered Rate, whichever is lower. The facility was secured by (i) the subsidiary's investment properties with an aggregate carrying value of approximately HK$146,320,000; (ii) rental proceeds over an investment properties and (iii) corporate guarantees executed by Newtree Group Holdings Limited for the facility of HK$43,500,000 plus interest and other charges.